Prologue

April 1242
Baghdad, Iraq

Baghdad took no note of the arrival of Shams (Sun) of Tabriz, a wondering Sufi Saint, from Samarkand to the city’s famous Dervish Lodge. Shams told the master of the lodge, Baba Zaman, that he wanted to share his accumulated knowledge to the most competent student. Why? Because, Shams said, “Knowledge is like brackish water at the bottom of an old vase unless it flows somewhere.” Baba Zaman got serious and asked a bizarre question: “You say you are ready to deliver all your knowledge to another person. You want to hold the Truth in your palm as if it were a precious pearl and offer it to someone special. That is no small task for a human being. Are not you asking too much! What are you willing to pay in return?”

Raising an eyebrow, Shams of Tabriz said firmly, “I am willing to give my head.”

From your Econ 574 and other econometrics courses, by now you must have realized econometrics is such a vast subject, one cannot cover its recent developments in an one semester course. The way statistics is related to social and physical sciences, econometrics has that kind of relationship to economics in the sense that econometric tools can be used to analyze problems in various branches of economics - micro, macro, labor, IO, history, public finance, development, . . . . . you name it.

To make the course manageable, we need a central theme. Previous years, I need to teach pure econometric theory relating to Econometric Model Estimation and Testing. This year, after covering standard econometric theory of estimation and testing, I will teach a more applied topic, “Spatial Analysis.”

Course Outline: (Not necessarily in this order)

1. Prologue
2. Testing: From Pearson’s (1900) $\chi^2$-test to 21st Century Developments
3. Estimation: Starting from Karl Pearson’s (1894) Method of Moment (MM) to Maximum Entropy (ME), via Generalized Method of Moments (GMM)
4. The Beginning of Spatial Analysis (Statistics in the Time of Cholera)
5. Developments in Spatial Statistics
6. The Birth of Spatial Econometrics (Crime in Columbus)
7. Key Developments in Spatial Econometrics
8. Frontiers of Spatial Econometrics
9. Applications
10. Epilogue
One of the main objectives of this course will be for you to write a publishable paper, theoretical or applied. By the mid-semester you should have a broad topic in mind. Then I will help you to formulate the problem and work on the paper. **You should be ready to present your research findings in class during the last week of this semester.** And the complete paper will be due early Spring 2012 (we will fix a date later).

**Epilogue**

In late October of 1244 in Konya, Turkey, Shams found the student he was looking for: Jalaluddin Rumi, already a famous Islamic scholar in Turkey. Under the tutelage of Shams, Rumi became one of the most revered poets in the world, as Rumi said, “I was raw. I was cooked. I was burned.”

**March 1248**

**Konya, Turkey**

Rumi’s son Aladdin hired a killer who did not require much convincing.

It was a windy night, unusually chilly for this time of the year. A few nocturnal animals hoofed and howled from afar. The killer was waiting. Shams of Tabriz came out of the house holding an oil lamp in his hand and walked in the direction of the killer and stopped only a few steps away from the bush where the killer was hiding.

“It is a lovely night, isn’t it?” Shams asked.

Did he know the killer was there? Soon six others joined the killer. The seven of them knocked Shams to the ground, and the killer pulled his dagger out of his belt......

Together they lifted Shams’ body which was strangely light, and dumped him into a well. Gasping loudly for air, each of them took a step back and waited to hear the sound of Shams’ body hitting the water.

It never came.

About me: Anil K. Bera

My family name stands for: Business Economics Research Advisor (BERA).

However, my family history goes back to Biblical times: (Genesis 14:2) “That these made war with Bera king of Sodom, and with Birsha king of Gomorrah...” Naturally, I am not at all proud of this.

I also have solid business experience - “run” an Internet Kafe in Turkey (below). I wanted to have my email address as @nil@uiuc.edu, but unfortunately, the university didn’t allow it.

What about AB? These are first two English letters. Also think of first two alphabets in Arabic: alif and ba There is a . (dot) below ba, which embodies the entire universe:

Finally, the line below is from Bera’s Bible:

(Matthew 19:26):“ But Jesus beheld them, and said unto them: With professors this is impossible, but with Students all things are possible.”