

# Q&A...

with Igor Livshits, an economic advisor and economist here at the Philadelphia Fed.



## Igor Livshits

After getting an applied math degree in his native Belarus, Economic Advisor and Economist Igor Livshits came to study economics in the United States and never looked back. After earning his master's degree from the University of Illinois and his doctorate from the University of Minnesota, he taught at Western University in Canada. He's been an economist with the Federal Reserve Bank of Philadelphia since 2017. His research interests include consumer debt and bankruptcy, political economy, and human capital.

### Where did you grow up?

In Minsk, Belarus. My dad was a civil engineer and my mom's a pharmacist. I grew up in interesting times. I was 12 when the Perestroika reforms started and not yet 18 when the Soviet Union collapsed. Growing up Jewish in the Soviet Union, I always knew I was going to leave. I ended up leaving to study economics in the United States, which was a complete accident but a happy one.

### How was it an accident?

I was a math nerd. I went to a math-heavy secondary school. Math is clean and beautiful and interesting, and it was free of communist propaganda. It was also the natural path. I was good at math. And it was competitive. I love competition. Other kids played sports. I played math. Who's going to be the fastest to solve this problem? That was my sport. I seemed destined for math grad school, but then I came across this newly opened office where people could learn about educational opportunities in the United States. I asked them, do you have any fellowships in mathematics? They said, no, but we have one in economics, and one of the subfields is mathematical economics. I submitted that application and was chosen to take part in the program. So, my first real encounter with economics was in the United States. I was coming from an applied math background, where we constantly do "math represents this phenomenon." In economics, math represents human behavior, incentives, and information. I found that fascinating from day one. Here is this very disciplined, strict, mathematical way of thinking about these interesting issues. I was hooked.

### Because economics is about real-world issues.

It's about real-world issues and you get to solve math puzzles. And these puzzles are meant to represent something real. The coursework was heavy but enjoyable.

### Where along this process did you become interested in personal and consumer bankruptcies?

I went to the University of Minnesota for my doctorate. At orientation, they said, look to your right, look to your left, these

are the people you're going to learn from. And they were right. For the longest time, practically all my coauthors were my classmates from Minnesota. That's how I got into researching consumer bankruptcy. It was just after the 1998 Russian crisis, and I was trying to model why some countries default on foreign debt while others default on domestic debt. My classmate Jim McGee was talking with Michelle Tertilt, another classmate, who's German. Germany had just introduced personal bankruptcy. Jim and Michelle started discussing what economic tradeoffs (should) affect the design of bankruptcy rules. And Jim said, Igor is thinking about defaults—defaults of governments, not people, but mechanically the models are largely the same. Should we talk to him? Michelle said, yes. And the three of us have been writing on personal bankruptcy ever since. So, how did I get into personal bankruptcy? By chatting with my classmates in Minnesota.

### Much of your published research has been theoretical, but the article you wrote for this issue of *Economic Insights* is empirical. Is that a one-off departure from what you normally do? Or are you changing your research methods more generally?

As I said, I'm a math nerd. My natural preference is to write down a model. I tell stories through models. But since moving to the Fed, I've had access to such good data. And not just the Fed. The profession at large has much more detailed data now. For more and more questions, you can just go look in the data. Sometimes the data are so rich and the question is so clear, you don't need to write down a model. But eventually you ask questions you can't answer that way. That's when you need to write down a model. Roughly speaking, whenever you want to do a counterfactual, you need a model. For example, in this article, two key questions are, how would landlords respond to changes in eviction laws, and what would that response mean for the availability of affordable rental housing? These are model questions. Also, surprisingly, when it comes to evictions—and especially rental nonpayments—we don't have good data. That's why I think I'll need to use models for my future articles about evictions. ■