

# School of International Service – American University

International Economics Relations

Fall 2013

*Dear students, alumni, faculty, and friends of IER:*



**DR. ARTURO C. PORZECANSKI** Director, International Economic Relations Program Distinguished Economist in Residence

Fall semester is underway. The annual welcome reception for new and returning IER students has taken place, and many of them have already had to turn in their first assignments or to sit for their first exams.

In my Summer newsletter I wrote about the new faculty members who would be arriving for the start of the 2013-14 academic year – they are profiled in this newsletter – but there was another hire that I couldn't officially announce at the time, because his paperwork was not yet complete: Greg Fuller. We are delighted to welcome Fuller, who comes to us from Johns Hopkins-SAIS, where he is about to complete the requirements surely some of you remember him from the time that he was on our faculty, because he was very good – and very popular, too.

An experienced teacher, Fuller has strong foundations in international economics politics. In our graduate program, Fuller is teaching one section of SIS-616 “International Economics” this Fall and he will teach two sections of the class next Spring. I'm particularly glad to have him helping me to staff this core class now that SIS Dean Goldgeier has decided that it too should be capped at 25 students per section – and thus that we should offer at least two sections per semester, instead of the single, double-sized class that it had become in recent years.

I'm also pleased to extend a warm welcome to another summer hire: Shannon Hilsey, our new Program Coordinator for IER. Dean Goldgeier felt that IER, and the new degree program in International Economics, should have a dedicated assistant of their own, so I was given the opportunity to hire her. Shannon is a graduate of Cornell University who worked as a program assistant there, and later at a law firm in New York, and is now enrolled in the Comparative and Regional Studies (CRS) program here at SIS. With a couple of months under her belt, Shannon is already quite familiar with the many offices, programs and centers in SIS and AU at large. Therefore, she stands ready to field inquiries from alums, students and new faculty, and

generally to serve as the point of contact for all matters IER. This issue of the IER newsletter is mostly the result of her labor.

You may be aware from my Spring 2013 Newsletter that SIS Master's students, including IER students, now have the opportunity to engage in a practicum project, rather than write an SRP, as their capstone project. This is designed to give 2nd-year students real-world experience in project management and consulting – to better prepare them for the job market and their post-graduate careers. Students work in teams with a sponsoring partner such as a U.S. or international government agency, non-profit organization, or multinational corporation, to conduct research on a particular topic of interest to the sponsor.

The practicum is led by a faculty mentor who holds class sessions weekly, to ensure that good progress is being made. For additional information, see <http://www.american.edu/sis/practica/index.cfm>. This is a perfect opportunity to outsource a project that your office doesn't have time to pursue, or to get a 2<sup>nd</sup> opinion from a group of intelligent outsiders who are unbiased. If you and your organization are interested in becoming the sponsor of an IER-focused practicum project during Spring 2014 or at some point in the future, please write to me at [aporzeca@american.edu](mailto:aporzeca@american.edu).

**DR. ARTURO C. PORZECANSKI**

## In Conversation with...

Professor Daniel Bernhofen



“Work hard, don't be discouraged by obstacles, have an open mind to potential opportunities, and most importantly, discover your passions and pursue them.”

IER students would be wise to note the advice of their new professor, Dr. Daniel Bernhofen, about how to get ahead professionally. It has certainly served him well. Born and raised in Ulm, Germany, he studied mathematics in Germany and the United States; earned his Ph.D. in economics at Syracuse University; and taught at Clark University for many years

until moving to England in 2005 to become Professor of International Economics and Director of the Globalization and Economic Policy Research Centre at the University of Nottingham.

Dr. Bernhofen's current research focus is the development of trade and globalization. "My overarching research agenda tries to understand the determinants and effects of economic globalization. Since globalization is complex and operates through different channels, I try to look at specific historical circumstances where one is in the position to evaluate the individual channels. For example, one of my long-term research projects exploits the dramatic opening up of 19th century Japan to measure the causal effects of international trade on the overall size and distribution of well-being. A second project looks at the period of the global container revolution (mid 1960s-late 1980s) to estimate the effects of transportation infrastructures on the growth and pattern of world trade

### Adjunct Professor Robert Kahn



IER has been very pleased to welcome Dr. Robert Kahn, the Steven A. Tannanbaum Senior Fellow for International Economics at the Council on Foreign Relations, to the program this Fall as an adjunct professor. He obtained his B.A. in Economics from the University of Chicago and his Ph.D. in Economics from MIT. Dr. Kahn has had a long career in international financial policy and strategy, working over the years at the Federal Reserve, the Council of Economic Advisers, the U.S. Treasury, the International Monetary Fund, Citigroup, the World Bank, and Moore Capital Management.

At present, one of the topics he is investigating is the efficiency of international banking norms: "I am very interested in thinking about the unconventional tools that central banks around the world are using. Are they working? Are there complications when it comes time to exit? There is also a strong case to be made that it changes the way central banks should manage policy in more normal times (e.g., how they communicate, or whether they should have a higher inflation target to avoid interest rates hitting zero in downturns)."

Dr. Kahn came to Washington expecting to work in policy for a few years and then return to academia, but “I fell in love with what I was doing,” he says, “and stayed... but still find teaching incredibly rewarding. I also have been open to trying new things — private sector and think tanks — to push myself to think harder and more broadly.”

*What publications would you recommend that IER students familiarize themselves with to become better informed about current issues in international economics?* “I always start my day with the Financial Times and, because I work on U.S. government issues, Politico. The Economist is a great weekend read because it often sets the agenda for the coming week. Also, for international students, keep an eye on the Voxeu.org, econmonitor.com and IMF.org websites for discussions of the main issues driving policy.”

### Faculty Fellow Tara Rice



Dr. Rice is an alumna of both SIS (B.A) and AU’s Economics Department (M.A.). She has worked for the Federal Reserve both in Chicago and now at the Board of Governors here in D.C., where she has risen to become Chief of the Global Financial Institutions Section in the Fed’s International Finance Division. She is carrying out research full-time at AU this term.

On what economic research questions most interest her: “Right now, I’m most focused on how financial shocks are transmitted across global financial institutions. If we want to improve policy and regulation surrounding global financial institutions, we need to understand better the financial stability implications of large banks’ operations.

To that end, I’m working on two papers: The first paper asks how a liquidity shock at a large internationally active U.S. bank affects its operations abroad, and, as a result, the bank’s lending decisions both at home and abroad — decisions which ultimately affect the real economy. The second paper looks at how a financial crisis in one country is transmitted to a third country through the U.S.: How does a financial crisis affects a global bank’s decision (in our case, a U.S.-based bank) on credit extension in another country (which, again, could have real effects in that third country)?”

What professional development advice would you give to IER students? “It’s critical to add tangible skills to your toolbox. Writing, speaking, quantitative analysis, programming, foreign languages. Work on developing a skill set that will complement your interests and career objectives. Then learn how to highlight and articulate what those skills are in a job interview.”

Professor Greg Fuller



We are honored to welcome a new professor of international economics, Greg Fuller, who just defended his doctoral thesis at Johns Hopkins SAIS, where he specialized in International Political Economy, Comparative Politics, and European Studies. His dissertation, entitled “Destructive Creation: Unintended Consequences of the Rise of Finance,” contrasts the post-1980s development of financial markets in Britain and France. Prof. Fuller has considerable teaching experience, both in Economics at SAIS, and in English in the Czech Republic, Poland, Spain, Azerbaijan, the United Kingdom, and Italy.

“These days, I’m especially interested in state-market relations,” Dr. Fuller says, “Particularly with regard to financial markets, are there situations in which targeted state intervention can lead to superior outcomes? At the same time, what happens when markets outgrow the state’s capacity to oversee them? This is basically what has happened in Europe, where financial markets are transnational but regulation is still national, and it has created a very unstable environment.”

Dr. Fuller recommends that students read *The Economist* — as all of our faculty do — and also suggests “The econ blogosphere has some surprisingly entertaining and good stuff — my personal favorite is <http://noahpinionblog.blogspot.com/>”

Why are you becoming an academic? “In the end, it was about teaching — I love to teach, which makes academia a great fit for me.”

## Student Profile: Albert Espinoza



Albert Espinoza, a second-year IER student, enlisted in the United States Air Force right after high school, following in the footsteps of his grandfather. While pursuing a degree in economics at the Air Force Academy, he developed a passion for foreign affairs and the role that economics plays in international issues. After serving as a junior officer with the Air Force, Espinoza interned with the Overseas Private Investment Corporation (OPIC).

Espinoza embarked on the path to graduate school after his interest was sparked by relationships with former diplomatic personnel and by a class presentation by a Foreign Service Officer with USAID. This summer, he had the opportunity to go to Bangkok, Thailand, working in the U.S. Embassy with the Foreign Commercial Service, witnessing how U.S. companies enter the Thai market to develop and maintain trade relationships. Currently, he is working for the House Foreign Affairs Committee, and is also a Pathways Intern at the Department of Commerce.

“SIS was an excellent choice for me because of its location in DC, emphasis on service, and the veteran-friendly atmosphere. I am very interested in how trade and investment influence foreign economic policy and in the relevance of ‘economic statecraft’,” says Espinoza, who cites Milton Friedman as one of his favorite economists.

“My best advice to new IER students would be to intern as soon as possible,” offers Espinoza, “Being located in DC gives you an advantage for internships instead of having to compete with others coming into the city during the summer. Also, have fun. The time here goes by fast.” Albert himself spends his spare time watching college football (“Go Falcons and Trojans!”), enjoying craft beer, listening to electronic dance music, and spending time with his fiancée, Megan (pictured with Espinoza above).

## Student Profile: Kyle Toman



Kyle Toman entered his first semester at SIS only a couple of months after returning from two years of Peace Corps service in northeast South Africa. Since 2011, he had been assisting primary schools teaching math and science and working with technology. He also oversaw the building of a library for one of the schools and led a scout's troop of middle school students in the area.

Toman's decision to volunteer with the Peace Corps was heavily influenced both by a family connection to the program and by his longstanding interest in international affairs. Kyle believes that patience was the biggest virtue he developed during his tenure with the program. While living with a local chief in Thohoyandou, Vhembe District in Limpopo Province, an experience he describes as wonderful, he also learned a small amount of its language, TshiVenda, which has only 1.2 million speakers worldwide. However, the majority of residents speak English or a pidgin of English and TshiVenda, allowing him to work effectively with local educators.

A native of North Carolina, Kyle majored in Mathematics and Business, with a minor in Political Science, at Mars Hill University prior to coming to SIS to study International Economic Relations. In the coming semester, he's planning to switch to the school's new Master of Arts in International Economics, a partnership with the Economics Department, which develops an intensive economic skill set more heavily than does IER. Toman hopes to move on to a State Department internship during his time at SIS, and eventually to join the Foreign Service as an Economic Officer.

## Student Profile: Natalie Chambers



First-year IER Master's candidate Natalie Chambers, a Colorado native and an alumna of the University of Arizona, won't graduate with any lack of professional experience. The internships she held prior to beginning her graduate career include positions at the Global Political Trends Center in Istanbul, Turkey, the Institute of Economic Affairs in London, and the Congressional Office of Ron Barber. She is currently an intern with the Office of the Director of Administration in the Executive Office of the President.

“Essentially, my office manages the Office of Administration. The internship is a business-based internship, so it is quite different from other internships I have done in that sense. Currently, I am working on a project to increase efficiency in the OA through a government initiative President Obama launched a few years ago. The most valuable part of the internship is the ability to become familiar with business and managerial work and gain an understanding of business tools — which is becoming increasingly more valuable, as I am potentially concentrating my IER degree in International Business. I also got to meet President Obama on my first day.” Chambers cited Middle Eastern emerging markets and trade policy as areas of special interest to her within international business.

And her future plans? “Next semester I will be interning at the Department of State in the Bureau of Economic and Business Affairs.” Chambers, who loves to travel, named Green Bay in the Fleurieu Peninsula in South Australia her favorite place on Earth.

### *A Message from our Student Group*

The semester is in full swing and so is the Council for International Economic Relations (CIER)! We hope that your first round of tests and papers has gone well. If you haven't already



noticed, the International Economic Relations program has been making vast improvements in what we offer to our students. This dynamism is moving everything forward at an astounding rate and the Council is no exception. We are revamping our objectives to become an organization focused on being a professional resource that can help our students find successful careers. This includes more alumni networking events, professional resume and writing workshops, and an intimate relationship with our peers, alumni, and future colleagues. But we need your help too!

The strength of our program lies in the close-knit community we can create with such a small number of students (and in the fact that we can joke about the marginal benefit of our next study hour). CIER has always relied on our students as its main resource. This is even more important with the new objectives for this year. Helping with events, sharing your network, and giving your input can help make CIER a resource to our entire community. If you can help in any way let us know. We always welcome anyone who wants to be a part of CIER in any way. It is a great way to extend your network and an amazing platform to get the resources you need to be successful in your graduate school endeavors.

Would you like to meet someone in a certain industry? Have an idea that could help the program but you don't have the resources? Professional development skills? Need suggestions on concentrations or classes? The Council wants to know what you want. While we hope for your involvement, your input is crucial to what we do. CIER strives to be a valuable resource to the IER community and we can only accomplish this if we know what our community needs!

Our next meeting will be on Wednesday, October 30, starting at 8:15pm in SIS 331. If you can't make it but would still like to be involved contact me or any CIER member and we can put you on our e-mail list so you can stay informed of what the Council is doing. There are also a few social events on the way, so be on a lookout for announcements soon to come! You can also find us on Facebook (search CIERAU), LinkedIn, and at [www.siscier.com](http://www.siscier.com).

Alex Choy  
President, Council for International Economic Relations  
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## **IER Welcoming Reception**



IER Program Director, Dr. Arturo Porzecanski, with Second-Year IER Students Deni Koenhensi, Sofia Martinez, and Andrew Olsen at the annual IER Welcoming Reception held at the Porzecanskis' home on Friday, September 20th. The reception this year was a big hit, and we thank the gracious host (and hostess, his lovely wife Nina) for their hospitality!



### **Bretton Woods**

Prof. Porzecanski attended the 2013 Annual Meetings of the World Bank Group (WBG) and the International Monetary Fund (IMF), which took place in Washington DC during October 8-13. At the Bretton Woods Committee International Council Meeting on October 10, he was photographed while asking a question of Federal Reserve Board Governor Daniel Tarullo. For additional information, see <http://www.imf.org/external/meetings/schedule.aspx?meetingid=4andhttp://www.brettonwoods.org/event/2013-10-10-1200/2013-international-council-meeting>.

### **Lessons from the 2008 Financial Crisis**



On Monday, October 14th, 2013, SIS hosted the first debate in this year's Le Monde Diplomatique Debate Series, sponsored by the French-American Global Forum (FAGF). The debate was entitled "Five Years Later: Lessons from the 2008 Financial Crisis". This series, which follows the forum's successful first season in 2012-2013, brings together expert speakers from both sides of the Atlantic to engage in debate and discussion of major topics in global politics. See <http://www.american.edu/sis/events/FAGFlessons.cfm> for video of this event and information on upcoming debates in the series.

At left, Prof. Arturo Porzecanski with SIS Dean James Goldgeier (right) and fellow panel member Michael Shank (left, facing away), who is Director of Foreign Policy at the Friends Committee on National Legislation. Panel members not pictured included Anne-Cecile Robert, the Director of International Editions of Le Monde Diplomatique; Wendy Kristianasen, the Director of Le Monde Diplomatique English Edition, and Professor Ibrahim Warde of the Fletcher School of Law and Diplomacy.

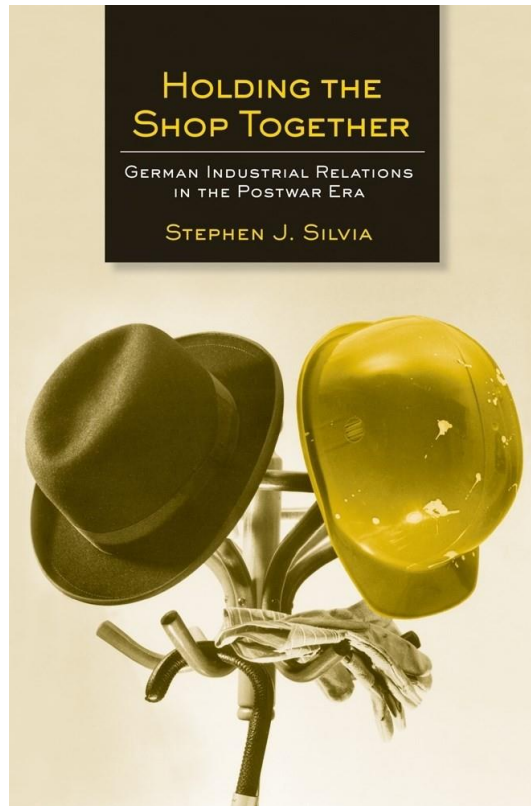
## Dr. Stephen Silvia Publishes New Book



Cornell University Press has begun the printing of Professor Stephen Silvia's new book, "Holding the Shop Together: German Industrial Relations in the Postwar Era." A prominent scholar of comparative industrial relations and labor markets and also of German politics, Dr. Silvia's new book tackles the "oscillations of the Germany economy across the entire postwar period through one of its most important components: the industrial relations system". He contends that the powerhouse German economy has been fueled by its strongest component — the industrial relations system, which has penetrated German capitalism more deeply than in any other country. He also examines the impact of Germany's industrial relations on industrial relations abroad, analyzes trade unions and employers' associations, and discusses how German labor and management teams have dealt with the crisis of membership losses.

***"Holding the Shop Together* represents scholarship at its best; Stephen J. Silvia's immense erudition is visible and palpable in every sentence and every thought. This is far and away the best book on German trade unions and industrial relations bar none, in any language. Silvia tells a complex story and concludes that the fate of unions is decided by the political culture in which they operate."**

—Andrei Markovits, Arthur F. Thurnau Professor and Karl W. Deutsch Collegiate Professor of Comparative Politics and German Studies, University of Michigan, and author of *Uncouth Nation: Why Europe Dislikes America*



COME AND CELEBRATE DR. SILVIA'S  
BOOK LAUNCH:

MONDAY, NOVEMBER 11, 2013  
4:00 PM  
School of International Service (SIS)  
Abramson Family Founders' Room.

Refreshments will be served.

Dr. Silvia's book will be available for signed purchase.

<http://www.cornellpress.cornell.edu/book/?GCOI=80140100283100>

RSVP at [Eventbrite.com](http://Eventbrite.com)

## CALENDAR

### October

**Thursday, Oct. 24: An International Perspective: the Aspiring Powers' views**

**on U.S. Foreign Policy**

6:00 to 8:00 PM, Butler Board Room

Expert panel on U.S. relations with the BRIC countries.

**Friday, Oct. 25: Spring Registration Begins for SIS Graduate**

**Students** Graduate Advising (SIS 250) will be holding walk-in Express Advising hours between October 21 and November 1.

**November**

**Friday, Nov. 8: A Ricardian Factor Content Characterization of the Gains from Trade: Evidence from Japan's Opening Up**

With IER Professor Daniel Bernhofen and Dr. John Brown of Clark University.

7:30 PM in Kreeger 100

A Washington Area Economic History Seminar.

See <http://www.american.edu/cas/economics> for more info or to RSVP.

**Monday, Nov. 11: Prof. Stephen Silvia's Book Launch**

"Holding the Shop Together: German Industrial Relations in the Postwar Era"

4:00 to 5:30 PM in the SIS Abramson Family Founders Room

Hors d'oeuvres and book lecture.

RSVP at <http://www.eventbrite.com/event/8962626457>.

**Thursday, Nov. 14: SIS Industry Days: The World Bank**

Join SIS on a trip to the World Bank in DC to meet alumni employees. See the events page at [alumniassociation.american.edu](http://alumniassociation.american.edu) to register.

**Wednesday, Nov. 20: Shock Transmission Through International Banks: How Vulnerable are Affiliate Markets? Evidence from U.S. Banks**

Research seminar by IER Faculty Fellow Tara Rice of the Federal Reserve Board.

12:00 PM in Kreeger 100

See <http://www.american.edu/cas/economics/news/> for more information on this and other upcoming economics research seminars.

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