

РОССИЙСКАЯ ЭКОНОМИЧЕСКАЯ ШКОЛА

NEW ECONOMIC SCHOOL

Annual Report
For 1998-99 Academic Year

Moscow
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INTRODUCTION

The graduation ceremony held in July 1999 marked the completion of the first seven years of the operation of the New Economic School (NES). This was the sixth graduating class of NES and the largest of them all with 40 students receiving their diplomas and certificates; bringing the official number of graduates of NES to 212. Of them, about 140 are working or are about to enter jobs in Russia. Although employment as a professional economist is more difficult in Moscow after the financial crisis, of the 172 graduates of the first 5 classes of NES, 35 are working as researchers in the public sector, the Central Bank, the Finance Ministry, International organizations in Moscow, RECEP (the Russian- European Center for Economic Policy), and in think-tanks and research institutes. Nearly 20 are teaching at NES and at other universities, old and new. About the same number are pursuing Ph.D. studies, mostly at CEMI, in many cases in addition to their job, where they are near us and where many of their advisers are NES teachers. This is the embryo of our future doctoral program. Nearly 40 graduates are working in the private sector, in banks and in investment and consulting groups.

Twenty-eight NES graduates were admitted to Western Universities with full financial support, including Harvard, MIT, Stanford, Wharton, MPSE Toulouse, and London Business School. A number of top universities admitted our students but had to be turned down. This is our best showing so far. Those students about to study abroad join 72 graduates of the earlier classes who are now pursuing Ph.D. studies in the West. The first 3 graduates who completed their Ph.D. studies in the West, one from Harvard, one from MIT and one from Manchester, England, are all here in Moscow, and all are involved in teaching and/or research at NES. We hope and expect this precedent to continue, but while a “100 percent rate of return” is too good to become true we aspire, and will continue to make efforts, to keep it high.

One manifestation of this effort is our program to invite our Ph.D. students in their 3rd or 4th year of studies to come to NES to teach. Last year we had one such student, Stas Anatoliev from Wisconsin. This year he returned to NES, together with Andrei Sarychev, Svetlana Danilkina, and Suren Bassov, NES graduates now studying at MIT and Boston University, to teach a total of 4 courses and to participate in outreach activities. The program is very successful for all sides and we have already lined up a larger number of students to come to teach next year. The program is mostly financed by OSI, another branch of the Soros Foundation, who originally provided funding to assist our graduates to be admitted to Western universities. As this is not needed, OSI agreed to shift direction and use some of the money for this new purpose. Others among our Ph.D. students abroad have come to teach in our outreach workshop activities.

The last year was a very special year in the history of NES in yet another aspect: NES made the first tenure track appointment for a permanent position. Sergey Guriev was appointed to the position following his Ph.D. work in Moscow and a very successful post-doc year at MIT. The appointment of Sergey Guriev was the outcome of the first recruitment campaign of NES that was conducted at the economics job market during the AEA meetings in NY last January. 15 applicants responded to our ad of which we interviewed 7 candidates. 4 among them were invited to give a seminar at NES in addition to two local candidates, and we made 3 offers, one was accepted. We still hope to get the other two. Appointments are made by the academic appointment committee that was selected by the IAB last year. We plan to be there again, next January in Boston, and we look forward for an even better outcome, especially with our own graduates. We are expecting to make 15-20 tenure track academic appointments during the next 5-7 years of both local and Western-trained people. In this connection I would like to mention that NES feels fully responsible to help all its graduates here in Moscow as well as Ph.D's from abroad to find a suitable job, even if he or she is not made an academic offer at NES. The placement officer will assume also the task of placement in Russia, with the help of our strong and dedicated Alumni Association.

Last year, in addition to our contributions through teaching and the work positions of our graduates, NES launched a wide outreach activity to the Russian academic community. The Outreach program has two aspects. First, NES has organized a series of workshops in various economic fields for faculty members and researchers all over the country. This effort started with econometric workshops initiated by Anatoly Peresetsky, Pavel Katyshev and Jan Magnus (of the IAB). This activity then expanded to other topics, some with the cooperation of EERC. So far there have been 12 workshops, 7 of them outside of Moscow, and more are planned. Second, this year NES joined a “mega-project” of OSI Moscow, designed to upgrade the academic level of regional universities in social sciences. NES was chosen as a “resource center” for the project and we are working together on the project with the faculties of economics of the universities of Ekaterinburg and Voronezh. Sergey Guriev is in charge of the project and so far we have had meetings with the partners in Moscow and in the regions; a few young faculty members took regular courses at NES and this will continue. Economic workshops have already taken place in both Voronezh and Ekaterinburg and in July there was a two week summer school hosted by NES.

Another grant of OSI and the generosity of CEMI allowed us to expand our space somewhat beyond the straight jacket we were crowded in before. We expanded the library and we added another computer lab, classrooms and offices. We are very grateful to the OSI for their generosity.

The crisis of last August affected us in a number of ways. Some of our graduates were laid off work, while more among this year's graduates are going for Ph.D. studies. There is also some decline in the number of new applications. We were forced to discontinue our efforts to raise money locally. Nevertheless we will continue our plans to increase the number of students, and in conjunction with this, to diversify the teaching program by creating a more applied program in addition to the more academically oriented one that we have now. We also plan to resume our efforts to increase the proportion of self-financing of the school and this is mostly through the creation of a students loan fund to cover a more realistic tuition.

The economic crisis of last August also demonstrated to all how thin the transition layer covering the thick little-changed economy was. Everybody related to the Russian case (and to other transition economies) has been repeating like a mantra the need for "institution building". At least for Russia the old Washington consensus proved to be inadequate and the post Washington consensus is just getting underway. NES is almost an ideal example of the right approach to transition in a critical area. It is a classical example of what is meant by "institution building". It has the right combination of an import of a service in very short supply and in deep Russian comparative disadvantage; and of a partnership with a Russian group who recognizes the need and is eager to join and to learn and to adopt. The partnership has the advantage of the expansion of the 'new technology' to a wider area and to more people. It also has the advantage of better and quicker dissemination. In 1988, George Soros was deeply impressed by the difficulty of transforming the Russian economy (and society) due to the complex problems and to the huge expanse of the country. He came out with a concept of creating in Russia an 'open sector', a small part of the economy that will organize like a closed club and will play according to the rules of a market economy. He envisaged that it would gradually expand as more enterprises qualify to join and are ready to abide by the rigors of a hard budget constraint. That project never took off, though much effort was invested in it. NES is a miniature 'open sector' in higher economic education. We started from a core and we are now ready to reach out.

ACADEMIC PROGRAM

Overview

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

The courses offered in 1998-99 were fully consistent with the aims of the program set out above. In addition, the School has tried to increase the proportion of teachers who are Russian. A full list of courses is offered follows:

Course Offerings in Academic Year 1998-99

Pre-Academic Year

Pre-session Intensive English Course

The purpose of this 60 hour course is to prepare new students for the academic year by easing their adaptation to the English-speaking environment at NES. The program focused on listening comprehension and note taking, development of speaking 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. English for Academic purposes (listening to lectures, note-taking, improving reading efficiency)
3. General English (Communicative functions)

Period I: 7 September to 31 October , 1998

First Year Courses:

Microeconomics 1

A. Simhon

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

This course begins with an introduction to the basic concepts and models of analysis in microeconomics. The course then develops the theory of the consumer including rational consumer behavior, consumer demand, market demand, equilibrium of pure exchange economies and choice under uncertainty.

Macroeconomics 1

N. Leviatan

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

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

Probability & Statistics 1

S. Aivazian

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.

Mathematics for Economists

V. Polterovich, E. Goldstein, A. Shaninin

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.

Second Year Courses**Microeconomics 6**

L. Polishchuk

(Main textbook: *Microeconomic Theory* A. Mas Colell & J. Green)

Topics: general equilibrium analysis; pure exchange equilibrium and the basic theorems of welfare economics; existence stability and uniqueness of equilibrium; the core and equilibrium; elements of welfare economics and axiomatic bargaining.

History of Economic Thought

R. Entov

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).

Topics in Game Theory

A. Vasin

Among the topics considered in this course are Bargaining and Markets; evolutionary models - including fictitious play; evolution and automata; learning and imitation and local interaction; the use of money as a means of exchange.

Industrial Organisation

L. Polishchuk

This course is concerned with classical issues in the organisation of the economy. Among the topics discussed are monopoly, Cournot, Bertrand and Edgeworth oligopoly; product differentiation; advertising; dynamic price competition, auctions, entry and accommodation.

Development

Sergei Guriev

(Main textbook for the course: *Development Economics*, Debraj Raj, Princeton University Press, 1997)

The course is designed to give a brief overview of modern development economics at the graduate level. It will address the main challenges faced by development economics, and modern approaches to modelling economic development.

Growth

A. Simhon

(Main textbook: Barro Robert J. and Xavier Sala-I-Martin, *Economic Growth*, 1995, McGraw-Hill, Inc.)

Description of some basic data and tendencies about economic growth; the neoclassical model of Solow and Swan; AK Models; Endogenous growth models; Empirical assessment of the role of human capital; Income distribution and growth; institutions and economic growth.

Macroeconomics 6

N. Leviatan

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

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

Period II: 2 November to 27 December, 1998

First Year Courses

Microeconomics 2

Sergei Guriev

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

Topics: the theory of the firm; partial equilibrium analysis; theories of monopolistic and oligopolistic markets.

Macroeconomics 2

Irina Denisova

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

This is the second part of a three-part intermediate macroeconomics sequence; the topics dealt with include IS-LM analysis; aggregate supply and aggregate demand; the government sector; money demand; money supply.

Probability & Statistics 2

S. Aivazian

(See description given in Period I)

Mathematics for Economists 2

V. Polterovich, E. Goldstein, A. Shananin

(See description given in Period I)

Second Year Courses

History of Economic Thought

R Entov

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.

Dynamic Econometric Modeling

Giovanni. Urga

This course provides the basic concepts and computations of contemporary econometric methodologies to derive sound econometric models. The methodologies described will include general-to-specific modeling; non-stationarity; cointegration and vector autoregression modeling. Basic issues in estimating models which invoke the rational assumptions and Kalman filter approach.

Econometrics 5

Giovanni. Urga

Introduction to Panel Data and Static Models; Dynamic Panel Data Models; Consequences for Non-Stationarity for Panel Data; Unit Root Tests for Heterogeneous Panels; Cointegration Analysis in Panel Data; Introduction to Limited Dependent Variable Models.

Economics of Natural Resources 1

O. Eismont

This course begins with a general description and definitions of natural resources as a factor of production and as a means of valuing these resources. The course then focuses on land resources and land rents; natural resources as public goods; exhaustible and non-exhaustible resources

Public Economics

Leonid Polishchuk

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

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.

Research Seminar

L. Polishchuk, Giovanni Urga

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

Period III: 11 January to 7 March, 1999

First Year Courses

Microeconomics 3

Alla Fridman

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

Topics: markets for capital and labor; general equilibrium with production (definitions, existence and efficiency); the role of information in general equilibrium; externalities and public goods.

Macroeconomics 3

V. Polterovich

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

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

Econometrics 1

Pavel Katyshev/Anatolii Peresetskii

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

The two-variable model; ordinary least squares estimators; the Gauss-Markov theorem; the distribution of OLS estimators; hypothesis testing and confidence intervals; goodness of fit.

Game Theory 1

V. Danilov

Topics: 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.

Second Year courses

Stochastic Finance

S. Caner

This course introduces stochastic methods applied in modern theory of finance. They include: results from probability theory; microeconomic theory; stochastic calculus; the portfolio selection problem; intertemporal capital asset pricing models; option pricing; risk analysis; and the term structure of interest rates.

East and West: Russia in World Economic History I

L.Friedman/V.Meliantsev

The main theme of the course is the comparative analysis of the levels, rates of growth and main factors contributing to economic development of the countries of the west, east and Russia. The focus of the course will be on material and social factors which contributed to contemporary economic growth in various groups of countries.

Public Economics 2

V. Makarov

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

Economics of Natural Resources 2

O. Eismont

The second part of this course focuses on problems of intertemporal equitable distribution of exhaustible resources; natural resources and national accounting; imperfect competition and the theory of natural resources; taxation and regulation of natural resource use.

Contract Theory

Sergei Guriev

This course is intended to cover recent developments in economics of information and organization. The course starts with the rigorous introduction to the tools of contract theory focusing on the models with hidden action and hidden information. Then we shall study basic adverse selection and moral hazard models, mechanism design with applications to auction theory and theory of organisations.

Economic Institutions

L. Polishchuk

This course is concerned with the analysis of economic institutions including property rights, markets and norms of behavior for economic agents. It also examines mechanisms of institutional change and economic reform.

Research Seminar

L. Polishchuk

(See description given in Period II)

Period IV: 9 March to 30 April, 1999

First Year Courses

Microeconomics 4

L. Polishchuk

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

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

Macroeconomics 4

Derek Laing

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

This course first covers economic growth; labour market/market dynamics; growth and unemployment; Monetary theory.

Econometrics 2

P.K. Katashev and A.A. Peresetsky

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

The topics covered in this course include: instrumental variable estimation, time-series models and forecasting.

Game Theory 2

Vladimir Danilov

(See description given in Period III)

Second Year Courses

East and West: Russian World Economic History 2

L.Friedman/V.Meliantsev

The second part of the course focuses more closely on Russia, beginning with the growth of the Russian economy from the 18th century followed by the industrialization and collectivization of the early Soviet period; the post-war period; the break-up of the Soviet Union and a comparison of the economies of the former republics; the transition period; the role of Russia and the CIS in the world economy.

Industrial Organisation

Derek Laing

Research and Development; Theory of the Firm: Property Rights Perspective; Incomplete Contracts; Motivation; Vertical and Lateral Integration; Rents and Efficiency; The Employment Relation; Internal Labour Markets; Hierarchy; Reputations and Wage Dynamics; Financial Structure.

Contract Theory II

Sergei Guriev

A continuation of Contract Theory I in which we cover incomplete contract theory and its applications to the theory of the firm and financial contracting.

Corruption

M. Levin

International Monetary Economics

B. Bental

General Background and Basic Facts; Policy Discussions; Basic Models of the Determination of Exchange Rates and their Effects; Policy Analyses; A New Approach.

Research Seminar

B. Bental and L. Polishchuk

(See description given in Period II)

Period V: 11 May to 2 July, 1999

First Year Courses

Microeconomics 5

T. Sjostrom

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

This course provides a basic survey of the modern theory of general competitive equilibrium, its existence, its welfare and comparative statics properties and its extension to encompass uncertainty and inter-temporal relations.

Macroeconomics 5

S. Danilkina

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

This course covers the following topics: slopes and levels: Lifecycle Hypothesis; Precautionary Savings, Liquidity Constraints And Buffer Stock Models; Aggregate Consumption Fluctuations; Asset Pricing And Portfolio Choice; Investment :Neoclassical Theory; q-Theory; Lumpy And Irreversible Investment; Credit Constraints And Investment.

Econometrics 3

S. Anatoliev

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

Topics: Large sample theory; Linear Models: Identification, Estimation and Inference; Extremum Estimators and Maximum Likelihood; Method of Moments; Nonparametric Estimation.

Second Year Courses**Labor Economics**

S. Bassov

The course covers the main issues in modern labor economics: labor supply; basic human capital theory; evaluation of training problems; sorting models; matching and models of turnover; returns to experience; relative performance evaluation; the economics of career concerns; unemployment; sociological models of wage formation.

International Trade

Andrei Sarychev

This course covers some ground in the “New” International Economics, focusing on the effects and causes of trade policies. The central question of the course is “Why do we observe so much trade intervention?” The tools we employ to seek answers are of game-theoretic nature.

Auctions and Mechanism Design

T. Sjostrom

Research Seminar

L. Polishchuk

*(See description in Period II)***English language tuition**

NES places great emphasis on the acquisition of English language skills. The NES English Language Unit is headed by Ms Olesya Marenkina and employs 2 tutors and one assistant. Several courses are offered and, in addition, students were encouraged to use the facilities of the language laboratory at the School which is 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 were:

In-session English Course (4 academic hours per week). At the end of the pre-session intensive course, the students were streamed into two sub-groups: Intermediate and Advanced. Further studies of English were 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 was 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 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 score 570 or above on the test administered at the end of this course were exempt from the English entrance exam.

Faculty

The following is a list of the people who have taught at NES since its inception:

- Sergei Aivazian, CEMI, RAS
Probability Theory; Mathematic Statistics
- S. Anatoliev,
Econometrics
- Luca Anderlini, Cambridge University
Microeconomics; Economics of Uncertainty and Information
- Avner Bar-Ilan, University of Haifa
Macroeconomics; International Trade
- Suren Basov
Labor Economics
- Michael Baye, Pennsylvania State University
Industrial Organization; Research Workshop
- Benjamin Bental, Technion - The Israel Institute of Technology
Macroeconomics; Microeconomics; Growth Theory; International Economics; International Trade; International Monetary Economics
- Daniel Berkowitz, University of Pittsburgh
Economics of Transition; Public Economics
- Eric Bond, Pennsylvania State University
Microeconomics; International Trade
- Regina Burdonskaya, NES
English
- Selcuk Caner (US Treasury)
Stochastic Finance
- Dov Chernichovsky, Ben Gurion University of the Negev
Health Economics
- Francesca Cornelli, London Business School
Microeconomics; Industrial Organization
- Ed Coulson, Pennsylvania State University
Macroeconometrics; Public Finance
- Svetlana Danilkina
Macroeconomics
- Vladimir Danilov, CEMI, RAS
Advanced Mathematics for Economists; Game Theory
- Ira Denisova; The Russian European Center for Economic Policy
Macroeconomics
- James Durbin, London School of Economics
Time Series Analysis
- Zvi Eckstein, Tel-Aviv University
Econometrics; Growth Theory; Labor Economics; Research Workshop
- Benjamin Eden, University of Haifa
Macroeconomics; Monetary Economics; Money and Banking; Industrial Organization
- Oleg Eismont, Institute of Systems Analysis, RAS
The Economics of Natural Resources
- M. Ellman, University of Amsterdam, Amsterdam,
Microeconomics; Economic History of Russia; Economics of Transition
- Revolod Entov, Institute of the World Economy and International Relations, RAS
History of Economic Thought
- Richard Ericson, Columbia University
Microeconomics; Dynamic Economic Models
- Leonardo Felli, London School of Economics
Industrial Organization
- John Fender, University of Birmingham
Macroeconomics; International Finance
- Chaim Fershtman, Tel Aviv University
Microeconomics; Industrial Organization
- Alla Friedman, NES; CEMI, RAS
Microeconomics
- Leonid Friedman, Moscow State University,
East, West, and Russia in World Economic History
- Evgeny Golshtein, CEMI, RAS
Advanced Mathematics for Economists
- Roger Gordon, University of Michigan
Government Revenues
- Nils Gottfries, Stockholm University
Macroeconomics
- Simon Grant, Australian National University
Microeconomics; Economics of Uncertainty and Information
- Brigitte Granville, The Royal Institute of International Affairs; The Russian European Center for Economic Policy
Macroeconomics; Economic Transition
- Zvi Griliches, Harvard University
Econometrics; Research Workshop
- Reuben Gronau, Hebrew University
Microeconomics; Labor Economics
- Sergey Guriev (RECEP, NES)
Development economics; Microeconomics; Contract Theory
- Bronwyn Hall, University of California, Berkeley
Econometrics; Finance
- Daniel S. Hamermesh, Michigan State University
Econometrics; Labor Economics

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

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

Daniel Kahn, Georgetown University
Microeconomics; Economics of Transition; Research Workshop

Pavel Katyshev, NES; CEMI, RAS
Econometrics

Michael Keane, University of Minnesota
Labor Economics

Moshe Kim, University of Haifa
Banking; Production Functions

Charles Kolstad, University of California, Santa Barbara
Public (Energy/Environment)

Elli Kraizberg, Bar Ilan University
Money and Banking

Ken Kuttner, Federal Reserve Bureau of Chicago
Macroeconomics; Research Workshop

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

Derek Lang, Pennsylvania State University

James Leitzel, NES
Macroeconomics; Microeconomics; Research Workshop

Nissan Leviatan, Hebrew University
Advanced Macroeconomics; Macroeconomics

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

Vladimir Levin, CEMI, RAS
Advanced Mathematics for Economists

John Logan, Australian National University
Industrial Organization

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

Jan Magnus, London School of Economics; Tilburg University
Econometrics

Valery Makarov (NES, CEMI)
Public Economics

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

Julian Manning, Norwegian School of Management
Microeconomics; Public Economics

Olesia Marenkina
English

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

Solomon Movshovich, CEMI, RAS
Topics in General Equilibrium Theory

Gur Ofer, Hebrew University
Macroeconomics; Economics of Transition

Ann Owen, Brown University
Macroeconomics; Growth Theory

Don Patinkin, Hebrew University
Macroeconomics; History of Monetary Theory

Anatoly Peresetsky, NES; CEMI, RAS
Econometrics

Motty Perry, Hebrew University
Microeconomics; Game Theory

David Pines, Tel-Aviv University
Public Economics; Urban Economics

Rohan Pitchford, Australian National University
Public Economics; Contract Theory

Yakir Plessner, Hebrew University
Macroeconomics; Money, Inflation and Stabilization

Ben Polak, Yale University
Microeconomics

Leonid Polishchuk, Maryland University at College Park
Advanced Microeconomics; Microeconomics; Economic Institutions; Economic Transition; Industrial Organization; International Trade; Public Economics; Research Seminar

Victor Polterovich, NES; CEMI, RAS
Advanced Mathematics for Economists; Money, Inflation and Growth; Macroeconomics; Economics of Transition; International Trade

Geert Ridder, The Free University of Amsterdam
Econometrics; Labor Economics

Mark Roberts, Pennsylvania State University
Econometrics; Industrial Organization

Michael Rockinger, Hautes Etudes Commerciales
Macroeconomics; Finance; Research Seminar

Vladimir Rotar, CEMI, RAS
The Theory of Risk and Economic Mechanisms of Stabilization; Risk Theory; Models of Financial Markets

Valeriya Salistra, RAS
English

Andrey Sarychev
Trade and strategic trade policy

Thomas Sjoistrom
Economic Theory

Suzanne Scotchmer, University of California, Berkeley
Microeconomics

Yochanan Shachmurove, University of Pennsylvania <i>Trade Theory; Open Economy Macro</i>	Giovanni Urga, London Business School <i>Advanced Econometrics; Recent Developments in the Econometrics of Panel Data; The Econometrics of Financial Markets; Dynamic Econometric Modelling</i>
Avner Shaked, University of Bonn <i>Topics in Game theory; Industrial Organization</i>	Alexander Vasin, Moscow State University <i>Non-Cooperative Games in Economic Theory</i>
Alexander Shananin, Computer Center, RAS <i>Mathematics for Economists; Advanced Mathematics for Economists</i>	Dudley Wallace, Duke University <i>Econometrics; Research Workshop</i>
David Shapiro, Pennsylvania State University <i>Macroeconomics; Labor Economics</i>	Klaus Wallner, Stockholm School of Economics <i>Industrial organization; International Trade</i>
Zalman Shiffer, The Bank of Israel <i>Macroeconomics</i>	Andrew Warner, Harvard Institute for International Development <i>International Economics</i>
Avi Simhon (Hebrew University) <i>Microeconomics; Growth Theory</i>	Michelle White, University of Michigan <i>Topics in Law and Economics; Public Finance</i>
A. Sotskov, CEMI <i>Microeconomics</i>	Amos Witztum, London Guildhall University <i>Microeconomics; Public Economics; Income Distribution</i>
Michael Spagat, Brown University <i>Research Seminar</i>	Fedor Zak, CEMI, RAS <i>Advanced Mathematics for Economists</i>
Oren Sussman, Hebrew University <i>Financial Markets</i>	Joseph Zeira, Hebrew University <i>Macroeconomics</i>
Gabriel Talmain, State University of New York at Albany <i>Econometrics; International Economics</i>	Itzhak Zilcha, University of Tel Aviv <i>Public Economics and Public Insurance; Economic Growth</i>

Statistical Report on Courses

First Year Courses

Course name	Professor (affiliation)	Semester	Academic hours	Academic units	Total # enrolled	Average Grade	Failed : "2"	%	Fair: "3"	%	Good: "4"	%	Excellent: "5"	%
Macroeconomics I	Nissan Liviatan (Hebrew University)	Fall I	28	0,5	33	4,24	0	0%	5	15%	14	42%	14	42%
Microeconomics I	Avi Simhon (Hebrew University)	Fall I	28	0,5	33	4,26	0	0%	8	24%	10	30%	15	45%
Probability Theory and Statistics	Sergei Aivazian (CEMI)	Fall I	28	0,5	33	3,84	0	0%	10	30%	15	45%	8	24%
Macroeconomics II	Irina Denisova (NES, RECEP)	Fall II	28	0,5	33	3,55	1	3%	18	55%	9	27%	5	15%
Microeconomics II	Sergei Guriev (NES, RECEP)	Fall II	28	0,5	33	3,80	2	6%	8	24%	17	52%	6	18%
Advanced Mathematics for Economists	V.Polterovitch (CEMI), E.Golstein (CEMI), V.Levin (CEMI), V.Belen'ky (CEMI),	Fall I, II	56	1	32	4,09	0	0%	7	22%	16	50%	9	28%
Mathematic Statistics	Sergei Aivazian (CEMI)	Fall II	28	0,5	32	3,97	0	0%	10	31%	11	34%	11	34%
English	O.Marenkina (NES), R.Burdonskaya, V.Salitra	Fall and Winter	158	1	27	3,91	0	0%	4	15%	20	74%	3	11%
Macroeconomics III	Viktor Polterovitch (CEMI)	Winter	28	0,5	30	3,89	1	3%	10	33%	10	33%	9	30%
Microeconomics III	Alla Friedman (NES, CEMI)	Winter	28	0,5	29	3,70	1	3%	11	38%	10	34%	7	24%
Econometrics I	Pavel Katyshev (NES, CEMI), Anatoly Peresetsky (NES, CEMI)	Winter	28	0,5	29	3,96	1	3%	7	24%	14	48%	7	24%
Microeconomics IV	Viktor Polterovich (NES, CEMI)	Spring I	28	0,5	26	4,13	0	0%	8	31%	7	27%	11	42%
Macroeconomics IV	Derek Laing (Pennsylvania State University)	Spring I	28	0,5	28	4,45	0	0%	3	11%	11	39%	14	50%
Econometrics II	Pavel Katyshev (NES, CEMI)	Spring I	28	0,5	24	3,76	3	13%	7	29%	8	33%	6	25%
Game theory	Vladimir Danilov (NES, CEMI)	Winter, Spring I	56	1	28	3,98	1	4%	4	14%	19	68%	4	14%
Microeconomics V	Tomas Sjostrom (Pennsylvania State University)	Spring II	28	0,5	26	4,18	1	4%	5	19%	8	31%	12	46%
Macroeconomics V	Svetlana Danilkina (MIT)	Spring II	28	0,5	25	3,79	3	12%	6	24%	7	28%	8	32%
Econometrics III	Stanislav Anatolyev (W-M)	Spring II	28	0,5	25	3,16	6	24%	10	40%	5	20%	4	16%

Second Year Courses

Course name	Professor (affiliation)	Semester	Academic hours	Academic units	Total # enrolled	Average Grade	Failed : "2"	%	Fair: "3"	%	Good: "4"	%	Excellent : "5"	%
Macroeconomics I	James Leitzel (University of Essex)	Fall I	28	0,5	56	4,43	0	0%	5	9%	21	38%	30	54%
Microeconomics I	Michael Ellman (Amsterdam University)	Fall I	28	0,5	57	4,66	0	0%	0	0%	18	32%	39	68%
Macroeconomics II	David Shapiro (Penn State University)	Fall II	28	0,5	54	4,16	2	4%	11	20%	17	31%	24	44%
Microeconomics II	Alla Friedman (NES, CEMI)	Fall II	28	0,5	53	3,78	3	6%	15	28%	25	47%	10	19%
Advanced Mathematics for Economists	V. Polterovitch (CEMI), E.Golstein (CEMI), A.Shananin (RAS), M.Levin (CEMI), V.Levin (CEMI), V.Danilov (CEMI)	Fall I, II	56	1	51	4,26	0	0%	6	12%	25	49%	20	39%
Probability Theory and Statistics	Sergei Aivazian (CEMI)	Fall I, II	56	1	53	4,01	0	0%	17	32%	17	32%	19	36%
English	Olesya Marenkina (NES)	Winter	158	1	44	3,93	0	0%	10	23%	26	59%	8	18%
Macroeconomics III	Irina Denisova (NES, CEMI)	Winter	28	0,5	51	3,97	0	0%	15	29%	20	39%	16	31%
Microeconomics III	Alla Friedman (NES, CEMI)	Winter	28	0,5	51	3,40	0	0%	34	67%	10	20%	7	14%
Econometrics I	Pavel Katyshev (CEMI), Anatoly Peresetsky (CEMI)	Spring I	28	0,5	50	4,25	0	0%	5	10%	27	54%	18	36%
Microeconomics IV	Alexandr Sotskov (CEMI)	Spring I	28	0,5	51	3,82	0	0%	21	41%	20	39%	10	20%
Macroeconomics IV	Viktor Polterovitch (CEMI)	Spring I	28	0,5	51	3,81	0	0%	22	43%	17	33%	12	24%
Econometrics II	Pavel Katyshev (CEMI), Anatoly Peresetsky (CEMI)	Winter, Spring I	28	0,5	51	4,02	1	2%	11	22%	27	53%	12	24%
Game theory	Vladimir Danilov (NES, CEMI)	Spring II	56	1	51	4,16	2	4%	3	6%	32	63%	14	27%
Microeconomics V	James Leitzel (University of Essex)	Spring II	28	0,5	42	3,93	3	7%	11	26%	13	31%	15	36%
Macroeconomics V	Jhon Fender (University of Birmingham)	Spring II	28	0,5	46	4,02	2	4%	11	24%	19	41%	14	30%
Econometrics III	Stanislav Anatolyev	Spring II	28	0,5	46	3,13	18	39%	7	15%	15	33%	6	13%
Macroeconomics VI	Nissan Liviatan (Hebrew University)	Fall I	28	0,5	49	3,99	1	2%	13	27%	23	47%	12	24%
Microeconomics VI	Leonid Polishchuk (University of Maryland at College Park)	Fall I	28	0,5	48	3,96	1	2%	15	31%	17	35%	15	31%
Industrial Organization	Leonid Polishchuk (University of Maryland at College Park)	Fall I	28	0,5	43	4,24	0	0%	8	19%	18	42%	17	40%
Growth Theory	Avi Simhon (Hebrew University)	Fall I	28	0,5	10	4,20	0	0%	2	20%	4	40%	4	40%
Development Economics	Sergey Guriev (RECEP, NES)	Fall I	28	0,5	24	4,09	1	4%	5	21%	10	42%	8	33%
Non-cooperative Games	Alexandr Vasin (MSU)	Fall I	28	0,5	14	4,31	0	0%	0	0%	9	64%	5	36%

Econometrics IV	Giovanni Urga (London Business School)	Fall II	28	0,5	47	3,84	0	0%	22	47%	12	26%	13	28%
Panel Data	Giovanni Urga (London Business School)	Fall II	28	0,5	14	4,52	0	0%	1	7%	5	36%	8	57%
Public Economics	Leonid Polishchuk (University of Maryland at College Park)	Fall II	28	0,5	43	3,93	0	0%	13	30%	19	44%	11	26%
International Trade	Viktor Polterovitch (CEMI)	Fall II	28	0,5	12	3,94	0	0%	5	42%	3	25%	4	33%
Contract theory	Sergey Guriev (RECEP, NES)	Winter	28	0,5	26	4,07	0	0%	7	27%	10	38%	9	35%
Public Economics	Valery Makarov (NES, CEMI)	Winter	28	0,5	44	3,77	0	0%	18	41%	18	41%	8	18%
Natural Resources	Oleg Eismont (ISA, RAS)	Winter	56	1	10	4,33	0	0%	0	0%	7	70%	3	30%
Stochastic Finance	Selcuk Caner (US Treasury)	Winter	28	0,5	29	4,01	0	0%	6	21%	18	62%	5	17%
Research Seminar	Giovanni Urga (London Business School)	Fall II, Winter	56	1	48	passed								
Research Seminar	Leonid Polishchuk (University of Maryland at College Park)	Fall II, Winter	56	1	45	4,58	0	0%	1	2%	18	40%	26	58%
History of economic thought	Revold Entov (IMEMO RAS)	Fall, Winter	56	1	47	3,93	0	0%	5	11%	37	79%	5	11%
Industrial Organization	Derek Laing (Pennsylvania State University)	Spring I	28	0,5	42	4,18	0	0%	9	21%	20	48%	13	31%
Contract theory	Sergey Guriev (RECEP, NES)	Spring I	28	0,5	15	4,59	0	0%	1	7%	5	33%	9	60%
International Finance	Benjamin Bental (Technion University)	Spring I	28	0,5	31	4,06	0	0%	10	32%	9	29%	12	39%
Rent Seeking	Mark Levin (NES, CEMI)	Spring I	28	0,5	34	4,52	1	3%	1	3%	8	24%	24	71%
East, West and Russia in World Economic History	Leonid Friedman (MSU), Vitaly Melyantsev (MSU)	Winter, Spring I	56	1	32	4,27	0	0%	0	0%	20	63%	12	38%
Auctions and Mechanism Design	Tomas Sjostrom (Pennsylvania State University)	Spring II	28	0,5	27	4,37	0	0%	3	11%	11	41%	13	48%
Labor Economics	Souren Bassov (Boston University)	Spring II	28	0,5	15	4,09	0	0%	3	20%	7	47%	5	33%
Trade and strategic trade policy under imperfect competition	Andrey Sarychev (MIT)	Spring II	28	0,5	24	3,68	0	0%	9	38%	12	50%	3	13%
Research Seminar	Leonid Polishchuk (University of Maryland at College Park)	Spring I, II	56	1	48	passed								

Public Seminar

NES hosts a regular public seminar in which visiting and Russian faculty members, as well as prominent Russian and non-Russian economists present their research. The following is a list of speakers for the academic year 1998-1999.

Andrey Yakovlev

Director, Institute of Markets and Firms at the Higher School of Economics.

Crisis of the Russian System of Monetary Transactions as a Result of Economic Policy Failures in 1992-98.

Professor Sergei Malliar

University of Pompeu Fabra (Barcelona)

Aggression in Dynamic Models.

Max Nikitin

University of Pittsburgh

Government Finance and Aggregate Fluctuations.

Professor Padma Desai and Todd Idson

Columbia University, New York

To Pay or Not to Pay: Managerial Decision-Making and Wage Non-payments in Russia.

Dr Irina Denisova

RECEP, NES, CEMI

Credit Channel of Monetary Transmission: The Role of Industrial Inter-enterprise Arrears

Dr Sergei Guriev

NES, RECEP, CEMI, WDI

A Theory of Informative Red Tape with an Application to Top-Level Corruption.

Vladimir Radaev

Centre for Economic Sociology and Social Policy

Formation of Russian Markets in the 90s: Institutional Aspects

Lilia Malliar

Pompeu Fabre (Barcelona)

Heterogeneity in capital and skills in a neoclassical stochastic growth model.

Dr Gregory Brock

Mission Economist, USAID, and Moscow

Comparative Efficiency Analysis of Russian Farms: A Stochastic Frontier Approach.

Victor Polterovich

CEMI, NES

Institutional Traps and Economic Reform

A. Lavrov

Problems of Russian Fiscal Federalism

Georgy Satarov

President, "INDEM" Fund

Elections and Choice.

Souren Bassov

Boston University

Social Learning and Stochastic Decision-Making.

Professor Alberto Casagrande

New York University

Tax Evasion and a Role for the Government: A General Equilibrium Approach.

Dr Mikhail Krasnov

Adviser to the President of the Russian Federation

On the Present stage of State Development in the Russian Federation

Vladimir Klimanov

Acting Head of Department, Ministry of Federal and National Affairs

How are Decisions made in the Federal Government? The Case of Regional Policy

Professor Paul Gregory

University of Houston

Virtual Economy, Arrears, and Government as a Provider of Public Consumption.

Professor Derek Laing

Penn State University

Money and Prices in a multiple Matching Search Model. Co-authors: Victor Li (Princeton) and Ping Wang (Vanderbilt)

David Brown

(SITE and CEPR) with Annette Brown (Western Michigan University, SITE and CEPR)

The Transition of Market Structure in Russia: Economic Lessons and Implications for Competition"

Professor Selcuk Caner

US Treasury Project in Russia; School of Business, University of Albany

Stock Market Volatility and the Business Cycle.

Professor Nissan Liviatan

Hebrew University (Jerusalem), NES

Experience of Reducing Inflation

V. Dementiev

CEMI

Financial Industrial Groups in Russia

THE STUDENTS

This section profiles our current students at entry and lists those students who have graduated this academic year. It also gives details of the employment or continuing study of our graduates and of the university offers and placement in Ph.D programs of those graduating this academic year. It includes a cumulative report on the academic placement of all NES graduates to date.

Current students: Profile

The following provides a statistical profile of the first and second year students enrolled at NES in the academic year 1998-99. The tables reflect the high level of education of students prior to enrolling at NES, their regional diversity and gender balance.

TABLE 1: BACKGROUND INFORMATION ON STUDENTS ENROLLED AT NES IN 1998-99

A. CLASS OF 2000

#	Name	Sex	DOB	Region	Former Institution	Degree
1	Akhmed Akhmedov	M	06.05.75	Moscow	MicroElectr. Dept. Moscow Phys. Engineering Institute	Diploma
2	Yakov Bart	M	27.12.77	Moscow	Math.Dept. Moscow State University	5
3	Galina Bestremyannaya	F	20.10.77	Moscow	Mekh-Math. Dept Moscow State University	Diploma
4	Sergey Bilak	M	10.08.74	Moscow	Physics Dept. Moscow State University	Post-grad.
5	Dmitry Viktorov	M	14.02.74	Tver, Moscow reg.	Physics Dept. Moscow State University	Post-grad.
6	Tatiana Vorobieva	F	24.09.76	Moscow	Math.Dept. Moscow State University	Diploma
7	Vladimir Voskoboynikov	M	11.05.76	Chernogolovka, Moscow reg.	Physics Dept. Moscow Phys. Technical Institute	5
8	Salavat Gabdrakhmanov	M	24.07.73	Ufa	Math.Dept. Moscow State University	Diploma
9	Mariya Goltsman	F	06.06.79	Moscow	Econ.Dept. Moscow State University	3
10	Andrey Gureev	M	12.01.76	Novgorod	Math.Dept. Moscow State University	Diploma
11	Yury Zimenkov	M	13.03.78	Ryazan	Chemistry Dept. Moscow State University	5
12	Dmitry Kaluga	M	08.04.77	Moscow	Math.Dept. Moscow State University	5
13	Alexandra Ksenofontova	F	24.01.74	Moscow	Engin. Dept. Moscow Institute (MAI)	Diploma
14	Tatiana Lukoyanova	F	23.09.74	Uliyanovsk	Econ.Dept. Uliyanovsky State University	Diploma
15	Igor Makarov	M	22.01.76	Moscow	Math.Dept. Moscow State University	Diploma
16	Alexeev Makrushin	M	10.09.76	Lipetsk	Math.Dept. Moscow State University	Diploma
17	Daniil Manaenkov	M	19.05.77	Troitsk	Math.Dept. Moscow Phys. Technical Institute	5
18	Ivan Matveev	M	26.07.73	Sterlitamak	Math.Dept. Moscow Phys. Technical Institute	Post-grad.
19	Nataliya Melentyeva	F	14.04.76	Zhukovsky	Math.Dept. Moscow State University	Diploma
20	Serge Morozov	M	28.05.78	Bryansk reg.	Math.Dept. Moscow Phys. Technical Institute	5
21	Alexandr Mchedlishvily	M	17.10.69	Telavy	Math.Dept. Tbilisky State University	Diploma
22	Gany Nazirov	M	08.01.76	Alma-Ata	Math.Dept. Moscow State University	Diploma
23	Kirill Nikiforov	M	04.10.77	Voronezh	Math.Dept. Moscow State University	5
24	Eugeny Orlov	M	06.05.78	Moscow	Math.Dept. Moscow State University	5
25	Snezhana Peretyagina	F	02.12.76	Novosibirsk	Math.Dept. Novosibirsk State University	Diploma
26	Mikhail Povaliaev	M	27.09.69	Moscow	Econ-Math.Dept. Financial Institute, Moscow	3

27	Oleg Pogorelov	M	04.10.76		Physics Dept. Moscow Phys. Technical Institute	5
28	Mariya Ponomareva	F	16.09.76	Moscow	Math.Dept. Moscow State University	Diploma
29	Nataliya Ponomareva	F	24.01.76	Moscow	Math.Dept. Moscow State University	Diploma
30	Yury Sentsov	M	14.04.77	Kaluga	Math.Dept. Moscow State University	5
31	Dmitry Spryskov	M	03.12.76	Kostroma	Physics Dept. Moscow Phys. Technical Institute	5
32	Sergey Stepanov	M	26.12.75	Moscow	Applied Mach. Dept. Moscow Aviation University	Diploma
33	Constantin Telegov	M	14.01.75	Abinsk	Physics Dept. Moscow Phys. Technical Institute	Diploma
34	Aydar Turmukhambetov	M	07.03.78	Karaganda	Econ.Dept. Karaganda State University	Diploma
35	Nadezhda Shalkimbaeva	F	14.08.75	Moscow reg.	Math.Dept. Moscow Phys. Technical Institute	Diploma
36	Igor Shachkin	M	14.11.76	Troitsk	Physics Dept. Moscow Phys. Technical Institute	5
37	Alexandr Shepotilo	M	10.12.71	Nikolaev	Elect.-Mekh. Dept. Moscow Elec. Institute	Diploma
38	Andrey Shinkevich	M	08.09.77	Berezniki	Math.Dept. Moscow Phys. Technical Institute	5
39	Alina Shishkevich	F	20.04.75	Moscow	Math.Dept. Moscow State University	4
40	Andrei Shumilov	M	20.08.71	Chuvashiya	Math.Dept. Chuvashky State Universty	Post-grad.
41	Sergey Yudakov	M	12.07.76	Nizhegorodskaya obl.	Physics Dept. Moscow Phys. Technical Institute	5
42	Vyacheslav Yakuba	M	23.03.69	Moscow	Math.Dept. Moscow Institute of Electronic Technologies	Diploma
43	Yury Yasko	M	28.08.76	Moscow	Math.Dept. Moscow State University	Diploma

B. CLASS OF 1999

#	Name		D.o.B.	Geographical origin	Institution of prior study	Degree
1	Anashenko Pavel	m	01.04.75	Moscow	Math Dept. Moscow State University	Diplom
2	Andryakov Alexander	m	25.10.60	Moscow	Physics Dept. Moscow Phys. Engineering Institute	9
3	Arshinova Sofia	f	05.02.66	Moscow	Econ-Math Dept, Moscow Inst of	Post Grad
4	Bakirov Rustam	m	24.02.75	Magnitogorsk	Math Dept. Moscow State University	Diplom
5	Balyakin Andrei	m	26.06.75	Moscow	Math Dept. Moscow State University	Diplom
6	Basov Oleg	m	28.08.68	Gorkiy	Math Dept. Moscow State University	Diplom
7	Bayan-ool Ekaterina	f	09.09.72	Sytyvkar	Math Dept. Moscow State University	Diplom
8	Birulin Alexei	m	15.05.73	Zaporozhe	Physics Dept. Moscow State University	Post Grad
9	Bremzen Andrei	m	22.10.75	Moscow	Math Dept. Moscow State University	Diplom
10	Bukatin Anton	m	22.03.72	Vitebsk	Mech-Math Dept. Moscow State Uni	Diplom
11	Budylin Aleksander	m	14.12.73	Moscow	Chem Dept Moscow State University	Post Grad
12	Verbina Inna	f	01.04.66	Ufa	Econ Dept, Moscow State Statist. Uni	Diplom
13	Olga Voitkova	f	18.08.74	Kaliningrad	Math Dept. Moscow State University	5
14	Golovan Sergei	m	02.10.72	Poltavskaya Obl.	Math Dept. Moscow State University	Post Grad
15	Grafova Irina	f	19.01.75	Moscow	Math Dept. Moscow State University	Diplom
16	Grishan Maxim	m	19.01.73	Mminsk	Math Dept. Moscow State University	Diplom
17	Ilya Grobman	m	04.12.71	Moscow	Math Dept. Moscow Institute of Electronic Technologies	Diplom

#	Name		D.o.B.	Geographical origin	Institution of prior study	Degree
18	Davydenko Sergei	m	22.08.75	Alagir	Physics Dept Moscow Phys Technical Institute	5
19	Zakharov Alexei	m	19.08.76	Moscow	University of Arizona	Diplom
20	Zatsepin Mikhail	m	18.05.75	Lipetsk	Math Dept Moscow State University	Diplom
21	Kvasov Dmitry	m	20.08.71	Penza	Phys Dept Moscow Engineering Physics Institute	Diplom
22	Kleiman Daniil	m	17.08.74	Moscow	Math Dept. Moscow State University	4
23	Kovtunencko Boris	m	17.08.74	Zaporozhie	Physics Dept Moscow State University	Post Grad
24	Kozlov Konstantin	m	28.01.75	Glazov	Math Dept. Moscow State University	Diplom
25	Krivikh Nikolai	m	26.06.74	Feodosiya	Math Dept Moscow State University	Diplom
26	Litviniva Julia		13.08.74	Kiev	Mech-Math Dept Moscow State University	Diplom
27	Logvin Alexei	m	10.09.71	Moscow	Physics Dept Moscow Engineering Physics Institute	Post Grad
28	Malyi Alexander	m	04.05.72	Cheboksary	Math Dept Moscow State University	Post Grad
29	Mescheryakova Yulia	f	08.07.75	Voronezh	Math Dept Voronezh State University	Diplom
30	Moiseev Alexei	m	02.08.76	Tambov	Physics Dept Moscow Phys Technical Institute	5
31	Muraviev Igor	m	07.07.73	Moscow	Physics Dept Moscow Phys Engineering Institute	Post Grad
32	Perekhodtsev Dmitry	m	16.01.77	Moscow	Math Dept Moscow Phys Technical Institute	5
33	Polukeev Nikolai	m	10.08.75	Rostov-on-Don	Math Dept Rostov State University	Diplom
34	Porozky Anatoly	m	13.09.76	Moscow	Physics Dept Moscow Institute of Electronic Technologies	5
35	Ragulina Sofia	f	23.12.76	Balakovo	Math Dept Moscow State University	5
36	Rahimova Lola	f	30.01.74	Moscow	Chem Dept Moscow State University	Diplom
37	Rybakov Konstantin	m	31.05.73	Moscow Region	Math Dept Moscow State University	Post Grad
38	Savostiyanova Ludmila	f	24.06.76	Kaluga	Math Dept Moscow State University	5
39	Sanditov Bulat	m	18.09.73	Ulan-Ude	Physics Dept Novosibirsk State University	Post Grad
40	Svetankov Stepan	m	29.07.76		Math Dept Moscow Physical Technical Institute	4
41	Seina Yuliya	f	10.12.69	Moscow	Math Dept Moscow State University	Diplom
42	Skovoroda Radion	m	12.11.75	Puchino	Math Dept Moscow State University	Diplom
43	Slinko Irina	f	23.12.74	Moscow	Math Dept Moscow State University	Diplom
44	Streboulaev Ilya	m	17.05.75	Moscow	Econ Dept Moscow State University	Diplom
45	Suvorov Anton	m	29.01.75	Moscow	Math Dept Moscow State University	Post Grad
46	Trisch Pavel	m	06.11.79	Lvov	Econ Dept Moscow State University	3
47	Chesnokova Tatyana	f	31.05.75	Almaty	Math Dept Moscow State University	Diplom
48	Chisty Alexei	m	29.01.75	Brest	Physics Dept Moscow Phys Technical University	5
49	Shaposhnik Vladimir	m	03.08.76	Kirovsk	Physics Dept Moscow Phys Technical University	5
50	Jundunov Vladimir	m	09.03.70	Ulan-Ude	Engineering Dept Bauman Moscow State Technical University	Post Grad
51	Yakovleva Nadezhda	f	13.05.75	Kiev	Kiev State University	Diplom

Applicant Profile

The following tables give information about the applicants for admission to NES in the 1998/99 academic year and for the years 1995 through 1999. Because of NES's reputation, only students who give themselves a good chance of admittance actually go through the application process.

	Applied	Men	Men	Women	Women
Total # of Final applicants	90	64	68%	30	32%
Profile					
Average age	22.9				
Married	13	8	62%	5	38%
Muscovites	40	23	58%	17	43%
Educational background and degrees:					
Mathematics	57	37	65%	20	35%
Physics	16	16	100%	0	0%
Economics	12	5	42%	7	58%
Post-graduate students at other institutions	18	13	72%	5	28%
Plan to pursue studies at the Ph.D. level	53	38	72%	15	28%
The main institutions students come from:					
Moscow State Univ.	59	37	63%	22	37%
Moscow Physical-Technical Univ	17	15	88%	2	12%
Moscow Physics Institute	5	5	100%	0	0%

NES Admissions 1995-1999

	Applied	% of total	Admitted	% of total
Total	437		224	
Average age	23,0			
Men	299	68%	165	71%
Women	142	32%	59	29%
Muscovites	156	36%	77	33%
Non- Muscovites	206	47%	147	69%
Mathematics	249	57%	147	65%
Physics	84	19%	39	17%
Economics	40	9%	17	8%
Plan to pursue studies at the Ph.D. level	200	46%	103	46%

RESEARCH

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

The Research Committee of the School oversees the research at NES. The Committee is composed of members of the International Advisory Board of NES and permanent faculty of NES. The current members are Valery Makarov and Barry W. Ickes (co-Chairmen), Gur Ofer, Zvi Griliches, Leonid Polishuk, Victor Polterovich (co-directors), and center coordinator Pavel Katyshev.

Research Projects for 1998-1999

The research projects for the 1998-1999 research program were:

1. **Efficiency of Natural Resource Use and Development of the Russian Economy** Project leaders: Oleg Eismont, Institute of System Analysis, RAS, Charles Kolstad, University of Santa Barbara, California
2. **Financial Industrial Groups in the Russian Economy** Project leaders: Sergei Guriev, RECEP and NES, Saul Estrin, London Business School, David Brown, RECEP.
3. **Fiscal Federalism: Intergovernmental Fiscal Relations and Finance of Subnational Governments in the Russian Federation** Project leaders: John Mikesell, RECEP, Mitch Mokthary, RECEP.
4. **Institutional Change and Traps in Transition Economies** Project leaders: Leonid Polishchuk, University of British Columbia, Vancouver, Victor Polterovich, CEMI and NES.
5. **Financial Crisis in Russia** Project leaders: Giovanni Urga, LBS, Evsei Gurvich, Arkady Dvorkovich, Economic Expert Group, Ministry of Finance, Anatoly Peresetsky, CEMI and NES.
6. **Tax Enforcement and Corruption in Fiscal Administration** Project leaders: Alexander Vasin, MSU.
7. **Non-monetary Transactions in the Russian Economy** Project leaders: Sergei Guriev, NES and RECEP, Barry Ickes, Pennsylvania State University.

Thirty students of the second-year class were selected on merit to participate in this year's research program. In addition, four volunteers were permitted to join the FIG and Non-monetary Transactions projects. Also, six assistants took part in the research. Five of them are recent NES graduates, four serve as NES teaching assistants as well.

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

Research Projects for 1999-2000

The following projects have been approved for 1999-2000 under the GET project:

1. **Russian Social and Policy Reforms.** Project leaders: Irina Denisova (RECEP), Ksenia Yudaeva (RECEP), Anthony Shorrocks (Univ. of Essex and RECEP): Russian Social and Policy Reforms
2. **Corporate Governance in Russian Firms.** Project leaders: Sergei Guriev (NES), David Brown (SITE): Corporate Governance in Russian Firms
3. **Restructuring Financial System and Banking Sector in Russia.** Project leaders: Evsey Gurvich, Arkady Dvorkovich (Expert Group of Ministry of Finance of Russia), Michael Dmitriev (Carnegie Moscow Center), Anatoly Peresetsky (CEMI, NES), Giovanni Urga (London Business School):
4. **Economic Liberalization and Spatial Organization of the Russian Economy.** Project leaders: Oleg Eismont (NES):
5. **The Role of Regional and Local Governments in the Economic Reforming in Russia.** Project leaders: Valery Makarov (CEMI, NES), Daniel Berkowitz (University of Pittsburgh)
6. **Political Economy of Russian Transition: Incentives of Policy Makers and Quality of Governance.** Project leaders: Victor Polterovich (CEMI, NES), Leonid Polishchuk (Univ. of Maryland)
7. **Bankruptcy Procedures in Russia: Improving Efficiency, Combating Corruption** Project leaders: Constantin Sonin (CEMI, NES, RECEP), Ariane Lambert-Mogiliansky (CERAS-ENPC, Paris)

8. **Tax Optimization under Corruptible Tax Administration.** Project leaders: Alexander Vasin (MSU), Francisco Marhuenda Hurtado (University of Alicante, Spain)
9. **Foreign Direct Investment in Russia.** Project leaders: Ksenia Yudaeva (RECEP), Sergei Kadotchnikov (Ural State Univ.), Rudiger Ahrend (DELTA and RECEP)
10. **Enterprise Financing, Investment and the Role of the Government.** Project leaders: Ekatherina Zhuravskaya (RECEP), Enrico Perotti (Univ. of Amsterdam)

Conferences

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

CONFERENCE "TRANSFORMING GOVERNMENT IN ECONOMIES IN TRANSITION"

April, 9 - 10, 1999

Nakhimovsky Prospect 47, 117418 Moscow

Friday, 9 April

10:00, room 521

Opening ceremony Chairmen: Gur Ofer, Valery Makarov

10:30 - 12:00

Two parallel sessions

Session 1 (room 521)	Session 2 (room 1720)
<p>Efficiency of Natural Resources Use and Development of the Russian Economy Chairman: Alexandr Vasin</p> <ol style="list-style-type: none">1. Oleg Eismont: <i>Introductory notes</i>2. Igor Muraviev: <i>"Dutch Disease" with Money Balances as a Production Factor</i>3. Alexei Moiseev: <i>The "Dutch Disease" and Taxation. Optimal Tax Response in Centralized and Decentralized Economies. Case of Russia</i>4. Pavel Anaschenko: <i>Natural Resources Taxation and Regional Economic Development in Russia (Example of Novgorod Oblast)</i>	<p>Non-monetary Transactions in Russian Economy Chairman: Victor Polterovich</p> <ol style="list-style-type: none">1. Sergei Guriev and Barry Ickes: <i>Introductory notes</i>2. Dmitry Kvasov: <i>Barter as a means of price discrimination</i>3. Anton Suvorov: <i>Long-term relationships and barter</i>4. Konstantin Rybakov: <i>Barter in Russian Firms</i>

12:30 - 14:00, room 521

Session 3

Institutional Change and Traps in Transition Economies

Chairman: Derek Laing

1. Victor Polterovich and Leonid Polishchuk: *Introductory notes*
2. Andrey Bremzen: *Barter Traps Under Stochastic Prices*
3. Alexei Chisty: *Transition Economy: Radical Reforms versus Gradual Approach*
4. Boris Kovtunencko: *War of Attrition with Anticipated Changes of Future Terms*

15:00 - 16:30, room 521

Session 4

Financial Crisis in Russia

Chairman: Jan Magnus

1. Arkady Dvorkovich: *Introductory notes*
2. Ilya Strebulaev: *Modeling of Russian Currency Crisis*
3. Ilya Grobman: *Analysis of the Relationships' Dynamics Among Various Segments of the Russian Financial Market in the Pre-Crisis Period*
4. Alexandr Andryakov: *Crisis in the Russian Securities Market in Terms of Strategies of the Major Players*
5. Julia Litvinova: *A Self-fulfilling Model of the Russian Debt Crisis*

17:00 - 18:30, room 521

Keynote Address

Chairman: Gur Ofer

Alexandr Shokhin, president of Higher School of Economics, member of State Duma

19:00, room 520

Reception

Saturday, 10 April

10:00 - 11:30, room 521

Two parallel sessions

Session 5 (room 521)	Session 6 (room 1720)
<p>Tax Enforcement and Corruption in Fiscal Administration</p> <p>Chairman: Mark Levin</p> <ol style="list-style-type: none">1. Alexandr Vasin: <i>Introductory notes</i>2. Daniil Kleiman: <i>Optimal Tax Enforcement Strategy Under Corruptible Tax Inspectors</i>3. Nadezhda Yakovleva: <i>Tax Inspection Organization Under Imperfect Taxpayers and Inspectors</i>	<p>Fiscal Federalism: Intergovernmental Fiscal Relations and Finance of Subnational Governments in the Russian Federation</p> <p>Chairman: Leonid Polishchuk</p> <ol style="list-style-type: none">1. John Mikesell, Mitch Mokhtary: <i>Introductory notes</i>2. Irina Grafova: <i>Revenue Assignment Model of Russian Fiscal Federalism</i>3. Rodion Skovoroda: <i>Generalization of Engel Curve in Analysis of Household Surveys With Incomplete Data</i>4. Irina Slin'ko: <i>Labor Supply, Wage Arrears, and Tax Evasion in Russia</i>

12:00 - 13:30, room 521

Distinguished Lecture

Chairman: Gur Ofer

Valery Makarov, director of CEMI, rector NES, academician RAS: *Dual-Track Economy in Russia*

13:30 - 14:00

Group meeting

15:00 - 16:30, room 521

Session 7

Financial Industrial Groups in Russian Economy

Chairman: Barry Ickes

1. David Brown and Sergei Guriev: *Introductory notes*
2. Sergei Davydenko: *Cost of Capital in Financial-Industrial Groups*
3. Tatiana Tchesnokova: *Vertical Integration in Russian Economy*
4. Konstantin Kozlov: *Financial Industrial Groups and Export Competitiveness*

16:30 - 17:00, room 521

Barry Ickes: *Final Remarks*

Closing ceremony

Publications

In 1998, two working paper series were initiated at NES. One series presents the recent research of NES-affiliated faculty and staff; the second series is devoted to the best papers prepared by NES students in their thesis work. It is envisioned that electronic versions of these papers will be available through the NES homepage on the world wide web. Twelve Best Student Papers and nine Working Papers were published in English or /and Russian. Four papers are in print now. The publications are disseminated in accordance to a dissemination lists including most important Russian universities and economic research institutes as well as Western transition economics research centers.

The complete list of NES publications is as follows.

1998 Best Student Papers

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

Course Of Lectures

1. Danilov V.I. Lectures on fixed points. - 45 p. (Rus.)

Working Papers

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

1999 Best Student Papers

1. Loukoinova E.V. Intergovernmental Transfers in Russia: the Case of Volga Cities.-35p.(Engl.)

Working Papers

1. Voronovitsky M. Cross-ownership and Opportunity of Reciprocal Investment in Russian Industrial Groups.-28.p. (Engl.)
2. Levin M.I. Corruption And Technological Innovation.-36p.(Rus.)
3. Guriev S.M. A theory of informative red tape with an application to top-level corruption.-27 p. (Engl.)
4. Vasin A., Panova E. Tax collection and corruption in fiscal administration.-32 p. (Engl.)
5. Eismont O.A., Kuralbaeva K.Z. Depletion of natural resources and long-term perspectives of the Russian economy.-31 p. (Rus)

GRADUATES AND ALUMNI

Graduates for the Academic Year 1998/99

The following 40 students were NES graduands in the ceremony held on 6th July this year. The Don Patinkin Prize for the top student in the graduating class was jointly won by Andrei Bremzen and Boris Kovtunenکو. At the ceremony, a number of graduands were also recognized for the quality of their master's theses.

1. Anashenko Pavel		21. Litviniva Julia	
2. Andryakov Alexander		22. Logvin Alexei	
3. Arshinova Sofia		23. Mescheryakova Yulia	
4. Bakirov Rustam		24. Moiseev Alexei	
5. Balyakin Andrei		25. Muraviev Igor	
6. Basov Oleg		26. Perekhodtsev Dmitry	
7. Birulin Alexei		27. Porozky Anatoly	
8. Bremzen Andrei	summa cum laude	28. Ragulina Sofia	
9. Verbina Inna		29. Rahimova Lola	
10. Voitkova Olga		30. Rybakov Konstantin	
11. Golovan Sergei	cum laude	31. Saakov Konstantin	
12. Grafova Irina		32. Seina Yuliya	
13. Grishan Maxim		33. Skovoroda Radion	
14. Grobman Ilya		34. Slinko Irina	
15. Davydenko Sergei	cum laude	35. Streboulaev Ilya	
16. Zakharov Alexei		36. Suvorov Anton	
17. Kvasov Dmitry		37. Trisch Pavel	
18. Kleiman Daniil		38. Chesnokova Tatyana	
19. Kovtunenکو Boris	Summa cum laude	39. Chisty Alexei	cum laude
20. Kozlov Konstantin		40. Yakovleva Nadezhda	

Employment and/or Academic Placement of Alumni

Approximately 50% of NES graduates have joined the workforce immediately on graduation. With the first few graduating classes, those entering the workforce tended to be the weaker graduates while the stronger gained entry to Ph.D and other programs abroad. In the last two years, however, many of NES's top students have been recruited even before graduation. Some graduates have deferred their admission to Ph.D programs in order to assist in important policy and research work in various Russian Government Ministries.

NES Graduates are now employed in the following:

Russian Government

- ù Expert group, Ministry of Finance
- ù Analysts, Central Bank
- ù Monetary Policy Commission

Research and Policy Organizations

- ù Russian-European Center For Economic Policy (RECEP), Moscow)
- ù Urban Institute

International Organizations

- ù IMF Research
- ù World Bank

Investment and Consulting Groups

- ù Andersen Consulting
- ù Boston Consulting Group
- ù Baines Consulting
- ù Cooper and Lybrand
- ù Barrents Group

- ù Renaissance Capital
- ù Troika Dialog
- ù Pioneer Investment
- ù Rossisky Kredit Finances

Banks

- ù Broker/Rinaco-Plus
- ù Dialog Bank

NES is attempting to keep track of where its graduates are employed or studying. The following list is as complete as possible at the time of writing. It gives details for each of the Graduating classes from 1994 to 1998.

CLASS of 1994		
1	Ludmila Belova	Avstriisky Bank
2	Nina Chebotareva	Economic Expert Group, the Russian Ministry of Finance, Moscow Harvard Special Program
3	Irina Dolinskaia	Cambridge Univ., Ph.D.
4	Dmitri Dubasov	Yale Univ., Ph.D.
5	Arkady Dvorkovitch	Economic Expert Group, the Russian Ministry of Finance, Moscow; Duke Univ., Ph.D.
6	Konstantin Fominykh	Harvard Business School, MBA
7	Yuri Garbuzov	
8	Maria Gorban	RECEP, Moscow
9	Anna Gushchina	Coopers and Lybrand, Moscow, Assistant
10	Alexei Kalitin	Rossisky Kredit, Moscow, Stock Management, Analyst; Investment Company Analyst
11	Tatyana Kirsanova	Oxford Univ., D.Phil. in Economics programme
12	Victor Koledenkov	Credit Suisse First Boston
13	Leonid Koryukin	Univ. of Delaware, Ph.D.
14	Elena Kostyukova	Central Bank of Russia, Monetary Policy Commission, Moscow
15	Viktoria Kotova	Economic Expert Group, the Russian Ministry of Finance, Moscow
16	Max Kulikov	Deutch Morgan Grenfell; Economic Expert Group, Russian Ministry of Finance
17	Dmitri Levando	Financial Academy, Ass. Professor, Moscow, Higher School of Economics, RTS
18	Oxana Pavlenko	Economic Expert Group, the Russian Ministry of Finance, Moscow
19	Maria Petukhova	Brown Univ., Ph.D.
20	Dmitri Podkopaev	Harvard Univ., Ph.D.
21	Alexey Samoukov	
22	Vladimir Sergeev	Recursion, USA, Inc., Treasurer, Sales Manager
23	Elena Sharipova	Dialog Bank; Econometric Unit VEDI
24	Dmitri Shatokhin	MSU, Softwear Developer, Moscow
25	Tatyana Shevtsova	Stockholm School of Economics, Ph.D.
26	Stanislav Song	London Business School, PhD; J.P. Morgan
27	Sergei Song	Yale Univ., Ph.D. (FSEE, Fellowship)
28	Natalia Tsiganova	Australian National Univ., TA
29	Konstantine Tyurin	Yale Univ., Ph.D.
30	Andrei Uspenski	Pioneer Investment, Moscow, Expert
31	Alexander Ustinov	Economic Expert Group, the Russian Ministry of Finance, Moscow
32	Irina Yakadina	Pompe-Fabra Univ, Barcelona., Ph.D.
33	Ksenia Yudaeva	SITE, Stockholm University, Post Doctoral Program; RECEP.
34	Ekaterina Zhuravskaiy	RECEP, Assistant Professor.

CLASS of 1995

1	Anton Afanasiev	Postgraduate student of MSU, Moscow
2	Alexander Aganin	Harvard Univ., Ph.D.
3	Irina Aganina	Brandeis Univ., Ph.D.
4	Stanislav Anatoliev	Univ. of Wisconsin-Madison, Ph.D.
5	Maria Arbatskaia	Indiana Univ., Bloomington, Ph.D.
6	Ekaterina Atanassian	Advertising Company
7	Irina Bogatcheva	Chicago Graduate School of Business, Ph.D.
8	Svetlana Danilkina	MIT, Ph.D, Visiting Professor NES (May-June 1999)
9	Oleg Darg	DIAMANT Bank
10	Dmitri Davydov	Univ. of Michigan, Ann Arbor, Ph.D.; Research Assistant Financial Engineering Program
11	Tatyana Goltseva	Investment Company, Moscow
12	Igir Goncharov	Boston Consulting Group
13	Nadya Ivanova	RECEP
14	Maria Korobeinikova	Barrents Group, USA
15	Grigory Kosenok	Wisconsin -Madison Univ., PhD
16	Yulia Kosykh	Boston Univ., Ph.D.
17	Oleg Larichev	Troika Dialog, Moscow
18	Sofia Levchenkova	Australian National Univ., Ph.D.
19	Aras Mehtiev	Prisma Invest/Global Securities, Director of Research
20	Yulia Nikulicheva	USAID Project Management, Specialist
21	Galina Ovtcharova	Chicago Graduate School of Business, Ph.D.
22	Vladimir Pavlov	Australian National Univ., Ph.D.
23	Anna Pavlova	Univ. of Pennsylvania, Ph.D
24	Alexander Posazhennikov	Tilburg Univ., Ph.D.
25	Sergei Prudnik	MFK Renaissance, Deputy Head of Domestic FI Sales; Troika Dialog
26	Alexander Repkin	Catholic University of Leuven, Special Program
27	Andrei Sarychev	MIT, Ph.D. ; Visiting Professor NES (May-June 1999)
28	Andrei Shevchenko	Univ. of Pennsylvania, Ph.D.
29	Pavel Svadbine	Simon Business School, Rochester Univ
30	Yulia Tsepliaeva	US Treasury, Technical Assistance Program, Macroeconomic Adviser
31	Tsinkush Tatyana	Investment Company; ALFA Bank
32	Konstantin Tyurin	Yale University, Ph. D.
33	Sergei Zaitsev	AOST 'Spetsstroytehnologiya', Economist-Adviser

CLASS of 1996

1	Alexandrovsky Mikhail	Cheil Communications Inc., Moscow Office, Senior Account Executive
2	Souren Bassov	Boston University, Ph.D.; Visiting Professor NES (May-June 1999)
3	Bobyv Sergei	Ph.D program, Wisconsin -Madison Univ.
4	Borisova Galina	Ph.D program, Berkeley
5	Deviatov Alexey	Ph.D program, Pennsylvania State Univ.
6	Roman Dorokhov	Moscow Economic Review, Editor
7	Druzhinin Dmitry	Ernst & Young, Moscow
8	Durnev Artyom	Ph.D in Finance and M.Sc in Financial Engineering, University of Michigan Business School.
9	Vladislav Gavrilets	MIT, Aero-Astro Department, Ph.D.
10	Ivanov Lev	EERC, Research Program Coordinator
11	Kargin Vladislav	Ph.D program, Boston Univ.
12	Khodarin Gennady	Dialog Bank, Moscow
13	Krasnokutskaya Elena	Ph.D program, Yale Univ.
14	Lakalin Edgar	London Business School
15	Lapidus Irina	Eurasia Foundation, Moscow
16	Medvedev Alexei	Central Bank, Moscow
17	Novostavsky Vladislav	MSU, Moscow
18	Onatsky Alexei	Ph.D program, Harvard
19	Peredriy Yaroslav	Russian-European Center For Economic Policy (RECEP), Kiev
20	Rodionova Julia	Ph.D program, Boston Univ
21	Romanova Elena	London School of Economics, Ph. D.
22	Senchukov Dmitry	Renaissance Capital, Moscow
23	Sheidvasser Sofia	Ph.D program, Yale
24	Shestalova Victoria	Ph.D program, Tilburg Univ., The Netherlands
25	Sosunov Kirill	Ph.D program, Australian National Univ.
26	Tchaidze Robert	Ph.D, John Hopkins Univ.
27	Trubach Evgeniy	KPMG
28	Verbetskiy Alexey	Central Bank, Moscow
29	Volkov Stanislav	Ph.D program, Univ. of Wisconsin-Madison
30	Yuzefovich Evgeniy	PhD program, Univ. of Maryland

CLASS of 1997

1	Blinkina Maria	Advertising Agency
2	Bogdanova Maria	Tilburg, Ph. D
3	Goldman Elena	Rutgers, Ph.D
4	Gorovoy Vyacheslav	Rossiysky Kredit Bank
5	Grigoriev Pavel	MIT, Ph. D.
6	Dobritsa Fedor	Coca Cola Export Co., Consultant
7	Ereschenko Anatoliy	Bain Link
8	Ezhova Olga	Arthur Andersen, Global Corporate Finance Dept, Real Estate Division
9	Zhidko Dmitry	CEMI
10	Zhiltsov Alexey	London Business School, Ph.D.
11	Ibragimov Marat	Rinako Plus
12	Izmailkov Sergey	Penn State University, Ph.D.
13	Kolodeznikova Anastasia	Urban Institute, Moscow
14	Korobeinikova Tatiana	IN-E University, Ph.D. Mathematics
15	Vyacheslav Kvasnevsky	Arthur Anderson
16	Labutin Alexander	TUMEN Oil Company
17	Lobas Vyacheslav	Princeton, Ph.D., Mathematics
18	Manokhin Valery	Price Waterhouse
19	Marinets Yuri	University of Southern California, Ph.D.
20	Matros Alexandr	Stockholm School of Economics, Ph. D.
21	Minkin Artur	Wisconsin-Madison, Ph.D.
22	Melnik Konstantin	Boston Consulting Group
23	Mikhailova Tatiana	Penn State University, Ph. D.
24	Ovsienko Sergey	Boston Consulting Group
25	Piankov Nikita	Harvard, Ph.D.
26	Rodionov Vladimir	Stockholm School of Economics, Ph.D.
27	Riazanova Olga	Economic Expert Group, Russian Ministry of Finance
28	Savvateev Alexey	CEMI Teaching
29	Semikoz Anna	Price Waterhouse
30	Stepaniants Svetlana	IMF, Moscow Office, Research Assistant
31	Timonina Julia	Arthur Andersen
32	Fedorov Alexey	Coopers and Lybrand
33	Fedorov Konstantin	Georgia State University (USGTA), Consultant
34	Fedorova Ekaterina	Harvard, Ph. D.
35	Fedikh Yuri	Uni of Washington, Ph. D.
36	Khmelevskaia Anna	Economic Expert Group, Russian Ministry of Finance; NES, Outreach Project
37	Khovanski Sergey	Rossiyskiy Credit Bank
38	Chimko Kristina	Price Waterhouse Coopers, Consultant
39	Chumak Yuri	Rochester University, Ph.D.
40	Vidasov Mikhail	Institute of Asia and African Studies; Moscow State University, teaching
41	Shakhova Margaritia	Computer Centre of RAS; International College MSU
42	Oxana Shakula	Universitat Pompeu Fabre, Spain Ph.D.
43	Alexander Shapoval	MSU, Postgraduate Studies (Math)
44	Shimko Kristina	Price Waterhouse Coopers

CLASS of 1998

1	Alexeevna Elena	Andersen Consulting
2	Alexeyevna Elena	KPMG
3	Andienko Yuri	RECEP
4	Baranchuk Nina	Washington University, Ph.D.
5	Belov Konstantin	NES
6	Volchkova Natalia	RECEP; NES Teaching Assistant; CEEMI postgraduate studies
7	Gorbachev Alexander	TACIS
8	Gorbacheva Elena	Central Bank
9	Dodonova Anna	Michigan University, Ph.D.
10	Michael Zrelov	Financial Manager, Red Square Restaurant
11	Ivanov Maxim	KPMG
12	Kartacheva Anastassia	MPSE, Toulouse, Ph.D.
13	Kolennikov Stanislav	RECEP
14	Igor Kopylov	Rochester University, Ph.D.
15	Konavalchuk Inna	Kirov University, Russia (Economics teacher)
16	Kuznetsov Artem	CARGILL Ent.; IFS, Moscow
17	Kuralbaeva Karlygash	KIMEP, Almaty
18	Levashov Ivan	Andersen Consulting
19	Loginova Oxana	Coopers and Lybrand; IFS, Moscow
20	Loukoianova Elena	Bureau of Economic Analysis; Cambridge University, Ph.D.
21	Malykhin Dmitry	Deutsche Morgan Grenfell; European Mergers and Acquisitions GmbH, Senior Associate
22	Novikov Artem	National Reserve Bank; Humboldt University, Berlin
23	Novikov Dmitry	Bureau of Economic Analysis; RECEP; Kellogg Business School, Northwestern University, Ph.D.
24	Ogluzdin Sergei	Russian People's Friendship University; Central Bank
25	Ordin Oleg	TA, NES; IFS, Moscow
26	Paltseva Elena	RECEP; TA, NES
27	Panova Elena	RECEP; TA, NES,; CEMI postgraduate studies
28	Parfinenko Nina	Pennsylvania State University, Ph.D.
29	Piskunov Alexander	TA, NES; GET project Assistant, NES
30	Saakiantz George	Andersen Consulting
31	Smirnov Vladimir	CEMI, postgraduate studies; Australian National University, Ph.D.
32	Solntseva Ludmilla	GET project assistant, NES
33	Sonin Constantin	TA, NES; teaching at Higher School of Economics; CEMI postgraduate studies
34	Tonis Alexander	TA, NES
35	Turmuhambetova Gauhar	University of Chicago, Ph.D.
36	Tsybuleva Natalya	Central Bank
37	Shcherbich Svetlana	CEMI, postgraduate studies; GET project assistant, NES
38	Khaleeva Julia	Hebrew University, Jerusalem, Ph.D.
39	Khoroshilov Yuri	University of Michigan, Ph.D.

Alumni Association

100 NES alumni gathered for the Graduates Meeting on 4th of December 1998, the largest meeting of NES graduates in the school's history.

ALUMNI GRADUATES CLUB of NES established a Board of Directors which at present includes:

Arcady Dvorkovitch (Class 94) - Secretary
Sergey Prudnik (Class 95) - Deputy Secretary
Zarema Kasabiyeva (NES Dean) - NES administration representative
Elena Smirnova - Coordinator
96-98 Class representatives

The main aims of the Club are:

- updating and maintaining a database with information on all NES graduates.
- creating an information database of potential employers for NES graduates, and keeping contacts with them.
- creating an information database of economical (scientific and business) conferences and seminars taking place in Russia and abroad.
- providing possibilities for graduates to hold seminars and lectures at NES and other educational institutions.
- providing some financial support for NES (in particular, support for low-income students, grants for NES employees, taking up leisure activities, enlarging library funds and other resources etc.)
- creating an ALUMNI Home Page on the Internet.
- providing assistance towards holding conferences, celebration and graduation parties at NES.
- advertising the achievements of NES.
- participation in NES scientific research and publications.
- publishing a monthly periodical for NES graduates.
- participation in mapping the future development of NES.

Study Abroad program

Students of the New Economic School have again been very successful in winning admission to some of the best Ph.D programs in Economics in the United States, Canada and Europe. Almost all applying students have been successful in gaining full financial support for their continuing studies either in the form of fellowships or teaching/research assistantships.

This year 29 NES graduates will be entering Ph.D programs abroad. A further number will be embarking upon Ph.D. studies in Russia. Nineteen NES students will be undertaking their Ph.D studies in the USA at programs including MIT, Harvard, Wharton, and Stanford. (A full list is available later in this section.) A further eight students will be studying in Europe at programs such as MPSE in Toulouse and London Business School. One student will be studying at the University of Toronto. As always, the accepted offers do not tell the whole story, as many students received multiple offers. (see Table A later in this section)

These NES graduates pursuing Ph.Ds abroad will take NES one step closer to realizing its goal of providing Russia and the former Soviet Republics with a new generation of fully qualified economists who can assist in the dissemination of economics skills within the former Soviet Union. The Table below shows the list of Ph.D offers to NES students this year. Table B shows the composite list of Universities where NES graduates are undertaking Ph.D. studies.

Offers from Universities for Study Beginning Fall 1999

Univ.	Student	Tuition waiver (TW) or Admission only (AO)	Fellowship (F) or teaching assistantship (TA)
Boston University	Irina Grafova	AO	
Boston University	Oleksii Birulin	AO	
Boston University	Pavel Trisch	TW	F
Boston University	Daniil Kleiman	TW	F
Brown	Daniil Kleiman	TW	F
University of California, Berkeley	Boris Kovtunenکو	AO	
Cal Tech	Pavel Trisch	TW	F
Carlos III, Madrid	Sergei Davydenko	TW	F
Carnegie Mellon	Dmitry Perehodtsev	TW	F
University of Chicago	Boris Kovtunenکو	TW	F
Cornell University	Andrei Balyakin		
De Montford, UK	Radion Skovoroda	TW	Research Assistant
De Montford, UK	Konstantin Saakov	TW	Research Assistant
Duke University	Julia Litvinova	TW	F
Harvard University	Boris Kovtunenکو	TW	F
Kellogg Business School, Northwestern University	Dmitry Novikov	TW	F
London Business School	Ilya Strebulaev	TW	F
London School of Economics	Sergei Davydenko	AO	
Maastricht, Netherlands	Natalia Tsyubuleva	TW	TA
Maastricht, Netherlands	Bulat Sanditov	TW	TA
MIT	Andre Bremzen	TW	F
MPSE, Toulouse	Natalya Tsubyleva		F
MPSE, Toulouse	Anton Souverov		F
North Carolina	Oleg Basov	TW	TA
North Carolina	Oleksii Birulin	TW	TA
North Carolina	Dmitry Kvasov	TW	TA
Northwestern	Yuliya Mescheryakova	TW	F
Northwestern	Pavel Trisch	TW	F
Pennsylvania State University	Tatiana Tschesnakova	TW	TA
Pennsylvania State University	Andrei Balyakin	TW	TA
Pennsylvania State University	Dmitry Kvasov	TW	TA
Pennsylvania State University	Oleksii Birulin	TW	TA
Pompe Fabre, Barcelona	Oxana Shakula	TW	TA
Rochester University	Yuri Chumak	TW	
Rochester University	Alexei Tchistyι	TW	F
SITE, Stockholm	Andre Bremzen	TW	F
SITE, Stockholm	Tatiana Tchesnakova	TW	F
SITE, Stockholm	Dmitry Kvasov	TW	F
Stanford University	Boris Kovtunenکو	AO	
Stanford Business School	Alexei Tchistyι	TW	F
Tilburg, Netherlands	Natalya Tsyubuleva	TW	TA

Toronto University	Konstantin Rybakov	TW	F
University of Indiana	Pavel Anaschenko	TW	TA
University of Indiana	Vyacheslav Gorovoi	TW	TA
University of Michigan	Daniil Kleiman	AO	
University of Michigan	Alexei Tchisty	TW	F
University of Minnesota	Alexei Tchisty	TW	F
University of Pittsburgh	Irina Grafova	TW	TA
University of Southern California	Yuri Marynets	TW	F
University of Washington (St. L)	Andrei Balyakin	TW	TA
University of Washington (St Louis)	Yuri Fedyk	TW	F
University of Wisconsin, Madison	Boris Kovtunneko	TW	F
University of Wisconsin, Madison	Yuri Fedyk	TW	F
Wharton Business School, University of Pennsylvania	Pavel Trisch	TW	F
Yale	Boris Kovtuneneko	TW	F
Yale	Andre Bremzen	TW	F
Yale	Pavel Trisch	TW	F

Table A: Offers made to NES students for admission to Ph.D studies in 1998/99 academic year.

Note: Bolding denotes acceptance of offer.

Composite Ph.D Placements 1994-1999

Institution	94/95	95/96	96/97	97/98	98/99	99/00	Total
Australian National University		1	2		1		4
Boston University		1	2	1		1	5
Brandeis University		1					1
Brown University	2						2
University of California, Berkeley			1				1
Cambridge University	1				1		2
Carlos III, Madrid						1	1
Carnegie Mellon						1	1
Catholic University of Leuven	1						1
University of Chicago (Economics)					1		1
Chicago Graduate School of Business	1	2					3
Columbia University	1						1
Cornell University						1	1
De Montford University, UK						2	2
Duke University	2					1	3
Harvard University	1	1	1	2		1	6
Hebrew University					1		1
Indiana University, Bloomington		1				2	3
John Hopkins			1				1
London Business School			1	1		1	3
Maastricht, Netherlands						1	1
MIT	1	1	1	1		1	5
MPSE, Toulouse					1	1	2
New York			1				1
North Carolina						1	1
Northwestern University						2	2
Pennsylvania State University			2	2	1	3	8
Pittsburgh University						1	1
Pompeu Fabra, Barcelona			1			1	2
Rochester University		1			1	1	3
Rutgers University				1			1
Stanford Business School						1	1
Stockholm School of Economics				3			3
Tilburg University, Netherlands		1	1	1		1	4
University of Maryland				1			1
University of Michigan, Ann Arbor		1			2		3
University of Pennsylvania		2					2
University of Southern California						1	1
University of Toronto						1	1
University of Washington (St Louis)					1	1	2
Wharton, Uni of Pennsylvania						1	1
University of Wisconsin-Madison		1	3	3			7
Western Ontario University	1						1
Yale University	2		1		1		4
Totals	13	14	18	16	11	29	101

Table B: Academic Placements of first five classes

COOPERATION WITH OTHER INSTITUTIONS AND ORGANIZATIONS

Russian European Centre for Economic Policy (RECEP)

This year has seen closer links develop between NES, the Stockholm School of Economics, Sweden, and its Stockholm Institute of Transition Economics and East European Economies (SITE). SITE is assisting NES with its long-term development of faculty through placement of NES graduates in its Ph.D program.

Close links also continue to be forged between NES and RECEP (under SITE management). Joint research programs are being undertaken and RECEP continues to be a strong employer of NES graduates. RECEP has been very generous in allowing NES graduates working as full-time researchers with RECEP time to engage in teaching, research and outreach activities at NES. This included RECEP tenure-track faculty Ksenia Yudaeva (Ph.D., M.I.T.) and Ekaterina Zhuravskaya (Ph.D., Harvard), both NES graduates.

Ural State University and Voronezh State University

NES has been approved as a Resource Centre in economics for the Open Society Institute Megaproject "Development of Higher Education In Russia". It has developed a program of partnership with two major provincial universities, Ural State University and Voronezh State University. The program is designed to develop the skills of the faculty and to enhance the resources of the departments.

Economic Education and Research Consortium (EERC)

In addition to the workshops help as part of NES's Outreach Program (see Outreach section), NES has worked together with the EERC to host workshops on panel data and labor productivity. NES has provided computing services to these workshops.

The Institute for Advanced Studies, Hebrew University

The Institute for Advanced Studies at the Hebrew University ran its 10th Jerusalem Summer School in Economic Theory. The topic this year was *Cooperative Game Theory*. Six second year students (Boris Kovtunenکو, Sergui Davydenko, Yuliya Mescheryakova, Elena Paltseva, Andrei Bremzen, and Daniil Kleiman) attended the School which took place in June, 1999.

Once again financial support was kindly provided by the Hebrew University in the form of fee waivers while NES covered travel costs.

OUTREACH

During 1999, the New Economic School continued outreach activities started in 1998. The main goal of these activities was to disseminate NES expertise among Russian provincial universities. The NES Outreach Center has taken advantage of NES core academic faculty to achieve the goal via two main tools:

- (a) week-long workshops in economics and econometrics; and
 - (b) long-term academic partnership with selected economics departments at provincial universities.
- NES has also served as a host to a number of EERC workshops. In March a workshop on panel data took place at the New Economic School. The School also hosted a workshop on labor productivity.

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

Outreach workshops

NES has organized 3 introductory workshops in econometrics in Moscow (February), Voronezh (March) and Kislovodsk (September). An advanced workshop for best students of introductory workshops was held in Moscow (December). The School organized 3 workshops in microeconomics: Nizhny Novgorod (March), and Ekaterinburg (April) and St Petersburg (May) and 2 workshops in macroeconomics: Voronezh (September) and Ekaterinburg (November).

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

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

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

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

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

In 1999, NES has hosted junior faculty of provincial universities as visiting fellows allowing them to take courses, participate in NES research activities and work in NES library and computer lab. There have been 3 fellows in the Spring 1999 and 4 more in the Fall.

In July, NES organized a Summer School for 30 provincial faculty (10 from each provincial partner university and 10 from other provincial universities). The program of the School included two mini-course on advanced micro- and macroeconomics, seminar, and presentations of research papers by NES faculty.

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

FACILITIES

Library

Up-to-date, specialist libraries are somewhat of a rarity in Moscow. However, the New Economic School's library with its good selection of current international economics journals, sets of the world's most current economics texts, and up to the minute electronic research databases is an exciting and growing resource for economics researchers, faculty and graduate students. Funded through the Soros and Eurasia Foundations for its operations and acquisitions program, the library from time to time receives generous donations from individuals and organizations interested in supporting the School in its quest to train its elite group of young Russians students in world standard Western style economics. During the last 12 months the library was very fortunate to receive a donation of 50 new titles of economic books and rare journals from Professor Zvi Griliches of Harvard University.

In addition to students, faculty and researchers at NES, the library is open to NES alumni, economists from other Russian educational and research institutes, professional economists in the public and private sectors in Russia and visiting scholars from abroad. The library works together with the School's Research Center funded by the Ford Foundation. The Center specializes in research on governments in economic transition

In 1999, the library expanded its collection thanks to a grant from the Soros funded Higher Education Special Program (HESP). Three hundred new titles were added including up-to-date textbooks; materials on economies in transition and the history of the Soviet Economy; and periodicals, including IMF materials.

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

The NES journal subscription for the 1997/98 academic year is as follows:

Brooking Paper on Economic Activity	Journal of Economic History
Cambridge J. of Economics	Journal of Economic Literature
Eastern European Economics	American Economic Review &
Econometric Theory	Journal of Economic Perspectives
Econometrica	Journal of Economic Theory
Economic History Review	Journal of Evolutionary Economics
Economic Journal	Journal of Finance
Economic Policy	Journal of Financial Economics
Economic Theory	Review of Financial Studies (Kindly donated)
Economica-London	Journal of Industrial Economics
Economic Letters	Journal of International Economics
Economics of Planning	Journal of Labor Economics
Environment and Planning- Government and Policy	Journal of Mathematical Economics
Europe-Asia Studies	Journal of Monetary Economics
European Economic Review	Journal of Money , Credit and Banking
European Journal of the History of Economic Thought	Journal of Political Economy
European Journal of Political Economy	Journal of Public Economics
Games and Economic Behavior	Oxford Economic Papers
International Economic Review	Public Choice
International Journal of Game Theory	Quarterly Journal Of Economics
International Journal of Industrial Organization	Rand Journal of Economics
Journal of Applied Econometrics	Review of Economics and Statistics
Journal of Comparative Economics	Review of Financial Studies
	Resource and Energy Economics
	Scandinavian Journal of Economics

Computer Resources

Most computing activity at NES centers on the networked Pentium and Pentium II PCs that are located in the computer laboratories and offices of NES. Currently most of the computers are Pentium II class machines, allowing us to run advanced modern software. All the computer environment is built around the network and provides easy, fast and reliable communication and sharing of data and software. There are over 50 computers, including those in the two of PC laboratories and Research Center, on the network. High-quality networked laser printers are available for users. NES computing technologies are built using various platforms and techniques. IBM's OS/2 Warp Server is a core of local area network for file and print services. Various econometrics software packages available on the LAN together with versatile data. Data is accumulated in several databases and occupies more than 8GB as of today.

Linux, free operating system, gaining popularity last years for its robustness and reliability, runs all Internet relative services like World Wide Web and e-mail. Linux systems also address the security issues, since all computers have been outfitted with direct access to the Internet. The Internet connection was developed in conjunction with CEMI Internet project, which offers a 100Mbps backbone with the link to the major Moscow ISPs (Internet Service Providers) traffic exchange point. NES' Internet facilities include a comprehensive set of services including e-mail and Worldwide Web servers. NES presents home pages with official information about the school together with various data developed by students. Abstracts of research work done by NES graduates are also now available at our web site.

We are working on expansion of the environment for increased ease and frequency of communication between NES alumni abroad and NES staff, faculty and students in Moscow and around the country.

FINANCES

The operations of NES continue to be funded principally through major grants from the Soros Foundation (HESP, the Higher Education Support Program), the Eurasia Foundation, the McArthur Foundation, the Ford Foundation, and a grant from the World Bank. Support from Russian sources takes the form of provision of rent free premises and a number of funds and grants. Increased efforts have been made this year to widen the funding base and to secure long term funding. A particular effort has been made to interest Russian sources, particularly the employers of many of our graduates. A modest beginning has been made to introduce fees for some students while ensuring that no talented student is barred from entry for financial reasons.

Major Funders: Soros (HESP), Eurasia MacArthur and Ford Foundations

In 1992, George Soros through the Soros Foundations gave the first grant to set up the School. This support has continued through Open Society Institute of the Soros Foundations (OSI) and its Higher Education Support Project (HESP). The following year, Eurasia Foundation, joined in with significant financial support. Both organizations continued their generous support. These two foundations have again expressed readiness to join with other foundations to put the School on a firm long-term financial footing. This year the MacArthur Foundation gave to NES a 3-year grant, and the World Bank and Citibank Foundation one-year grants that we hope will continue in the coming years (negotiations are under way).

1997-98 was the third year of the Ford Foundation's three year grant for the establishment of the NES Research Center. This year the Ford Foundation extended to NES a second, two-year, grant for the continued activities of the research center (see Research Section of this Report).

NES wishes to register its sincere gratitude to these major funders for their generous and ongoing support without which NES would not have been able to continue to operate. NES, however, does realize that its future depends on widening the base of its financial support and has consequently prepared a strategic development and business plan for the next five years. This plan has been presented to meetings of existing and potential supporters in both New York and in Moscow. (The NES Strategic Plan is available separately from this report) We trust that OSI, Eurasia and the Ford Foundations will continue to support NES and help us bring other foundations on board.

Russian financing sources

The following lists the various forms of financial support and income derived locally.

Grants

- ù CEMI (according to the founder's agreement) provides premises free of charge.
- ù Troika-Dialog half-year fellowships for the two best students in finance related courses
- ù Russian Ministry of Science and Technical Policy grants together with the Ministry of Finance according to an agreement on cooperation
- ù Moscow State Univ. (according to the founder's agreement) provides dormitories for NES students at a special discount rate.
- ù

Cost recovery sources

- ù *The Financial Market* course fees
- ù English and math preparatory course fees
- ù New student application and registration fees

NES Staff have developed a program of cooperation with governmental structures, banks, corporations and businesses with one of the aims being to attract financial support.

Friends of NES

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 fund raising and public relations organization in support of the New Economic School. AFNES is the springboard of NES's efforts to raise funds in the west. Through AFNES, efforts are currently being made to gain significant support from private foundations in the United States.

AFNES Board of Directors

Zvi Griliches of Harvard Univ. (President)
Roman Frydman of New York Univ. and the CEU (Secretary)
Barry W. Ickes of the Pennsylvania State Univ. (Treasurer)
Herbert Levine of the Univ. of Pennsylvania
Gur Ofer of Hebrew Univ..

AFNES Financial Committee

Professor Barry Ickes, Pennsylvania State Univ.
Professor Gur Ofer, Hebrew Univ.
Oxana Budjko, New Economic School

GOVERNANCE

The primary governing bodies of the school are the International Advisory Board, the Rectorate, and the Academic Committee. The NES Research Center is governed by a Research Committee and a Directorate.

The International Advisory Board (IAB)

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

Its current membership is:

- ◆ Professor Gur Ofer (*Hebrew Univ.*) Coordinator
- ◆ Academician Valery Makarov (*Director of CEMI and Rector of NES*)
- ◆ Professor Victor Polterovich (*CEMI and NES*)
- ◆ Professor Roman Frydman (*New York Univ. and the Central European Univ.*)
- ◆ Professor Zvi Griliches (*Harvard Univ.*)
- ◆ Professor Beth Allen (*University of Minnesota*)
- ◆ Professor Sergiu Hart (*Hebrew Univ.*)
- ◆ Professor Barry W. Ickes (*Pennsylvania State Univ.*)
- ◆ Professor Bronwyn Hall (*Berkeley, University of California*)
- ◆ Professor Jan Magnus (*Tilburg Univ.*)
- ◆ Professor Andreu Mas-Colell (*Univ. Pompeu Fabra, and Harvard Univ.*)
- ◆ Professor Erik Bergloef (*SITE, Stockholm School of Economics*)

The IAB met on Saturday April 11 1999.

1. Reports on the following were made:
 - * Academic Appointments (Barry Ickes)
 - * The budget and Financial Committee (Barry Ickes)
 - * The new administrative division of labor at the school (Gur Ofer)
 - * Students (Zarema Kasabieva)
 - * Admission to NES (Zarema Kasabieva)
 - * The Academic Program (Gur Ofer)
 - * The Research Center (Victor Polterovich)
 - * Outreach (Sergei Guriev)
 - * Admission of our graduates (Zarema Kassabieva)
 - * Graduates of NES employment in Moscow (Zarema Kasabieva)
 - * Alumni Club Z.Kasabieva
2. Finalising the by-laws of the Academic Appointments Committee.
3. Strategy for incorporating new Ph.D's into the school structure.
4. Fundraising

The Rectorate

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

The following constituted the Rectorate in 1998/99

Rector	Academician Valery Makarov
Vice Rector	Professor Alexander Friedman
School Academic Secretary	Valentina Krupina
Dean of Students	Zarema Kassabieva
Academic Coordinator	Professor Leonid Polishchuk
Head of the Academic Committee	Professor Victor Polterovich

Administrator, Financial officer
Academic Administrator
Head of Computer Dept
Head Librarian
English Teaching Unit
Chief Accountant

Oxana Budjko
Evgeniya Nikolaeva
Sergei Makarov
Karina Ter-Akopian
Olesya Marenkina
Tatyana Komarova

Academic Committee

The Academic Committee is formed from IAB members, professors and lecturers, the Dean of Students and representatives of the NES principal officer holders. The composition of the Committee was approved by the Rector on IAB recommendation. The composition for 1998/99 was as follows:

Professor Victor Polterovich	Chair
Professor Pavel Katyshev	Secretary
Academician Valery Makarov	
Professor Sergei Aivazian	
Professor Revold Entov	
Professor Alexander Friedman	
Professor Gur Ofer	
Professor Barry Ickes	
Professor Sergiu Hart	
Professor Andreu Mas-Colell	
Zarema Kasabieva	
Valentina Krupina	
Professor Leonid Polishchuk	
Professor Mark Levin	
Karina Ter-Akopian	
Evgeniya Nikolaeva	

Admissions Committee

Academician Valery Makarov	Chair
Professor Alexander Friedman	Vice Chair
Zarema Kasabieva	Executive Officer
Professor Zvi Griliches	
Dr Pavel Katyshev	
Valentina Krupina	
Olesia Marenkina	
Professor Victor Polterovich	

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

Finance Committee

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

The **Finance Committee** consists of:

Academician Valery Makarov (co-chair)
Professor Barry W. Ickes (co-chair)
Professor Alexander Friedman
Valentina Krupina
Oxana Budjko (Secretary)
Professor Gur Ofer

Governance of the Research Center

Research at NES is organized under the Research Committee, which oversees the Research Center, the chief program of which is *Transforming Government in Economies in Transition (GET)*. The GET program has one western and one Russian director, both appointed by the Research Committee for a period of one year.

The principal officers are:

Academician Valery Makarov

Co-Chair of Research Committee

Professor Barry W. Ickes

Co-Chair of Research Committee

Professor Victor Polterovich

Co-Director GET Program

Professor Leonid Polishchuk

Co-Director GET Program

Oxana Budjko

Treasurer

Professor Zvi Griliches

Dr Pavel Katyshev

Professor Gur Ofer

APPENDIX A: THESIS ABSTRACTS

Alexander Andryakov

Topic: Analysis of security market crisis in terms of strategies of the major players

Abstract: This paper considers three games models, which describe different aspects of government security market behavior. Two models are static games between representative resident and non-resident investors. The first of them translates the players' expectations into an equilibrium yield of the security. The other discusses signaling motives in the game between these players on the secondary market with non-resident investor acting as a leader. The third model is a dynamic model of an infinitely repeated game between investors on one side and the monetary authorities on the other side. This model takes the results of the first one and gives an equilibrium time trajectory of the security supply by the Government. It is shown that shocks to investors' expectations produce overshooting effect on the trajectory of borrowing and can cause a crisis. It is also shown that appropriate information policy of the government can soften the overshooting effect and can help in avoiding the crisis.

Sofia Arshinova

Topic: Barter in Russian Financial Industrial Groups

Abstract: The objective of current empirical research is to study whether the Russian Financial Industrial Groups can weaken the effect of the thin monetary markets and contribute to moving the economy away from the inefficient barter regime. The hypothesis is formulated that under certain conditions the group membership may contribute to reduce the barter transactions expansion. The alternative hypothesis is that group membership has no effect on barter and that barter in the last years is determined by barter in previous years, while the reasons which were important when it became a common practice for the enterprises to barter have now lost their importance as the economy has found itself in a barter trap and FIG members have no advantage compared to independent firms.

The main results confirm the hypothesis that the current barter is determined mainly by the barter in previous years and so we accept treatment of barter as an institutional trap. However we find out that several other factors are important for barter, FIG membership among them. It is argued that the government stimulation of large-scale investment in FIGs can contribute in the monetizing the inside-group relations and create some prerequisites for monetizing the economy.

Rustam Bakirov

Topic: Influence of household income distribution and imperfect monitoring on the competition in the Russian banking system

Abstract: This paper presented a model of banking competition in Russian retail banking sector. The role of deposit rate competition was examined. It was shown that this kind competition may be reason of inherent instability in financial system even if only one kind of banks makes risky investments while one or two competitors are absolutely safe. Analysis of the model was used to illustrate how missing aspects of banking regulation in Russia (whether it be deposit rate ceiling, deposit insurance or information disclosure) damages stability of Russian financial sector.

Andrey Balyakin

Topic: Game-Theoretic Approach to the Problem of Russia's External Debt Management

Abstract: The paper applies game-theoretic approach to the Russia's external debt management problem. Financial crisis emerged in Russia in August 1998 has made it

impossible to fully repay the Soviet-era external debt and forced to begin new negotiations on its restructuring. Performing negotiations among Russian government and its main creditors is modeled by static games defined according to the 3-period repayment model. Paris and London Clubs of creditors, International Monetary Fund and Russian government are considered as agents. In the model RF government minimizes external debt service expenditures by arranging the sequence of negotiations, IMF decides on giving new credit to RF in 1999 and climes to reduce external debt arrears and to increase internal investment maintaining Fund's image, while Paris and London Clubs alternatives are leaving as it is, restructuring and partial forgiving of Soviet-era debt. It is supposed that Paris Club climes to share fairly the burden of arrears between the official and private creditors, while London Club is interested in the raise of the Soviet-era debt quotations in the market due to the reduced nominal amount of the debt and increased probability of full repayment. The model developed is based on facts and statements made by officials and experts on Russia's external debt management problem.

Oleksii Birulin

Topic: *On Monetizing A Barter Economy.*

Abstract: This paper deals with the issues of institutional forms interactions, namely with the problem of transformation of barter economy into monetary market. Several models originated from R. Kranton: «Reciprocal Exchange: Self-Sustaining System» are presented in the paper. Barter formation is studied in random matching framework with indivisible money. Both the models with pairwise interactions and accounting for network effects are discussed. With introduction of the "digestion" cost in barter transactions the possibility of monetizing the economy, where the good obtained via barter is inferior to that bought at the monetary market. The analysis suggests the multiplicity of equilibria with some, where monetary market remains inferior to private barter links. In chapter II the model with divisible money is presented and the existence of stationary equilibria characterized by prevailing single-price in transactions is shown. This chapter may be treated as one giving support to the results of the models with indivisible money. Finally a microeconomic model with two subsequent auctions is presented. This model suggests the significance of the correct choice of the addressees of the emission and possibility of "chain effects" in monetizing. The thesis is finished with a discussion of models and policy suggestions.

Andrei Bremzen

Topic: *Political Liberalization and Economic Decline: a Model within the Political Culture Approach.*

Abstract: This paper is concerned with political liberalization and its impact on economic growth. Democracy is typically associated with better economic performance of a country than an authoritarian regime, although it is not always the case, as examples of China and India show. Moreover, in new democratic countries political liberalization generally leads to (sometimes sharp) economic decline. The work tries to address this phenomenon involving the concept of political culture, which in this approach is associated with conscious and adequate choice by electors. It is argued that with in countries with low political culture liberalization may lead to an economic decline because too much resource is spend on wasteful competition between political parties. Some dynamic considerations are suggested (where the political culture of a country can vary upon time) and the nature of possible low culture trap is identified.

Irina Grafova

Topic: *A Revenue Assignment Model of Russian Intergovernmental Fiscal Relationship System*

Abstract: The rule in designing an intergovernmental fiscal relationship is to assign expenditures and revenues in a sequential order. The first step is to assign expenditures between all levels of government and the second step is to assign revenues among them.

Defining responsibilities (expenditures) are prerequisite for selecting sound financing structures to fund (to pay for) these responsibilities. This study analyzes theoretically and empirically incentives provided by Russian intergovernmental fiscal relationship system. Theoretical model considers the incentive provision problem from subnational government and federal government points of view. One of the main results of the model is that Russian system of transfers does not ensure adequate level of incentives. Our empirical findings, using unique regional data set, are supportive of our theoretical findings and significantly illuminate recent events in the intergovernmental relationship in the Russian Federation

Maxim Grishan

Topic: *Cost of a banking crisis over time: impact of credit squeeze on real economy.*

Abstract: The aim of this paper is to carry out a preliminary analysis of the likely impact of banking crisis on economy. It studies costs associated with the emergence of systemic banking crises in developed and developing countries. The results suggest that crisis usually damage economy through numerous bankruptcies of firms. In addition the work demonstrates that although usual total impact of crisis is negative it isn't always the case. It may occur because a crisis may make owners of firms to improve the structure of their enterprises. In the final part the paper presents and discusses some policy instruments.

Ilya Grobman

Topic: *Analysis of the Russian Stock Market Performance in October 1997 – August 1998.*

Abstract: During the period mentioned, GKO performance could be considered as one of the most significant Russian financial market indicator which give the possibility to study in detail the process of the Russian financial crisis expansion.

In this study the analysis of GKO (Russian treasury bills) and RTS (Russian Trade System) returns and indexes derived from them as well as their dependence on main world financial indicators is provided. The examination includes the diagnostic of the most important endogenous and exogenous factors influenced on the main market indicators as well as quantitative characteristics and comparative significance of the influence to be scrutinized and several parsimonious models of the main indicators interaction are drawn. Inquiries of volatility as well as utilization of the method of rolling regressions augment the examination.

The investigation provided encompass the revelation of the periods of different GKO market behavior as well as some possible political and economic basis for the possibility of breakdown of the period analyzed into subperiods which characterize different stages of the financial crises commencement and augmentation and gives the feasibility for the further detailed analysis.

Daniil Kleiman

Topic: *Tax evasion and corruption in fiscal administration.*

Abstract: The present master thesis studies the problem of efficient organization of tax inspection in presence of corruption. In order to prevent tax evasion the tax authority need to conduct random audits of taxpayers' income reports, which are costly. These audits are conducted by inspectors who can be bribed. For this reason the tax authority may review inspectors who confirm low income. The penalty for dishonest inspector is his firing. The paper describes the equilibrium behavior of taxpayers and inspectors in the model with two levels of income. The main result of this work is that it is optimal to give an inspector the full incentives by letting them to take the whole fines imposed on dishonest taxpayers. In this case there is no corruption and reviewing becomes unnecessary. Moreover, this result is generalized for the case of continuous distribution of income and linear tax schedule.

Boris Kovtunen

Topic: The War of Attrition with Expected Changes of Future Terms
Supervisors: Victor Polterovich, Leonid Polishchuk

Abstract: This paper considers a two-player incomplete information war of attrition with an external constraint on the duration of the "war". It is shown that such a constraint results in the occurrence of the "dead zone" right before the moment of the constraint. In the "dead zone" the "war" ends with probability zero and, thus, once the game evolved into the "dead zone", it is common knowledge for the players that the "war" will last till the very end. It is also shown that in some cases the introduction of the external constraint on the duration of the "war" can not only raise but also lower the expected social welfare.

Konstantin Kozlov

Topic: Impact of Financial Industrial Group membership on export competitiveness of Russian firms.

Abstract: This paper deals with the export competitiveness for members of Russian Financial Industrial Groups (FIGs). Enterprise-level data based on Goscomstat database are used to empirically compare export shares and their change for members of FIGs with those of non-members. Both officially registered and informal FIGs are studied. This research includes the whole sample of exporting firms from all industries. It was found that members of FIGs, both registered and unregistered, seem to be more competitive when exporting, if compared with non-members in the framework of used econometric model. Further, registered FIGs seem to have similar advantages as unofficial if compared with non-members implying that registering a FIG is not a negative signal from the point of view of export competitiveness.

Keywords: Financial Industrial Groups, Export competitiveness.

Julia Litvinova

Topic: A Self-Fulfilling Model of the Russian Debt Crisis

Abstract: The purpose of this paper is to explore the extent to which the Russian inability to roll over its debt during October 1997 and August 1998 can be modelled as a self-fulfilling debt crisis. Taking for the basic model the model presented in Cole and Kehoe's paper [1,2], this paper presents a modification of their model and analyses the extent to which Cole and Kehoe model may be generalised. In the model there is a crucial interval of debt for which the government, although it finds optimal to repay old debt if it can sell new debt, finds it optimal to default if it cannot sell new debt. Cole and Kehoe have shown that if fundamentals, such as the level of the government's debt, its maturity structure, and the private capital stock, lie within a particular range (*crisis zone*), the probability of default is determined by the beliefs of market participants. Governments, as they have shown, are motivated to reduce their debt and exit the crisis zone since doing so leads to an economic boom and a reduction in the interest rate on the government's debt. This paper presents a simple quantitative modified model (in particular, population growth, capital depreciation and proportional tax on the capital are included in the model) which assesses the ability of the model to explain the debt crisis in Russia. If the initial level of government debt is in crisis zone, and if there is an unfavourable realisation of the sunspot, there is a crisis. The crisis interval was obtained for the simple model that match Russian data on the time before the crisis exactly (August 1998). The size of the zone depends on the average length of maturity of government debt. The analysis on this paper suggests that for a country, like Russia, with a very short maturity structure of debt, the crisis zone is large and includes levels of debt as that in Russia before crisis. It was also shown that if the debt maturity had been roughly fourfold as long then a crisis would not have been possible.

Yuliya Mescheryakova

Topic: *Leading Indicators of the Russian Currency Crises*

Abstract: The paper addresses the issue of finding the leading indicators of currency crises in Russia. Unlike other papers, this research employs discriminant analysis and principal components analysis to solve this problem. A number of high-powered models with the forecast horizons from one up to five months were constructed. The following variables were found to be effective as leading indicators of currency crises in Russia: terms of trade, real exchange rate, M2 money multiplier, M2-to-reserves ratio, CPI, crude oil export price level and real industrial output.

Alexei Moiseev

Topic: *Analysis of influence of the «Dutch Disease» and taxation on economic welfare. Example of the Russian economy.*

Abstract: Since the 1970s, the «Dutch Disease» has been noticed to be a problem for several economies. In the end of 1980s-start of 1990s this problem also became actual for Russia.

The «Dutch Disease» is usually initiated by significant increase in revenues from raw material exports. The boom resulted from such, at a glance, a favorable market juncture, draws the production factors, labour and capital, out of traditional industries sector in the raw-material and service sectors of an economy and deteriorates the conditions for traditional manufacturing industries causing them to decline. Although in the short run the country enjoys the improved economic situation, in the long run it faces a risk to slow down its «cultural, technical and intellectual development which only a strong, healthy manufacturing industry ... can provide» [Nicolas Kaldor, 1981]. Thus, the country should trade off the instant and short-living benefits of being a raw material «rانتier» and the disadvantages of ever-lasting missing out on economic development.

In the work by O. Eismont and K. Kuralbaeva «Depletion of Natural Resources and Long-term Perspectives of the Russian Economy »(1998), NES GET Conference Papers, 1998, which served the basis for the present diploma, the latter view has been given analytical framework. The Master Thesis considers a modification of the paper's model of three-sector endogenously growing economy, in which the additional actor (government) and the means at his disposal (tax system) are introduced to find if the effect from a rise of raw material exports is universally adverse or it depends crucially on the economy's characteristics and the nature of the rise; if there are tax policies to mitigate the undesirable consequences of the raw material boom and, if yes, how fully they can help to cure the «disease». The analysis is conducted with the use of numerical simplifications done on the basis of the Russian statistic figures.

Dmitri Perekhodtsev

Topic: *Impact of Russian ruble devaluation on trade and currencies of the CIS countries*
Supervisor: Evsey Gurvich, Economic Expert Group, Russian Ministry of Finance

GET Project: Financial Crisis in Russia

Abstract: Currency crises tend to be regional, they affect countries in geographic proximity. This suggests that patterns of international trade are important in understanding how currency crises spread. There seems to exist a number of channels through which instability in foreign exchange markets might be transmitted across countries. One is the impact of a speculative attack on the current and prospective international competitiveness of the countries concerned and hence on their current accounts. Though, trade links may not be the only channels of such transmissions.

The master thesis is concerned with the problem of the contagion on the example of Russian currency crisis and the neighbor countries of Ukraine, Belarus, Kazakhstan and

Moldova. The analysis of the sensitivity of real trade between Russia and these countries on the terms of trade was carried out and as a result, the estimations of the impact of ruble devaluation on the trade balance of the CIS countries was obtained on the basis of Dornbush model. Consequently, the incurred devaluation of the currencies of these countries resulting from the change in the trade balance was estimated. To study the dynamics of contagious currency crises a dynamic macroeconomic model is considered in application to Russia and the CIS countries. It shows that the certain trade links made the currency crises in the CIS countries occur faster in the presence of Russian crisis. The results of the models' predictions may be compared to the current situation in the CIS countries briefly described in the master thesis.

Anatoly Porozky

Topic: Investigation on Valuation of Natural Resources Rent-Novgorod Region Example.

Abstract: The paper tries to bring a coherent view to the question of valuation of rent from timberlands in Novgorod region when there is no developed market for timberlands and fair market prices for them are also difficult to observe. Attention is paid to the consideration of situation in the forest sector of Russia and Novgorod region in particular. The attempt is made to conduct a pilot analysis on valuation of Novgorod's natural rent from the standpoint of the contemporary theory of rent. It is shown that forest reserves in Novgorod region are not utilised in a proper way and they could bring much more revenue to the whole society should their exploitation be modified. However, for the latter be the case new investments are required, but they hardly be attracted in the current situation in Russia.

Sofia Ragulina

Topic: Rent - Seeking and Convergence to Equilibria

Abstract: This paper is related to both the theory of endogenous growth and the presence of rent - seekers. The model presented here is very close to that of Ben - David, and Azariadis and Drazen. A standard Ramsey model is considered. But the economy is formed not only by productive agents, but also by appropriate. And as in Azariadis and Drazen the production function changes at some level: when the capital - labor ratio surpass critical value, there is a change in aggregate production possibilities. Two different ways of changes are considered: because of the rent-seekers and because of the increasing of the coefficient of property rights protection. The other distinct feature from the existing models is that the dynamic story is examined.

The influence of the loans of international financial organisations on the equilibrium number of workers is considered in different cases: with corruption and without it. In the case of corruption two cases are considered: when money goes on the increasing of capital and on the wage fund. It is shown that in the first case with almost pure property rights protection and when there is a little loan the number of working people increases; while in the second case it decreases and the number of rent-seekers increases.

Lola Rahimova

Topic: The Role of the Oligarchs in the Russian Fixed-Exchange-Rate Regime Crisis.

Abstract: The paper is focused on the analysis of the role of presence in the Russian economy of the layer of the so-called oligarchs played in the fixed-exchange-rate-regime crisis in August 1998.

The research is done in the framework of a theoretic-game approach and the following results are obtained. There are three possible types of equilibria. The first one is with continuously increasing equilibrium profile of the nominal interest rate and inevitable devaluation. In this type of equilibria paying taxes by the oligarchs does not change drastically investors' perception of the economy, devaluation expectations remaining strictly positive and continuously increasing. The oligarchs may benefit from paying taxes

and thus postponing devaluation; their willingness to pay positively affected by the threat of the government's resignation and their own forced «retirement»

The second type of equilibria is the one with segments of continuously increasing and continuously decreasing nominal interest rate and inevitable devaluation. This type is a more general case of the first type equilibria with the government dynamically reluctant to exogenous shocks, has the same outcomes and the same conclusions are valid. The second type equilibria are characterized by outcomes similar to those provide above.

The third type of equilibria corresponds to the non-devaluation outcome in case of the oligarchs' paying taxes. They correspond to the situation when paying taxes by oligarchs guarantees the government's ability to honor its commitments, which is generally the case for the countries with huge natural resources.

Thus, we may conclude that it is the third type of equilibria which is the most appropriate for Russia, implying that devaluation could have been avoided had the oligarchs paid taxes.

Konstantin Rybakov

Topic: *Barter trap: empirical analysis and interpretation of the results.*

Abstract: The present master thesis studies the rationales for barter transactions in Russian economy. The paper describes macro and micro foundations and factors, which are considered to bring to the expansion of barter transactions. The empirical study that verifies the correlation of the factors with the share of barter in firms' output is provided. The main result of the study is that path depending is the major cause of barter expansion. This means that the share of barter depends mainly on the share of barter in previous years. Some other factors though being significant add little to the prediction of the share of barter. The paper suggests a theoretical model, which interprets the results of the empirical study. In the model barter is interpreted as an institutional trap which is supported by the effect of coordination and learning. According to the model this is either high risks or presence of "bad firms" (firms that can hold their transactions only through barter) that pushes economy in the barter trap.

Konstantin Saakov

Topic: *Financial-Industrial Groups in the Russian Economy. A Descriptive Analysis.*

Abstract: This paper is focused on the study of Financial Industrial Groups (FIGs) in Russian Economy according to the role they play in economic, social and political processes. The emphasis is made on the description of the registered FIGs according to the industries they are involved in, work force dynamics, regional classification. The groups are classified as vertically integrated, horizontally integrated and conglomerates according to its structure and aspects of foundation and ownership. A detailed analysis of sales rates, labor productivity and labor distribution is provided for all types of the groups. Finally an account of some members of unofficial groups is given. All the analysis is based on the detailed study of the original Gnozis database on Russian enterprises and Russian government registry dataset on industrial firms for each year. To close the section, the principle conclusions of the work are discussed.

Rodion Skovoroda

Abstract: The master thesis presents a model of consumer demand that allows Engel curves to be non-linear in the logarithm of total expenditure. Popular models of demand such as the Translog or the Almost Ideal Demand System imply linear Engel curves and, consequently, impose strong and unwarranted restrictions on price elasticities. The model developed in the master thesis helps to relax these restrictions and satisfies globally regularity constraints involving inequalities. The model, coupled with utility theory, provides sensible demand responses of public on price changes even if the appropriate

historical data is not available. The master thesis shows the way to estimate demand responses assuming the property of Slutsky symmetry. The specifications of the model were estimated on a data set of Russia Longitudinal Monitoring Survey for a group of three commodities. Accurate specification of consumer behavior plays an important role in the welfare analysis of a tax reform.

Irina Slin'ko

Topic: *Labor Supply, Multiple Jobs, Wage Arrears And Tax Evasion In Russia*
Supervisor: M. Mokhtari

Abstract: This paper presents evidence on the effects of multiple jobs, wage arrears, barter transactions and unpaid leaves on the labor supply of Russian workers.

This paper also provides a rational choice model of labor supply of Russians living under the conditions of economic transition to a market economy. This model incorporates special features of Russian economy, such as, prevalence of multiple jobs among workers, chronic problems with wage arrears, and tendencies for tax evasion. This model explains an observed paradox in the Russian economy: why individuals exposed to chronic wage arrears at their first job, continue to spend a certain amount of time at the same job. Theoretical analysis shows that, the present tax laws in Russia provide a strong incentive for tax evasion by individual workers, especially, when workers holding multiple jobs can evade paying certain amount of taxes.

The aim of the empirical research presented in the paper is to investigate the way specific non-market features of Russian economy such as barter transactions, unpaid leaves and social benefits at the state enterprise account for non-zero labor supply at the state job. Whether the individual is registered officially or not at the second job also influences individual's decision since this variable captures the incentive of the individual to evade taxes at the second place of work. The values of wage and income elasticities and the approximate form of the labor supply curve can be also obtained from the estimated cross-section model of Russian labor supply.

Ilya Strebulaev

Abstract: This paper is devoted to the modelling and estimation of the Russian currency crisis that occurred in August 1998. The theoretical and empirical review of the area is provided. Main problems which have been analysed are the problems of timing of the crisis, jump in the exchange rate and different possibly non-linear behaviour of monetary authorities and players. Three modifications of the standard 1st-approach model have been analysed, reflecting: (1) non-linear government behaviour; (2) uncertainty about domestic credit parameters; (3) devaluation. The estimation of these modifications to the Russian data are provided. In general, it has been found, that the modifications fit the Russian case rather well. The "without-model" econometric estimation of the financial data also has been done.

Tatiana Tchesnokova

Topic: *Vertical Integration and Market Foreclosure in Russian Economy*

Abstract: Financial-industrial groups (FIGs) are an interesting phenomenon which has been observed in Russian transition economy. There is a broad range of issues related to the role of FIGs in economy. The most challenging one is the impact of vertically integrated financial- industrial groups on market structure. A lot of theoretical works predict that the concentration of market power in vertically integrated groups may be the cause of entry barriers in product markets and even can lead to market foreclosure. In this paper the hypothesis that vertically integrated groups create entry barriers in the markets is tested for Russian economy. From the analysis of entry barriers for product markets it follows that there is significant and negative relationship between the measure of entry

rates and share of output produced by vertical groups in product markets. Controlling for additional variables such as concentration ratio, growth in physical output, industry profitability does not change the result. From this analysis it can be concluded that hypothesis that vertically integrated financial-industrial groups creates entry barriers in the markets where they operate can not be rejected for Russian economy.

Inna Verbina

Topic: *The Russian federalism: provision of education and education finance reform.*
Supervisor: John J. Mikesell

Abstract: This study is devoted to analyzing delivery of public goods by the example of education system under fiscal federalism of Russia. Empirical overview of public education expenditure structure in the Russian Federation is conducted. The issue under investigation is to provide financial support to students rather than to the school system. The demand function for education service is examined in order to determine the economic effects of implementation of a voucher system or any grant system in education. Influence of demographic, economical and geographical factors on educational spending of Russian Federation regions is studied by making use of econometric analysis. Possible explanations of this phenomenon are given. Estimation of income elasticity of education demand function in Russia is provided. According to testing results the education is normal good and the income elasticity is to be a constant.

Olga Voitkova

Topic: *Survey of the nature and structure of non-monetary transactions in Russian interfirm market.*

Abstract: Nowadays non-monetary transactions have become one of the major economic problems in Russia and a great concern for economists. Rapid growth of non-monetary transactions in Russian economy is rather puzzling because non-monetary transactions are associated with high transaction costs, search costs, asymmetric information problem and the problem of double coincidence of wants. Classically, non-monetary transactions are recognized to be less efficient than monetary ones.

The paper is concerned with empirical analysis of the factors that may contribute to development of non-monetary transactions in Russia. The following results have been obtained.

In Russian interfirm market *veksels* are used primary as a form of barter or a mechanism for crowding out arrears rather than a risky debt claim. It was ascertained that no real economic factors affect the ratio of *veksels* to barter in sales, rather than the last period value of this ratio and that the ratio tends to rise over time. Besides this high correlation between the share of barter in sales and the last period value of the parameter supports the idea of hysteresis in Russian barter economy. It was also found that the degree of barter on Russian interfirm market tends to rise over time in 1996-1998.

A provocative result has been obtained that the share of barter in sales increases with complexity of production process. This result can not be explained by any of existing theories on non-monetary transactions and needs theoretical basis. Some other factors that affect the share of barter in sales are revealed, namely the size of the firm, the share of export in sales, the profitability (negative correlation) and the product specificity. A supposition have been made that barter may be a form of trade credit because of its high correlation with short-term credits and borrowed capital. Finally it was ascertained that barter do not create incentives for investments.

Nadyia Yakovleva

Topic: The influence of inspector's individual mistakes on the effectiveness of tax audit.

Abstract: The present master thesis studies the problem of efficient organization of tax inspection in presence of corruption. In order to prevent tax evasion the tax authority needs to conduct random audits of taxpayers' income reports, which are costly. These audits are conducted by tax inspectors who can be bribed. For this reason the tax authority may conduct an additional audit of inspectors who confirm low income. The dishonest inspector is penalized with a fine. The paper uses principle-agent framework with tax authority acting as a principle and tax payers and tax inspector as agents. The objective of the study is to find the tax authority optimal policy of audit and describe the equilibrium behavior of taxpayers and inspectors under the optimal policy in the model with two levels of incomes. The main result of the paper is the description of the possible optimal strategies under the assumption that tax inspector makes random mistakes of audit the probability of which depends on the effort of inspector. The results are compared with the limit case that the probability of the mistakes is zero.

Mikhail Zatsëpin

Topic: *Empirical Analysis of Russian Oil Industry: Costs and Benefits of Integration*

Abstract: This paper deals provides empirical analysis of Russian Oil Industry in the context of costs and benefits of integration into financial industrial groups. It is worth to note that Russian oil industry showed the best time and coordination integrating into financial industrial groups (though not official). Nevertheless, there is much evidence that these groups are more than simply vertically integrated technologies.

Enterprise-level data based on Goscomstat database are used to empirically compare financial results and trends for integrated vs. non integrated companies of oil sector. The key concern of the study is the level of investments in exploration and production and refining units of integrated and non-integrated companies. An attempt to explain recent bankruptcy cases of members of some large vertically integrated oil companies and final conclusions has been made.

Keywords: Vertically Integrated Oil Companies, Financial Industrial Groups

APPENDIX B: NES DIRECTORY

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