

Report to the President year ended June 30, 2024, Department of Economics

The MIT Economics Department is one of the world's top institutions for economics research and education. Our faculty balance groundbreaking research with substantial commitments to undergraduate and graduate education, professional leadership, and public service. The department attracts exceptional graduate and undergraduate students and prepares them, through world-class instruction and research opportunities, for further academic work and careers in academia, finance, and government.

Priorities and highlights

The academic year 2023 was an exceptional period of growth for the Economics Department. In academic year 2024, the Economics Department worked to consolidate those gains by retaining key faculty and to take the next steps towards filling remaining gaps. We also reformed our graduate program to meet the needs of the modern economics profession, and dramatically expanded the new resources needed to support our faculty's groundbreaking research.

Highlights include:

Faculty

After hiring two new senior and one junior faculty member last year, this year the Economics Department focused on our key positions of need. We won a critical and competitive battle to retain one of our star development economics faculty, as Ben Olken rejected an offer from the Harvard Economics Department to stay with us. We finalized the joint hire with SCC of Sendhil Mullainathan, one of the nation's leading behavioral economists. With outstanding support from the Provost, we made an aggressive offer to attract the nation's leading young macroeconomist, Ludwig Straub, from Harvard, which he unfortunately recently turned down. And in coordination with the Provost and President we have started the process to bring the nation's leading environmental economist, Michael Greenstone, back to MIT.

Research

Our faculty had more than 70 papers appear in press this year. Some of these noteworthy publications are detailed below. The exciting new Shaping the Future of Work initiative led by Acemoglu, David Autor, and Simon Johnson of MIT Sloan continued to grow and produce research on the effects of automation and globalization, the implications of AI, and the types of new work shaping the labor market. With the recent hire of Nathaniel Hendren, the department is now home to work from [Policy Impacts](#), an applied research program founded and co-led by Hendren that provides tools for government policymakers evaluating the effectiveness of social programs.

Economics education

A major focus on faculty discussion over the past two years has been reform of our graduate program. To ensure that our program remains both educationally cutting edge and relevant in an era of increased focus on polished graduate school research, we reformed our program to require a minimum number of classes and added a new field in Behavioral Economics. At the Masters level, we continue to see great enthusiasm for the new 6-14 Master of Engineering (MEng) program administered jointly by Economics and the Department of Electrical Engineering and Computer Science, and we responded to the incredible success of our Masters in Data, Economics and Development Policy by expanding the program to include a Domestic policy track. While we continue to have enormous demand for our undergraduate offerings, with almost 2,000 students taking undergraduate economics classes in academic year 2024, we again experienced a decline in 14-1 and 14-2 majors, and we will continue to monitor that trend in the coming year.

Expansion and Development Efforts

The ongoing shift of economics to large-scale, lab-based models has placed continuing strain on the department's financial, space, and personnel resources. We are in some sense victims of our own success, with a robust program like J-PAL setting the standard for our labs. With the growth of Blueprint Labs, Shaping the Future of Work, and Policy Impacts, we continue to be leaders in this area. But as the demand for resources increases, faculty retention and recruitment will depend critically on our ability to support faculty research in this model.

As such, our department leadership has continued to work closely with MIT's resource development teams on building an endowment that will provide sustainable new investment in the economics faculty's groundbreaking research initiatives. And these efforts paid off handsomely over the past year, as we announced a that research-focused campaign led by former MIT Corporation member and economics visiting committee chair Roger Altman has garnered nearly \$28 million in commitments! We will continue to build on this success in 2025, with a particular focus on raising the funds necessary to expand economics lab space in a newly renovated E51.

Faculty

Leadership and updates

Jonathan Gruber served as Economics Department head for academic year 2024, with Arnaud Costinot serving his third consecutive year as associate head. Gruber will continue to serve as head for academic year 2025, with David Atkin taking over as associate head.

In spring 2024, the department finalized the hire Jacob Moscona, who works in political economy, innovation, and environmental economics and earned his PhD from MIT in 2021. Jacob joined the department as an assistant professor in July 2024.

With these incoming faculty, the department is entering academic year 2025 with 37 faculty, one senior lecturer, two professors post-tenure, nine professors emeritus, and three faculty with primary appointments in MIT Sloan. After hiring two new senior and one junior faculty member last year, this year the Economics Department focused on our key positions of need. We won a critical and competitive battle to retain one of our star development economics faculty, as Ben Olken rejected an offer from the Harvard Economics Department to stay with us. We finalized the joint hire with SCC of Sendhil Mullainathan, one of the nation's leading behavioral economists. With outstanding support from the Provost, we made an aggressive offer to attract the nation's leading young macroeconomist, Ludwig Straub, from Harvard, who recently declined the offer. And in coordination with the Provost and President we have started the process to bring the nation's leading environmental economist, Michael Greenstone, back to MIT.

Institute Professor Emeritus Robert Solow, a groundbreaking economist who played a significant role in the development of MIT Economics as it exists today, passed away in December 2023. Solow was the recipient of the 1987 Nobel Prize in economics and a 2014 Presidential Medal of Freedom. The Economics Department celebrated Solow's remarkable legacy at a conference and memorial service in April 2024, attended by more than 200 of Solow's family, colleagues, and former students. The service was followed by a conference in Solow's honor, organized and hosted by James Poterba. Speakers for the two panels included William Nordhaus (Chair), Daron Acemoglu, Paul Romer, David Autor, Joseph Stiglitz (Chair), Olivier Blanchard, Christina Romer, Lawrence Summers, and Iván Werning.

Faculty searches

The department received a total of 143 applications through this year's junior faculty recruitment process for the 3M Chair in Environmental Economics. Of those, 72 met the field requirement of Environmental Economics. Our search committee and equal opportunity officer also took deliberate steps, built into all our searches in recent years, to identify outstanding women and minority candidates. This year's hiring committee, chaired by Jane Berkowitz Carlton and Dennis William Carlton Professor of Microeconomics, Benjamin Olken, reviewed all applications while also conducting a lateral junior search. Seven candidates were selected for virtual interviews in January 2024 with faculty. Three finalists were invited to present seminars on campus during the Independent Activities Period. After faculty deliberation, the department voted to not make a junior offer for the 3M Chair in Environmental.

Visitors

Each year, the Economics Department hosts teaching and research visitors who lead courses, actively participate in our research seminars, and serve as informal advisors for our students. Four visiting faculty, four visiting scholars, and three postdoctoral economists lent their perspectives and expertise to our community in academic year 2024.

Nobel laureate **Jean Tirole** PhD '82, who visits the department from the Toulouse School of Economics each year, spent time meeting with students and faculty during weeklong visits in fall 2023 and spring 2024, and returned in July 2024 to deliver his well-attended course on advanced topics in economics, "The future of tech and innovation: Competitive strategies, innovative ecosystems, and industrial policy".

Other visitors who taught departmental courses in academic year 2024 included:

- **Fernando Alvarez** (University of Chicago)
14.451: *Dynamic Optimization Methods/Applications*
- **Kelsey Jack** (UCSB)
14.13: *Psychology and Economics*
14.33: *Economic Research & Communication*
- **Fadi Hassan** (London School of Economics)
14.582: *International Economics II (with Jose Vasquez)*
- **Isabela Manelici** (London School of Economics)
14.76: *Firms, Markets, Trade & Growth (with Jose Vasquez)*
14.772: *Development Economics: Macro*
- **Sendhil Mullainathan** (University of Chicago)
14.163: *Behavioral Algorithms*
- **Casey Rothschild** (Wellesley College)
14.198: *Teaching Introductory Micro*
- **Tomasz Sadzik** (UCLA)
14.12: *Game Theory*
- **Jose P. Vasquez** (London School of Economics)
14.76: *Firms, Markets, Trade & Growth (w/Isabela Manelici)*,
14.582: *International Economics II (with Fadi Hassan)*

Economics students and faculty had the opportunity to engage with visiting scholars: V.V. Chari, V.V (University of Minnesota), Laura Doval (Columbia University), David Hemous (University of Zurich), Anant Nyshadham (University of Michigan), Harry Di Pei (Northwestern University), Elisa Rubbo (University of Chicago), Sulin Sardoschau (Humboldt University), Raphael Schoenle (Brandeis University) and Yang Song (California Institute of Technology).

Faculty honors and awards

The excellence of our faculty was recognized with a wide range of honors and awards this academic year. A selection includes:

- **Daron Acemoglu** (Institute Professor) received the A.SK Social Science Award, presented the 2024 Thornber Fellow Distinguished Visitor Lecture at the University of Chicago Booth School of Business, was the Adam Smith Distinguished Speakers lecturer for 2024, and the 2024 Sanjaya Lall Visiting Professor at the University of Oxford.
- **Josh Angrist** delivered keynotes at both the Econometric Society Africa Meetings and the Econometric Society Asia Meetings (June and July, respectively), and presented the Koopmans Lecture at the University of Tilburg.
- **David Autor** was named the inaugural Daniel (1972) and Gail Rubinfeld Professor in Economics, delivered the Inaugural Pong S. Lee Memorial Lecture at the University at Albany. He presented keynote addresses at the Urban Economic Association in Copenhagen, the Joint Asian Bureau of Finance and Economic Research & Asian Monetary Policy Forum in Singapore, and the M-NEW Annual Workshop, El Future del Trabajo, at the Pontificia Universidad Catolica in Chile.
- **Ian Ball** was named the Gary Loveman Career Development Assistant Professor of Economics.
- **Martin Beraja** presented the keynote at “AI and the Economy” conference, organized by IZA and Kiel, and received a National Science Foundation CAREER Award.
- **Ricardo Caballero** was awarded the Senior Prize in Monetary Economics and Finance from Banque de France and the Toulouse School of Economics.
- **Victor Chernozhukov** presented the Inaugural Sir David Cox Lecture at the Institute of Mathematical Statistics and Bernoulli World Congress.

- **Dave Donaldson** was a speaker at the Nobel Symposium in Economic Sciences, STIAS, and was named the new Institute title Class of 1949 Professor of Economics.
- **Esther Duflo** was elected President of the Board at the Paris School of Economics.
- **Sara Ellison** was named the MIT Class of 1960 Innovation in Teaching Fellow.
- **Glenn Ellison** was named the MIT Graduate Economics Association Department Head of the Year.
- **Amy Finkelstein** was awarded the Robert I. Mehr Award from the American Risk and Insurance Association, appeared on the the Kirkus Reviews' "Best NonFiction 2023" list for her book We've Got You Covered: Rebooting American Health Care (with Lirav Einav), was named to the STATUS list of leaders in life sciences (2023), received the J. Arliss Pollack Memorial Award from the American Society of Neuroradiology, and won the Financial Times Best Book of the Year for her book, Risky Business: Why Insurance Markets Fail and What to Do About It (with Liran Einav and Ray Fisman).
- **Nathan Hendren and Anna Mikusheva** were elected to the American Academy of Arts and Sciences.
- **Simon Jäger** received the 2024 In_equality Research Award, and was named Capital Magazine's Top 40 Under 40 Germany in 2023.
- **Paul Joskow** (Emeritus) delivered the Marcel Boiteux Lecture in Paris.
- **Anna Mikusheva** presented the 2024 Sargan Lectures (Econometric Society), was named the Edward A. Abdun-Nur (1924) Professor of Economics, was named the 2024 Best Instructor by the Graduate Economic Association at MIT.
- **Whitney Newey** presented the 2023 Fisher-Schultz Lecture at the European Meeting of the Econometric Society.
- **Stephen Morris** was elected to the British Academy and Appointed Executive Vice President of the Game Theory Society from 2024-2026.
- **Michael D Whinston** was awarded the 2024 Jean-Jacques Laffont Prize and presented the Cowles Lecture at the 2024 Econometric Society Meeting.
- **Ivan Werning** was named the Robert M. Solow Professor of Economics.

Professional service

MIT Economics faculty extend their professional impact through leadership at professional journals and professional societies. They also serve on a range of nonprofit and governmental initiatives, a testament to the department's commitment to broader public service.

Journals

Many of our faculty hold associate editorships and editorial board positions, and several serve as editors and co-editors of top economics journals. Amy Finkelstein is the founding editor of *American Economic Review: Insights* and Benjamin Olken is editor of the *American Economic Journal: Applied Economics*. Other faculty members holding associate editorships include Anna Mikusheva (*Econometrica*), Frank Schilbach (*American Economic Journal: Applied Economics*), Arnaud Costinot (*Journal of International Economics*), Martin Beraja (*Journal of the European Economic Association*), Glenn Ellison (*Journal of Political Economy*) and Christian Wolf (*Quantitative Economics*).

Co-editorships include Arnaud Costinot at the *American Economic Review*, Anna Mikusheva at *Econometric Theory*, Parag Pathak at *Econometrica*, and Alexander Wolitzky at *American Economic Journal: Microeconomics*. Anna Mikusheva was also a foreign editor of the *Review of Economic Studies* until January of 2024.

Professional organizations

This year, Benjamin Olken continued to serve on the Executive Committee for the Bureau for Research and Economic Analysis of Development (BREAD), and David Atkin and Esther Duflo are members of the BREAD Board of Directors. David Atkin and Dave Donaldson are Research Program Directors for the International Growth Center.

James Poterba continues to lead The National Bureau of Economic Research (NBER), the top academic economic research organization in the country. Directors and co-directors of NBER research programs during the 2024 academic year included: Benjamin Olken (Development Economics), Amy Finkelstein (Health Care), and David Autor (Labor Studies). Parag Pathak co-directed the NBER working group on market design.

Public service

Abhijit Banerjee continued to serve as a Trustee for Save the Children and co-chair of the Global Education Evidence Advisory Panel. David Autor continues to serve on the US State Department's Foreign Affairs Policy Board. James Poterba is still on the Congressional Budget Office's Panel of Economic. Esther Duflo continues to serve as founding chairperson of the

French Government's Fund for Innovation in Development. Nina Roussille is the Executive Director of the LSE-Gates Hub for Equal Representation.

Research

Selected publications

Economics faculty had over 70 papers published in peer-reviewed journals this year, including 28 in the five general-interest economics journals widely considered the most prominent in our profession. Robert Townsend's book, [Inequality and Globalization: Improving Measurement through Integrated Financial Accounts](#) (with Archawa Paweenawat from the Puey Ungphakorn Institute for Economic Research), draws on extensive data from fieldwork in Thailand to show how consistent integrated financial accounts at the individual household and small enterprise level can be created using household and firm survey data. Townsend and Paweenawat then propose the creation of integrated financial accounts for the United States, with the goal of engendering a solid factual basis for ongoing debates on inequality and globalization. Esther Duflo's children's series ("Poor Economics for Kids") was recently published in India in both English and in regional languages like Bengali, Hindi, Kannada, Tamil, and Marathi. "The "Poor Economics for Kids" series introduces complex economic concepts to children through stories and illustrations.

A selection of other faculty research published during academic year 2024 includes:

- **Alberto Abadie:** "Instrumental variable estimation with first-stage heterogeneity" (with Jiaying Gu and Shu Shen), *Journal of Econometrics* and "Whitney Newey's contributions to econometrics" (with **Josh Angrist** and Guido Imbens), *Journal of Econometrics*.
- **Daron Acemoglu:** "Equilibrium Analysis in Behavioral One-Sector Growth Models" (with Martin Kaae Jensen), *Review of Economic Studies*, "Testing, Voluntary Social Distancing and the Spread of an Infection" (with Ali Makhdoumi, Azarakhsh Malekian, Asu Ozdaglar), *Operations Research*, "Automation and the Workforce: A Firm-Level View from the 2019 Annual Business Survey" (with Gary W. Anderson, David N. Beede, Cathy Buffington, Eric E. Childress, Emin Dinlersoz, Lucia S. Foster, Nathan Goldschlag, John C. Haltiwanger, Zachary Kroff, Pascual Restrepo, and Nikolas Zolas), [Technology, Productivity, and Economic Growth](#), and "A Task-Based Approach to Inequality" (with Pascual Restrepo), *Oxford Open Economics*.
- **Nikhil Agarwal:** "Heterogeneity and Predictors of the Effects of AI Assistance on Radiologists," *Nature Medicine*.
- **Isaiah Andrews:** "Inference on Winners" (with Toru Kitagawa and Adam McCloskey), *Quarterly Journal of Economics*, and "Inference for Linear Conditional Moment Inequalities" (with Jonathan Roth and Ariel Pakes), *Review of Economic Studies*.

- **Josh Angrist:** “Race and the Mismeasure of School Quality” (with Peter Hull, **Parag A. Pathak**, and Christopher R. Walters), *American Economic Review: Insights*, “Credible School Value-Added with Undersubscribed School Lotteries” (with Peter Hull, **Parag A. Pathak**, and Christopher R. Walters), *Review of Economics and Statistics*, “Instrumental variables methods reconcile intention-to-screen effects across pragmatic cancer screening trials” (with Peter Hull), *PNAS*, “Methods for Measuring School Effectiveness” (with Peter Hull and Christopher Walters), *Handbook of the Economics of Education*, and “Choice and Consequence: Assessing Mismatch at Chicago Exam Schools” (with **Parag Pathak** and Roman A. Zarate), *Journal of Public Economics*.
- **David Atkin:** “Measuring Welfare and Inequality with Incomplete Price Information” (with Ben Faber, Thibault Fally and Marco Gonzalez-Navarro), *Quarterly Journal of Economics*.
- **David Autor:** “Males at the Tails: How Socioeconomic Status Shapes the Gender Gap” (with David Figlio, Krzysztof Karbownik, Jeffrey Roth and Melanie Wasserman), *Economic Journal*.
- **Abhijit Banerjee:** “Public Information Is an Incentive for Politicians: Experimental Evidence from Delhi Elections” (with Nils Enevoldsen, Rohini Pande, and Michael Walton), *American Economic Journal: Applied Economics*, “How important are matching frictions in the labor market? Experimental & non-experimental evidence from a large Indian firm” (with Gaurav Chiplunkar), *Journal of Development Economics*, “Changes in social network structure in response to exposure to formal credit markets” (with Emily Breza, Arun G. Chandrasekhar, **Esther Duflo**, Matthew O. Jackson, and Cynthia Kinnan), *Review of Economic Studies*, “Learning by searching: Spatial mismatches and imperfect information in Southern labor markets” (with Sandra Sequeira), *Journal of Development Economics*, and “When Less Is More: Experimental Evidence on Information Delivery During India’s Demonetisation” (with Emily Breza, Arun G. Chandrasekhar, and Benjamin Golub) *Review of Economic Studies*.
- **Ian Ball:** “Dynamic Information Provision: Rewarding the Past and Guiding the Future,” *Econometrica*, and “Corrigendum to ‘Role of Linking Mechanisms in Multitask Agency with Hidden Information’” (with Deniz Kattwinkel), *Journal of Economic Theory*.
- **Martin Beraja:** “Inefficient Automation” (with Nathan Zorzi), *Review of Economic Studies*, “Fast and Slow Technological Transitions” (with Rodrigo Adão and Nitya Pandalai-Nayar), *Journal of Political Economy*, “AI-tocracy” (with Andrew Kao, David Yang, and Noam Yuchtman), *Quarterly Journal of Economics*, and “Data-intensive Innovation and the State: Evidence from AI firms in China” (with David Yang and Noam Yuchtman), *Review of Economic Studies*.

- **Ricardo Caballero:** "Monetary Policy and Asset Price Overshooting: A Rationale for the Wall/Main Street Disconnect" (with Alp Simsek), *Journal of Finance*.
- **Arnaud Costinot:** "The Textbook Case for Industrial Policy: Theory Meets Data" (with Dominick Bartelme, **Dave Donaldson**, and Andrés Rodríguez-Clare), *Journal of Political Economy*.
- **Dave Donaldson:** "Ghosting the Tax Authority: Fake Firms and Tax Fraud in Ecuador" (Paul Carrillo, Dina Pomeranz, and Monica Singhal), *American Economic Review: Insights*.
- **Esther Duflo:** "Field Experiments: Correspondence Studies" (with Marianne Bertrand), *Handbook on Economics of Discrimination and Affirmative Action*.
- **Sara Fisher Ellison:** "Regulatory Distortion: Evidence from Uber's Entry Decisions in the US," (with Anil Haldun), in *Women in Antitrust*, *Academic Society for Competition Law*.
- **Glenn Ellison:** "Dynamics of the Gender Gap in High Math Achievement" (with Ashley Swanson), *Journal of Human Resources*.
- **Amy Finkelstein:** "A Blueprint for US Health Insurance Reform" (with Liran Einav), *Annals of Internal Medicine*, "Achieving Medicaid Goals Through Test And Learn: The Role Of RCTs" (with Gui Woolston), *Health Affairs Forefront*, "Response to Jason Furman" (with Liran Einav), *Journal of Policy Analysis and Management*, "A blueprint for US health insurance policy" (with Liran Einav), *Journal of Policy Analysis and Management*, "The Camden Coalition Care Management Program Improved Intermediate Care Coordination: A Randomized Controlled Trial: Study examines the Camden Coalition Care Management Program" (with Joel C. Cantor, Jesse Gubb, Margaret Koller, Aaron Truchil, Ruohua Annetta Zhou, and Joseph Doyle), *Health Affairs*, "Designing US health insurance from scratch: A proposal for universal basic coverage" (with Liran Einav), *Brookings Institution*, "We Don't Have the Health Care We Pay For" (with Liran Einav), *The New York Times*, "Empirical analyses of selection and welfare in insurance markets: a self-indulgent survey" (with Liran Einav), *The Geneva Risk and Insurance Review*, and "Long-term care hospitals: A case study in waste" (with Liran Einav and Neale Mahoney), *Review of Economics and Statistics*.
- **Drew Fudenberg:** "On Concave Functions Over Lotteries" (with Roberto Corrao and David Levine), *Journal of Mathematical Economics*, "Predicting Cooperation with Learning Models" (with Gustav Karreskog), *American Economic Journal: Microeconomics*, "Pathwise Concentration Bounds for Bayesian Beliefs" (with Giacomo Lanzani and Philipp Strack), *Theoretical Economics*, and "Which Misspecifications Persist?" (with Giacomo Lanzani), *Theoretical Economics*.

- **Jon Gruber:** "Private Sector Provision as an "Escape Valve": The Mexico Diabetes Experiment" (with Ari Bronsoler and Enrique Seira), *Review of Economic Studies*, "Public and Private Options in Practice: The Military Health System" (with Michael Frakes and Timothy Justicz), *American Economic Journal: Economic Policy*, and "The Costs for Gene Therapy" (with Chi Heem Wong, Dexin Li, Nina Wang, Rena Conti and Andrew Lo), *Gene Therapy*.
- **Nathan Hendren:** "Opportunity Unraveled: Private Information and the Missing Markets for Financing Human Capital" (with Daniel Herbst), *American Economic Review*, and "Creating Moves to Opportunity: Experimental Evidence on Barriers to Neighborhood Choice" (with Peter Bergman, Raj Chetty, Stefanie DeLuca, Lawrence F. Katz, and Christopher Palmer), *American Economic Review*.
- **Simon Jäger:** "Biased Beliefs about Outside Options" (with **Nina Roussille**, Benjamin Schoefer and Christopher Roth), *Quarterly Journal of Economics*. "Marginal Jobs and Job Surplus: A Test of the Efficiency of Separations" (with Benjamin Schoefer and Josef Zweimüller), *Review of Economic Studies*, "Long-Term Effects of Equal Sharing: Evidence from Inheritance Rules for Land" (with Charlotte Bartels and Natalie Obergruber), *The Economic Journal*, and "Können höhere Löhne zur Überwindung des Fachkräftemangels beitragen?"(with Clemens Fuest), *Wirtschaftsdienst*
- **Paul Joskow:** "Cost of Service Regulation of Electricity Distribution Services in the U.S" (with **Richard Schmalensee**), in the [Handbook on Electricity Regulation](#), "The Expansion of Incentive (Performance Based) Regulation of Electricity Distribution and Transmission in the United States," *Review of Industrial Organization*, and "Electricity Pricing Challenges in Future Renewables-Dominant Power Systems," (with Dharik S. Mallapragada, Cristian Junge, Cathy Wang, Hannes Pfeifenberger, and **Richard Schmalensee**), *Energy Economics*.
- **Anna Mikusheva:** "Weak Identification with Many Instruments" (with Liyang Sun), *Econometrics Journal*.
- **Whitney Newey:** "The Econometrics of Nonlinear Budget Sets" (with Sören Blomquist and **Jerry Hausman**), *Annual Review of Economics*.
- **Ben Olken:** "The Marginal Disutility from Corruption in Social Programs: Evidence from Program Administrators and Beneficiaries" (with Arya Gaduh and Reema Hanna), *American Economic Review: Insights*, and "The economics of tropical deforestation" (with Clare Balboni, Aaron Berman, and Robin Burgess) *Annual Review of Economics*.
- **Parag Pathak:** "Redesigning the US Army's Branching Process: A Case Study in Minimalist Market Design" (with Kyle Greenberg and Tayfun Sönmez), *American Economic Review*, "Reversing Reserves" (with Alex Rees-Jones and Tayfun Sönmez),

Management Science, “Fair Allocation of Vaccines, Ventilators and Antiviral Treatments: Leaving No Ethical Value Behind in Health Care Rationing” (with Tayfun Sönmez, M. Utku Ünver and M. Bumin Yenmez), *Management Science*, and “Weighted Lottery to Equitably Allocate Scarce Supply of COVID-19 Monoclonal Antibody” (with Erin K. McCreary, Utibe R. Essien, Chung-Chou H. Chang, Rachel A. Butler, Tayfun Sönmez, Utku Ünver, Ashley Steiner, Maddie Chrisman, Derek C. Angus, and Douglas B. White), *JAMA Health Forum*.

- **Ashesh Rambachan:** “A More Credible Approach to Parallel Trends” (with Jonathan Roth), *Review of Economic Studies*, and “The Unreasonable Effectiveness of Algorithms” (with Jens Ludwig and **Sendhil Mullainathan**), *AEA Papers and Proceedings*.
- **Nina Roussille:** “The Central Role of The Ask Gap In Gender Pay Inequality,” *Quarterly Journal of Economics*.
- **Tobias Salz:** “The Effect of Privacy Regulation on the Data Industry: Empirical Evidence from GDPR” (with Guy Aridor and Yeon-Koo Che), *RAND Journal of Economics*, “Digital Regulation Project: Consumer Protection for Online Markets and Large Digital Platforms” (with Amelia Fletcher, Gregory S. Crawford, Jacques Crémer, David Dinielli, Paul Heidhues, Michael Luca, Monika Schnitzer, Fiona M. Scott Morton, Katja Seim and Michael Sinkinson), *Yale Journal on Regulation*, “Digital Regulation Project: More Competitive Search Through Regulation” (with Paul Heidhues, Alessandro Bonatti, L. Elisa Celis, Gregory S. Crawford, David Dinielli, Michael Luca, Monika Schnitzer, Fiona M. Scott Morton, Michael Sinkinson and Jidong Zhou), *Yale Journal on Regulation*.
- **Robert Townsend:** “Dynamic Bank Expansion: Spatial Growth, Financial Access, and Inequality” (with Yan Ji and Songyuan Teng), *Journal of Political Economy*, “Propagation and Insurance in Village Networks” (with Cynthia Kinnan, Krislert Samphantharak and Diego Vera-Cossio), *American Economic Review*, “Technologies that replace a 'central planner'” (with Nicolas X. Zhang), *AEA Papers and Proceedings*, and “From Micro to Macro Development” (with Francisco J. Buera and Joseph P. Kaboski), *Journal of Economic Literature*.
- **Michael Whinston:** “Optimal Long-Term Health Insurance Contracts: Characterization, Computation, and Welfare Effects” (with Soheil Ghili, Ben Handel, and Igal Hendel), *Review of Economic Studies*.
- **Christian Wolf:** “What Can Time-Series Regressions Tell Us About Policy Counterfactuals?” (with Alisdair McKay), *Econometrica*, and “The Missing Intercept: A Demand Equivalence Approach,” *American Economic Review*.
- **Alexander Wolitzky:** “Mediated Collusion” (with Juan Ortner and Takuo Sugaya), *Journal of Political Economy*, “Monitoring versus Discounting in Repeated Games” (with

Takuo Sugaya), *Econometrica*, and “Bad Apples in Symmetric Repeated Games” (with Takuo Sugaya), *Theoretical Economics*.

- **Muhamet Yildiz**: “Crisis: Equilibrium Shifts and Large Shocks” (with **Stephen Morris**), *American Economic Review*.

J-PAL

The Abdul Latif Jameel Poverty Action Lab (J-PAL), directed by Economics faculty members Abhijit Banerjee, Esther Duflo, and Benjamin Olken, seeks to reduce poverty by ensuring that policy is based on scientific evidence. Since J-PAL’s founding in 2003, more than 600 million people have been reached by programs and policies informed by J-PAL evaluations. Meanwhile, J-PAL’s affiliated researcher network has grown to include over 1,000 researchers worldwide.

In the last year, J-PAL has advanced evidence-based policy across many countries and social sectors, including climate change and humanitarian crises. In partnership with Community Jameel, J-PAL launched three Air and Water Labs embedded in national and local governments in Egypt, India, and South Africa to unite researchers and policymakers in areas where impactful clean air and water solutions are most urgently needed. J-PAL also launched the Humanitarian Protection Initiative, a new research fund dedicated to identifying the most effective approaches to protect vulnerable populations from violence and improve livelihoods.

J-PAL has also expanded its private sector engagement through the launch of a new corporate impact and sustainability workstream, as well as the UM6P-J-PAL Agricultural Lab for Africa (UJALA), a collaboration with a leading private sector agriculture firm that will fund research to evaluate agricultural technologies and practices designed to increase small-scale farmers’ food security, productivity, and profitability across sub-Saharan Africa.

In recognition of the critical need to grow evidence-based policymaking capabilities around the world, in January 2024, J-PAL announced a major new development in its training efforts. The Alliance for Data, Evaluation, and Policy Training (ADEPT) will become a global network of teaching institutions committed to empowering the next generation of researchers, policymakers, and practitioners with the tools and ambition to innovate, test, and scale effective policies to improve lives worldwide. ADEPT kicked off its first partnership with a new, multi-year training program in Cote d’Ivoire to increase use of rigorous evidence in national policies and programs.

At MIT, the fourth cohort of the Master’s in Applied Science in Data, Economics, and Design of Policy graduated in summer 2024. The cohort included 21 students from 15 countries, a diverse group that represents the next generation of policy leaders and innovators. The Master’s and MicroMasters in Data, Economics, and Design of Policy each added a new public policy track in 2024 to complement the existing development track, creating new avenues for learning and

research on the most effective approaches to fighting poverty in the US and other high-income countries.

As J-PAL continues to expand into new regions and sectors, it remains committed to its mission of evidence-based policy and poverty alleviation, growing partnerships and innovative research to impact millions of lives worldwide.

J-PAL North America

J-PAL North America (J-PAL NA), led by Amy Finkelstein and University of Chicago professor Matt Notowidigdo, uses randomized evaluation methods to study the efficacy of public policies in North America. Since its launch almost ten years ago, J-PAL NA-affiliated researchers have provided valuable policy insights through more than 250 randomized controlled trials (RCTs).

J-PAL North America's major research efforts include the Health Care Delivery Initiative, which catalyzes research on how the use of healthcare services affects patient outcomes and costs; the Social Policy Research Initiative, which supports randomized evaluations on education, crime and violence prevention, employment, housing, and more; and the State and Local Innovation Initiative, where J-PAL researchers work closely with government leaders to form new RCTs and help answer high-priority policy questions.

J-PAL North America also develops resources and provides project management to support high-quality research. Staff translate research into policy lessons that partners can apply to their local contexts and facilitate the replication and expansion of evidence-based programs to measurably improve life outcomes and reduce poverty.

During academic year 2024, J-PAL North America developed a strategic vision—informed by a new racial equity advisory committee—to advance inclusion, prioritize racial equity in research, and promote equitable and inclusive research practices in its network. In addition, J-PAL North America launched the Leveraging Evidence and Evaluation for Equitable Recovery (LEVER) project, in partnership with Results for America. LEVER supported more than 90 state and local government jurisdictions in recovering from the Covid-19 pandemic by leveraging data, evaluation, and evidence to advance effective and equitable government programming. Finally, J-PAL North America received an eight-figure grant over seven years from long-time supporter and collaborator, Arnold Ventures. The grant will be used to: substantially expand the evidence base on effective solutions to poverty; build the capacity and increase the diversity of its network of over 265 expert researchers; institutionalize the use of evidence among nonprofits and policymakers; and accelerate the rate and scale at which evidence influences policy.

To date, J-PAL NA has reached over 35 million people in North America through the scale-up of effective programs evaluated by its research network. Over \$518 million has been shifted towards evidence-based programs because of J-PAL North America's work.

Blueprint Labs

Blueprint Labs is a non-partisan research lab with scholars and staff who apply their unique expertise in economics to study pressing problems in education, health care, and the workforce. During the last academic year, Blueprint continued to generate substantial new investment. Amid this growth, the Lab remains committed to uncovering the consequences of policy decisions and improving society.

During the 2023-2024 academic year, Blueprint scholars released 20 publications using market design, research design, and other rigorous methodologies to produce valuable new insights.

Blueprint's education team conducts research to help policymakers design more equitable education systems. In March, Blueprint Co-Directors Josh Angrist and Parag Pathak and Affiliates Peter Hull and Christopher Walters published a paper on school quality measures in the *American Economic Review*. They find that commonly-used school quality measures often reflect a student body's background and preparation more than the school's contribution to student achievement. Blueprint also developed a new, more accurate, and equitable measure.

In the health care realm, Blueprint Co-Director Nikhil Agarwal and co-authors' article in *Nature Medicine* reports on the largest experiment on human-AI interaction in radiology. The study documents mistakes in the use of AI. Factors such as experience, subspecialty, and AI experience do not inform whether a radiologist will benefit from AI assistance. Lower-performing radiologists do not benefit more from AI assistance, though AI errors consistently harm performance. These results inform optimal human-AI collaboration design.

In addition to conducting groundbreaking research, Blueprint is committed to ensuring that its findings have real-world impact. Last November, Blueprint launched a Charter School Research Collaborative to make charter school research more actionable and rigorous. In June, the Collaborative awarded funds to 11 research projects that will investigate pressing, policy-relevant charter school questions that are aligned with the Collaborative's research agenda.

Additionally, Blueprint Labs is committed to helping education leaders build equitable enrollment systems through the School Access and Quality (SAQ) Fellowship. Over the past year, Blueprint facilitated the fourth year of the SAQ Fellowship, a year-long program for education leaders to study cutting-edge research, form a national community of practice, and reflect on their unique enrollment strategies and challenges. The policies enacted by the last four cohorts impacted close to 4 million students.

Shaping the Future of Work

The Shaping the Future of Work Initiative, led by Daron Acemoglu, David Autor, and Simon Johnson (MIT Sloan) is a non-partisan research organization that applies economics research to identify innovative ways to move the labor market onto a more equitable trajectory. The

Initiative's central focus is revitalizing labor market opportunities for non-college workers, through advancing policy-relevant economics research, informing policymakers and the public, developing curricula and creating opportunities for emerging scholars.

Recent research from the Initiative's co-directors includes "New Frontiers: The Origins and Content of New Work, 1940-2018" by David Autor et al., published in the Quarterly Journal of Economics, and "Learning from Ricardo and Thompson: Machinery and Labor in the Early Industrial Revolution, and in the Age of AI" by Daron Acemoglu and Simon Johnson, forthcoming in Annual Reviews in Economics. In the past several months, new working papers from David Autor ("Applying AI to Rebuild the Middle Class") and Daron Acemoglu ("The Simple Macroeconomics of AI") have both received significant media attention.

The Initiative held its official launch event at MIT in January, which included five academic presentations, three panel discussions with policymakers and practitioners, and a virtual fireside chat with Satya Nadella, the CEO of Microsoft. More than 180 people attended the event in person and over 300 watched the panel discussions via livestream. The Initiative also held two academic "micro-conferences" in February and April, during which scholars presented their latest in-progress work related to the initiative's research themes. These events drew a multidisciplinary audience including faculty and graduate students from multiple universities.

Over the past year, the Initiative has continued to engage with policymakers and the public, including releasing two policy memos on pro-worker AI and a digital advertising tax. In fall 2023, the Initiative hired a Program Manager and launched its website, a monthly newsletter, and a Research Affiliates program. The Initiative also hosted its first Visiting Scholars at MIT, with more collaborations planned for the coming year.

Policy Impacts

Policy Impacts, led by Economics faculty member Nathaniel Hendren and Wharton professor Ben Sprung-Keyser, is dedicated to improving the quality of government decision-making by promoting standardization in policy analysis. The organization advocates for and constructs measures of the Marginal Value of Public Funds (MVPF) of policy changes.

Policy Impacts co-directors and co-authors recently released a paper, presented at the 2024 NBER Summer Institute, studying the MVPF of 96 US policies combatting climate change, including subsidies, nudges, and revenue raisers. The paper finds that investments that directly displace dirty electricity production, such as wind production tax credits, have the highest MVPFs, far exceeding the MVPFs of direct subsidies to consumers for electric vehicles or energy efficient appliances.

In the past year, Policy Impacts became established at MIT and expanded to include a team of five pre-doctoral Research Fellows and a Program Manager. Through its Early Career Scholars

Grants program, the organization supported the work of six junior researchers worldwide who are conducting their own analyses using the MVPF. Over the coming year, the Policy Impacts team will continue to advance research expanding the MVPF into new policy domains, including tax and subsidy policies targeting firms, place-based policies, and tax audits of corporations.

Policy Impacts is committed to translating its research into real-world impact. In light of a 2023 paper estimating the returns to IRS audits of taxpayers across the income distribution, the Congressional Budget Office updated its projections of revenues from IRS enforcement activities (see page 3). Informed by the co-directors' previous work constructing the MVPF of 133 historical policy changes in the US, in November 2023 the CBO released a report analyzing the long-term fiscal cost of Medicaid spending for children, with estimates nearly identical to those in the paper. The Policy Impacts co-directors engage regularly with policymakers and practitioners, including the Senate Budget Committee, the Council of Economic Advisors, and others to advise on the adoption of the MVPF methodology.

Education and Students

PhD Program

The Economics PhD program at MIT is highly selective and consistently attracts students with the potential to make impactful contributions to the field. The department received 895 applications for the 2024 PhD admissions cycle, roughly the same as the prior year (888). A total of 27 prospective students were admitted this year and invited to campus in early April for a two-day preview of life as an economics graduate student at MIT. Twenty-two of these students and one previous deferral will join our PhD program in fall 2024. We have no new deferrals, but continue to carry over two from 2023. They are expected to join us in fall 2025. The incoming cohort of 23 students includes ten women and twelve international students.

Our most recent doctoral graduates have secured faculty positions at leading schools, including Harvard University, Stanford University, Haas School of Business University of California at Berkeley, and Princeton University.

The department's highest honor for doctoral students, the Robert M. Solow Prize for Graduate Student Excellence in Teaching and Research, was awarded in May 2024 to graduating student Viola Corradini. Two other graduating students, Roberto Corrao and Anna Russo were among the seven students selected to present at the prestigious *Review of Economic Studies* tour in May 2024.

Our faculty invest significant time in mentoring students, attending weekly student-faculty advising lunches, and continuously shaping a curriculum that equips students for success in their future research and careers. In 2019, the department adopted an experimental reform of our PhD curriculum in response to concerns about student mental health and well-being. The

reforms loosened the core course requirements for first-year students, replaced second-year general exams with a research paper and associated course, and eliminated the requirement for a third-year paper. This past year, we deemed this experiment a success and made it permanent. At the same time, to address concern that these reforms were leading to students not gaining a sufficiently strong and diverse economics education, we set a minimum number of classes that graduate students must take. Finally, to reflect the growing importance of the field and to celebrate our success in tenuring Frank Schilbach and bringing in Sendhil Mullainathan, we have created a new field in Behavioral Economics.

Master's Programs

Data, Economics, and Development Policy (DEDP) MIT Economics and J-PAL jointly lead the MITx MicroMasters Program and the Master's Program in Data, Economics, and Design of Policy. These two programs allow learners worldwide to gain a strong foundation in microeconomics, data analysis, development economics, and public policy while also bringing exceptional students from nontraditional backgrounds to the MIT campus.

The DEDP MicroMasters Program offers eight rigorous MIT-quality online courses and awards credentials to learners who complete three core courses and two electives. The credential not only holds intrinsic value but also qualifies students to apply for the residential DEDP Master's Program at MIT. Since its launch in 2017, over 350,000 learners from more than 214 countries and territories have enrolled in at least one DEDP MicroMasters course. Between the summer 2023 and spring 2024 terms, the program awarded over 1900 course certificates and 190 credentials to DEDP MicroMasters learners.

The MicroMasters program has been instrumental in successfully identifying students who have non-traditional profiles yet perform exceptionally well at MIT in the master's program, which includes a spring semester of coursework and a summer capstone project. Over half of DEDP graduates work at multinational organizations, non-profits, NGOs, social impact organizations, or their governments. Graduates also take on research positions at academic institutions or enroll in top PhD programs, including four students at MIT, as well as others at Harvard, Oxford, and Stanford.

Updates from academic year 2024 include: In September 2023 and February 2024, 21 students received the MDEDP degree, bringing our alumni group to 87 students from 44 countries. In January 2024, the program enrolled its fifth cohort of 19 students from 16 countries. The program admitted 21 new students from 17 countries in March 2024. The sixth cohort of 21 students, including 5 women, will begin in January 2026. Five new admits deferred to future years, one new admit declined, and six previous deferrals will enroll next year. Building on the program's tremendous success, the DEDP program launched the Public Policy Track for the master's program in 2024, complementing the track's launch in the MicroMasters program in 2023. This new track focuses on tackling poverty and other pressing policy challenges in the United States and other high-income countries. We are optimistic about the

future of the program and are confident that these enhancements will continue to attract and develop the next generation of leaders in international development and public policy.

We were pleased this year to receive support from the institute to double the size of the DEDP program to reflect this new track and more generally the success of this endeavor.

Master of Engineering in Computer Science, Economics, and Data Science

Last year Economics and Electrical Engineering and Computer Science launched a Master of Engineering program that offers advanced classwork and masters-level thesis work for undergraduate majors in 6-14: Computer Science, Economics, and Data Science. This year, we witnessed significant growth in the program. The goal of the program is to prepare well-qualified graduates for research careers and the job market, where the combination of skills in computer science, data science, and economic analysis is highly sought after. All students studying 6-14 as a primary or secondary major are eligible to apply for admission to the 6-14 MEng program. A small cohort piloted the program in academic year 2023, and this year we witnessed a high demand for this program from our undergraduates with 22 enrolled students and 14 MEng degrees awarded. We also experienced a moderate increase in undergraduate enrollment to the 6-14 major, as the new program makes the major a more attractive option.

Undergraduate Program

A total of 128 students were enrolled as 6-14 majors during the 2024 academic year, with 16 students enrolled in the traditional economics major (14-1) and 12 enrolled in the mathematical economics major (14-2). The number of Course 14 majors has declined somewhat, suggesting that 6-14 is may be attracting students away from our other undergraduate programs. Students may fee that 6-14 offers better preparation for the job market and might even be a better major to prepare for graduate studies. The department was prepared for this potential outcome, and the positive outcome is that 6-14 has boosted overall enrollment in our classes.

The department offers several topical undergraduate courses designed to broaden early engagement with the study of economics:

- 14.009 *Economics and Society's Toughest Problems*, our first-year student discovery class, was taught by Abhijit Banerjee in fall 2023 and had 40 students enrolled.
- 14.13 *Economics and Psychology*, taught by Frank Schilbach, had 102 students.
- 14.73 *The Challenge of World Poverty*, taught by Schilbach and Duflo, had 67 students.

Our other introductory courses, 14.01 *Principles of Microeconomics* and 14.02 *Principles of Macroeconomics*, had 393 and 298 students, respectively. Total undergraduate enrollments held steady in the 2024 academic year, with a total of 1,856 students registered in economics courses.

The MIT Undergraduate Economics Association (UEA) supports outside-the-classroom education through social activities and a public lecture series. This year, Harvard's Claudia Goldin delivered a lecture on gender and labor

Conclusion

The Department of Economics continues to uphold the traditions of excellence in research and education that make it one of the strongest economics programs in the world. Looking ahead to academic year 2025, department priorities include recruiting new faculty in macroeconomics and environmental economics, working with MIT leadership and resource development to secure additional resources for our faculty's innovative research, and evaluating and refining our graduate curriculum.

More information about the department, including our latest research, news, and events, can be found on the [Department of Economics website](#).

Submitted by

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