



Kyiv School^{of} Economics

founded by EERC and the Victor Pinchuk Foundation

Annual Report 2006-2007

The academic year 2006-2007 will be remembered for a long time at the Kyiv School of Economics. Indeed, during this academic year a number of 'historical' events took place.

In October 2006, EERC celebrated its 10th anniversary with a memorable public lecture by Robert Engle (Nobel 2003) and Francis Fukuyama. Around the same time, EERC decided to intensify its cooperation with the Victor Pinchuk Foundation. The latter has committed to help EERC to lift itself to a higher level, to transform from a Western style MA program in economics to high quality university, the Kyiv School of Economics, offering a wide range of courses and programs.

The academic year 2006-2007 will also be remembered as the year during which EERC decided to leave NAUKMA, the university it had cooperated with for 10 years. While these 10 years had been a success, the vision of the two partners on the future development of the program differed too much to continue the joint project. Instead, both partners will now develop their own program according to their own vision.

While as so often, the 'divorce' went less smooth than hoped for, and the 'children' - in this case, students, staff, faculty - suffered, EERC is now taking a fresh start. Building a university is challenging, it takes lots of energy, nerves and funding but we are optimistic that 10 years from now, at the 20th anniversary, we will be proud of our achievements.

This academic year has also been a highlight in terms of the impact this program has on the society and on academia. This year, our alumni who finished their PHD were especially successful on the jobmarket - Yuri Gorodnichenko got a tenure track position at Berkeley, Andrey Norets - at Princeton and Victor Tsyrennikov at Cornell. In terms of academic job placement, this is the best year we have had so far.

Recently, Oleksandr Parashiy, EERC 2004, has been voted the 'Leading Pan-European Investment Analyst - European Emerging Markets' by the Thomson-Extel Surveys. Alumni are quoted in the local press and faculty members contribute open editorials at a regular interval. In addition, both alumni and faculty are publishing in high quality international peer reviewed academic journals, including Southern Economic Journal, the Journal of Economic Theory and the Journal of Economic Perspectives.

This year, our outreach efforts reached an unprecedented level, with 26 outreach trips to universities in Armenia, Belarus, Georgia, Moldova and Ukraine, with a summer school, conferences for students and academics, and a high-quality seminar series.

I would like to thank all the people who have helped us to realize these impressive results during the last 10 years and hope we can continue to count on your support to build the Kyiv School of Economics

Tom Coupé, KSE director

The MA Program

Forty students successfully defended their theses in June 2007, contributing to a grand total of 367 graduates since 1998. Dzianis Rozhin and Iaryna Grynkyv received a lap top from DTEC (SCM), being ranked first and second of the class of 2007. Olena Chekmezova and Andriy Radomskyy shared the Kytasty Award for the best thesis. Seven of this year's graduates are continuing their studies abroad, at such places as CERGE, Duke, Houston, Catholic University of Louvain and Penn State. Other alumni started their jobs at Ernst&Young, Citibank, Castle Finance, Colliers, Concorde Capital, Deloitte&Touche, KINTO, PricewaterhouseCoopers, UkrSibbank, Boston Consulting Group, etc. In July 2007, slightly over 100 students applied for admission – a number similar to previous years. Fifty of these students will start the program in September 2007.

Our alumni continue to excel in their new environments.

Several of our alumni graduated this year with a PHD and started their professional career.

- Aliaksander Amialchuk, EERC 2002, PhD, Houston (2007). University of Toledo
- Yuriy Gorodnichenko, EERC 2001, PhD, Michigan (2007). University of California-Berkeley
- Victor Tsyrennikov, EERC 2002, PhD, New York University (2007). Cornell University
- Andriy Norets, EERC 2002, PhD, Iowa (2007). Princeton University
- Olena Stavrunova, EERC 2002, PhD, Iowa (2007). University of Technology, Sydney Australia.

Alexander Parashiy, EERC 2004, now at Concorde Capital was cited leading analyst as the 'Leading Pan-European Investment Analyst - European Emerging Markets' by the Thomson-Extel Surveys. Other alumni included in the ranking are Volodymyr Nesterenko, EERC 2004, ranked #3; Olga Pankiv, EERC 1999, ranked #11; Olena Bilan, EERC 2002, ranked #20; and Taisiya Shepetko, EERC 2004, ranked #21.

Our alumni are also often interviewed by the press as experts. For example,

- Oleksii Bakun, EERC 2002, on advertising spending in the Kyiv Post (17.12.06).
- Ildar Gazizulin, EERC 2003, on energy in the Kyiv Post (28.12.06).
- Volodymyr Nesterenko, EERC 2004, on the chemical industry in the Kyiv Post (14.09.06).
- Dmytro Zholud, EERC 2001, on government bonds in the Kyiv Post (28.12.06).
- Yevhen Zinovyev, EERC 2003, on the banking industry in the Kyiv Post (23.11.06).

This year, alumni have several articles published, or accepted for publication, in leading academic journals –

Some examples

- Oleg Korenok, EERC 2000, "How Sticky Is Sticky Enough? A Distributional and Impulse Response Analysis of New Keynesian DSGE Models," Journal of Money, Credit, and Banking, forthcoming (with N.R. Swanson)
- Dmytro Holod, EERC 2000, "Asymmetric Information and Liquidity Constraints: A New Test" (with Joe Peek), Journal of Banking and Finance, forthcoming
- Yulya Demyanyk, EERC 2001, "U.S. Banking Deregulation, Small Businesses, and Interstate Insurance of Personal Income", Journal of Finance, December 2007 (with Charlotte Ostergaard and Bent Sorensen).

- Yuriy Gorodnichenko, EERC 2001, "Public sector pay and corruption: Measuring bribery from micro data.", *Journal of Public Economics* 91(2007), 963-991 (with Klara Sabirianova Peter).
- Vadym Volosovych, EERC 2000, "Why Doesn't Capital Flow From Rich To Poor Countries: An Empirical Investigation", *the Review of Economics and Statistics*, forthcoming (with Laura Alfaro and Sebnem Kalemli-Ozcan)

Research

The international reputation of a university is to a great extent determined by the research output of its faculty. This year, eighteen articles of KSE faculty were published or accepted for publication in prominent international academic journals and books. These publications are the best proof of the vibrant research environment present at the Kyiv School of Economics.

Examples of our faculty's research publications

- Tom Coupé, "Does the Academic Labor Market Initially Allocate New Graduates Efficiently?," *Journal of Economic Perspectives* vol 20, nr 3, p 161-172 (with Valérie Smeets and Frédéric Warzynski)
- Olena Nizalova, "Minimum Wages in the Longer Run", forthcoming in the *Journal of Human Resources*, v42, n2 (Spring 2007) (with David Neumark)
- Denys Nizalov, "Increasing the Equity and Efficiency of Tax Abatement Programs' in *Journal of Regional Analysis and Policy*, 37(1), pp. 10-14
- Pavlo Prokopovych, "Repeated Games with Present-Biased Preferences" forthcoming in *Journal of Economic Theory* (with Hector Chade and Lones Smith)
- Oleksandr Shepotylo, "The Impact on Russia of WTO Accession and The Doha Agenda: The Role of Liberalization of Barriers against FDI in Services for Growth and Poverty Reduction", in "Poverty and the WTO Impacts of the Doha Development Agenda" edited by Thomas W. Hertel and L. Alan Winters (with T. Rutherford and D. Tarr)
- Valentin Zelenyuk, "Testing for Catching-up: Statistical Analysis of DEA Efficiency Estimates", *Southern Economic Journal* Vol. 73, No. 4, pp. 1003–1019 (with Daniel Henderson)

For a full list, please visit <http://www.kse.org.ua/index.shtml>

Outreach

Besides doing academic research, KSE faculty 'reach out' to a wider audience. Indeed, KSE does not only want to have an impact on Western academia; the School also wants to be useful for the society at large.

One way we try to do this is by publishing open editorials in local media. Some examples of such media articles are the following:

25.04.2007. Tom Coupe, The cost of political instability. *Kyiv Post*

12.03.2007. Pavlo Prokopovych, More Stable Economic Growth Strategy Needed. *The Ukrainian Observer*.

10.02.2007. Oleksandr Shepotylo, The Economics Effects of Corruption. The Ukrainian Observer.

12.10.2006. Tom Coupé, Should Ukraine really aim to organize the European Championship 2012? Kyiv Post.

07.09.2006. Valentin Zelenyuk, The economy under a broad coalition. Delo.

07.08.2006. Valentin Zelenyuk, The Three Magic Reasons for Prosperity of Nations: Does Ukraine Have Them? The Ukrainian Observer (Ukrainian version in Ukrayinska Pravda)

For a full list, please visit <http://www.kse.org.ua/index.shtml>

Another way of reaching out is teaching mini courses in economics at other universities. This year we sent out faculty on 26 trips.

Some examples:

October 16-20, 2006

Hanna Vakhitova - mini-course in Labor economics at the:
'KROK' university

November 27-December 1, 2006

Andriy Sirchenko - mini-course in Econometrics at the:
Academy of Studies Economics of Moldova

December 18-22, 2006

Volodymyr Lugovsky - mini-course in Managerial economics at the:
Cherkassy State Technological University

February 5-9, 2007

Olena Nizalova - mini course in Labor Economics at the:
Mykolayiv State Humanitarian University named after Petro Mohyla

April 3-7, 2007

Andriy Zapechelnyuk - mini course in Microeconomics at the:
Sumy State University

March 19-22, 2007

Oleksandr Talavera - mini course in Corporate Finance at the:
Donetsk National Technical university

April 16-20, 2007

Andriy Sirchenko - mini course in Econometrics at the:
Belarus State Economic University

For a full list, please visit:

<http://www.eerc.kiev.ua/events/trips%20in%20the%20academic%20year%202006-07.shtml>

We also organized numerous events for decision makers, press and academics. Amongst others,

- July 17-30, 2006: Second Summer School on 'Economics of the Firm'
- October 12, 2006: Public Lecture by Francis Fukuyama and Robert Engle dedicated to EERC 10th Anniversary and the creation of the Kyiv School of Economics

- October 13, 2006: EERC 10th Anniversary Academic Conference on “Economic Theory and Applications to the Transition Economies”
- January 26, 2007 – WTO conference on ‘Ukraine and the WTO: Implications of international economic integration’
- January 31, 2007 – Public Lecture with Ms. Stefanyshyn-Piper on "The Economic Future of Space Exploration for Ukraine and the World"
- May 25, 2007 - KSE Academic Lecture with Dr. Robert Pindyck on ‘Contemporary Economics and its Applications’

In the academic year 2006-2007, we also had 33 academic seminars, during which researchers, both from KSE and from abroad, presented their latest research findings to KSE faculty and students.

Some examples:

04/06/2007: Ivan Yuryk, Kyiv School of Economics, "Analysis of Behavior of Ukrainian Parliament members"

14/05/2007: Scott Loveridge, Michigan State University, "Time Preferences for Social and Private Goods in the US."

02/04/2007: Tymofiy Mylovanov, University of Bonn, ‘Diverging Opinions’.

12/03/2007: Paul Cheshire, London School of Economics, ‘The Price of Access to Nicer Neighborhoods: Capitalization and Residential Segregation’

29/01/2007: Oleksandr Shepotylo, EERC, 'What Determines Quality of Governance: Spatial Approach'.

06/11/2006: Jan Kmenta (University of Michigan), 'Econometrics: A Failed Science?'

16/10/2006: Mark Schaffer, 'Gun Prevalence, Homicide Rates and Causality: A GMM Approach to Endogeneity Bias'.

25/09/2006: Andriy Bodnaruk, 'Shareholder Diversification and the Decision to Go Public'.

For a full list, please visit <http://www.eerc.kiev.ua/eroc/seminars/index.shtml>

Fundraising

The fact that Kyiv School of Economics was able to do the above, is made possible thanks to generous founding by

Core donors 2006-2007

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- Interpipe Group
- Victor Pinchuk Foundation
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- Chumak Ukraine
- Dragon Capital
- Kytasty Foundation
- SEB Bank
- Soyuz-Victan
- TAS Kommerzbank
- Tetra Pak Ukraine
- US Embassy to Ukraine
- EERC Faculty and Alumni