

MINNESOTA DEPARTMENT OF ECONOMICS
GRADUATE ALUMNI NEWSLETTER
Fall 1994

Remembering Oz Brownlee

April 14, 1917 - August 6, 1985

Oswald H. Brownlee came to Minnesota in the Fall of 1950 from the University of Chicago. Before that he had been on the faculty at Carnegie Institute of Technology and at Iowa State College in the Department of Economics and Sociology. Oz was born and raised in Moccasin, Montana. He did his undergraduate work at Montana State University and moved from there to the University of Wisconsin where he received a Master's Degree in 1939. From Wisconsin, Oz went to Iowa State as a Research Associate. He received his Ph.D. from Iowa State in 1945. His research interests were quite broad as indicated by the range of areas in which Oz published and taught. At Minnesota he taught courses in economic theory, public finance, welfare economics, economic development and the economies of Latin America. His publications ranged from agricultural economics to macroeconomic and stabilization policy with significant work in public finance and income distribution.

From 1950 until his retirement in the spring of 1985, Oz supervised 37 Ph.D. theses, one out of every eight written while he was at Minnesota. His students included Tom Hady ('61), Ron McKinnon ('61), Paul Merz ('61), Leonall Andersen ('62), Josef Hadar ('62), Bill Dewald ('63), James Johnson ('63), Sigmund Krauthamer ('63), Bernard Saffran ('63), Donald Winkelmann ('63), George Hanrahan ('64), Ramineni Ayyana ('66), Melvin Meer ('66), Jon Goldstein ('67), David Ramsey ('67), William Sher ('67), George Keyt ('70), Wu-Tien Peng ('70), Chuen Mei Lee Fan ('72), Elio Garcia Nunez ('72), Shanker Shetty ('73), Francisco Thoumi ('73), Bill Myslinski ('74), Enrique Scala ('74), Don Elliott ('76) Leslie Farber ('77), Michael Goetz ('77), Marty Finkler ('79), Joon Hak Yoo ('79), Gary Maybarduk ('80), Michael Stutzer ('81), Eiji Tajika ('81), Alfredo Leone ('83), Jun Young Kim ('84), Man Woo Lee ('84), Wayne Waung ('84) and Peter Cheng ('85). He is remembered as someone who was easily

available and would gladly make time for students.

Oz served as Director of Graduate Studies in the 1960s and again in the 1980s. He was Department Chair from 1964 to 1967. Oz served as Economist for the International Cooperation Administration in Santiago Chile in 1956-57. It was this visit that sparked a lifelong interest in Latin America. He was a visiting professor at the Universidad Catolica de Chile and Colgate University. He was a visiting scholar at the Instituto de Estudios Fiscales, Ministerio de Hacienda, Madrid and at the Centro de Estudios Macroeconomicas de Argentina in Buenos Aires. In 1973-74 he served as the Deputy Assistant Secretary for Tax Analysis in the U.S. Department of the Treasury.

He edited or co-authored six books along with innumerable articles, pamphlets and encyclopedia entries. Oz was a great lover of music. What might look like doodling in margins of the program to some was actually notes on proofs and problems.

A favorite story, perhaps apocryphal, concerns Oz and John Hause. Going home one Friday they stopped at a market to buy some steaks to grill. Taking a number they discovered that they were 20th in line. Hoping to get home sooner, they asked who was next in line and offered a cash payment if this individual would trade places with them. Interpreting the apparent lack of understanding of what had been proposed as a bargaining strategy, they increased the cash offer. As the nature of the negotiation became clear to others, those in line began to express their displeasure and indeed hostility to the proposed transaction. Attempts to explain that they were not asking to be let into line but rather trying to ascertain whether there was a mutually beneficial trade of time for money that might improve their welfare and that of the next person in line without disadvantaging others met with little success. In the end they decided the best course of action was to leave without any meat.

Oz and Oleomargarine

One of the things students and colleagues always admired and respected about Oz was his utter lack of ambiguity. He said what he meant and meant what he said. At an early age, his inability to obfuscate brought Oz and the department at Iowa State a great deal of attention.

In the early 1940s the Department of Economics and Sociology, chaired by T. W. Schultz, had recruited an outstanding group of economists to Ames. Under the direction of T. W. Schultz, Albert G. Hart, Margaret G. Reid and Walter W. Wilcox, economists in the department produced a number of studies dealing with agricultural and food policy under the title "War-time Farm and Food Policy." In the spring of 1943 Oz was the author of Pamphlet No. 5, "Putting Dairying on a War Footing." After looking into the matter, Oz concluded that because of differences in the use of labor and land "the total food supply could be increased by shifting some of the resources now engaged in producing milk for butter into providing milk to be sold as fluid milk or as evaporated or dried milk or to be made into cheese. A saving in manpower, feed and materials would also be made if some of the resources now going to butter were shifted to the production of hogs or the production of vegetable oils [i.e. margarine]... On the basis of average returns received from resources employed in producing milk for butter and in producing vegetable oils, one half of the crop land and one-eighth of the labor necessary to turn out our butter would produce enough vegetable oils which, when converted into margarine, could entirely displace butter. Margarine compares favorably with butter both in nutritive value and palatability." Oz was not arguing that the production of butter be suppressed only that taxes and other restrictions on the sale of margarine be eliminated so that consumers could make choices at prices that more closely approximated their real resource cost.

The pamphlet sparked a heated outcry from the Iowa dairy industry. There were calls for the pamphlet to be retracted. Some wanted all of those associated with the pamphlet to be fired. Charles R. Friley, President of Iowa State, while arguing that "The fundamental right of a member of the college staff doing research to analyze and present data which develop from his studies

can not safely be abridged by any agency" also agreed that the pamphlet should be reviewed and perhaps revised.

T. W. Schultz was the first of several economists to resign over the controversy. Work on a revised pamphlet continued throughout the next academic year. A revised version of the pamphlet was issued in the spring of 1944. The *Des Moines Register* reporting on the publication of the revised pamphlet noted that "[T]he pamphlet, while longer and milder, says things not much different from the one that raised the hullabaloo. The new pamphlet at one point says 'fortified oleomargarine is nutritious and acceptable by many consumers as a spread.' " The pamphlet also quoted the National Research Council to the effect that "The present available scientific evidence indicates that when fortified margarine is used in place of butter as a source of fat in a mixed diet, no nutritional differences can be observed."

Thanks to Barry Falk for help with documents about the oleomargarine controversy.

NEW FACULTY

Varadarajan V. Chari

V. V. Chari joined the department this fall as Professor of Economics. Chari comes to Minnesota from Northwestern where he was the Harold H. Hines Professor of Risk Management in MEDS (Managerial Economics and Decision Sciences) in the J. L. Kellogg Graduate School of Management. Before moving to Northwestern, Chari had been Senior Research Officer and Economic Advisor at the Federal Reserve Bank of Minneapolis. Chari did his undergraduate work in India where he received a degree in Chemical Engineering. He did his graduate work in Economics at Carnegie-Mellon, earning his Ph.D. in 1981. He currently serves as an Associate Editor of the *Journal of Financial Intermediation*.

Chari's interests are quite wide ranging. Areas of work that might be mentioned include work with Hugo Hopenhayn ('89) on technology diffusion and vintage specific human capital; work with Patrick Kehoe and Larry Christiano on time consistency and

optimal tax policies; work on information and contracting which has led Chari to look at issues concerned with unemployment and banking panics; and work on the political economy of porkbarrel spending and local public goods.

Kudos and Congratulations

to Anne Krueger on her selection as President-elect of the American Economic Association.

Washington DC Reception

The department will be in Washington DC. Please join us at the Minnesota cocktail party. Look for our listing in the ASSA program.

Notes from the Chair

Craig Swan

This past year alumni contributions again helped to support travel to professional meetings for graduate students who presented papers. We are in the midst of a substantial upgrading of computer facilities for graduate students. Our ability to continue with these and other forms of support for current students are dependent upon your continued financial help. I speak for all the students, staff, and faculty when I say thank you for your support. Please keep it up! It is much appreciated.

Please let us know when you move. We expect that the Spring 1995 newsletter will include an updated directory of Minnesota alums. Say hello to Wendy or me by e-mail and we will try to include your e-mail address. We can be reached at:

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ALUMNI NOTES

James Quirk ('59) delivered the third Leo Hurwicz Distinguished Lecture at the 1994

annual meeting of the Minnesota Economics Association. Jim talked about his work on the economics of professional sports, specifically how the competitive balance between large and small market teams is affected by a reserve clause. We will award the James Quirk Prize for Economic Sports Trivia to the first Minnesota Ph.D. (other than Jim) who can correctly identify Stan Kostka.

Other Minnesotans involved in the 1994 MEA meeting included Marsha Blumenthal ('85), Art Rolnick ('73) and Preston Miller ('72). Preston was named President-elect of the MEA. Ron McKinnon ('61) was the Keynote Speaker at the Minnesota Development Workshop, an annual meeting held in conjunction with the MEA meeting.

Tom Hady ('61) reports on a bit of graduate student lore passed on by his father, a graduate student on the Minneapolis campus in the 1920s until he moved to the St. Paul campus to work with John D. Black. "Frederic Garver and Alvin Hansen wrote a principles text that was the Samuelson of the day. Hansen, of course, was an early Keynesian; Garver never accepted Keynes. Apparently, while they were writing the book together, they argued so much that they were reduced to sending notes to each other through the department mail."

How many other families, other than the Hadys and the Winkelmanns (Donald and Kurt), have members of more than one generation who did graduate work in economics at Minnesota?

Jim Weatherby ('70) is now president of Hart Forms and Services in Austin, Texas. He describes the firm as providing "creation, storage, distribution and retrieval of information used in daily business operations." Jim is remembered by classmates as being one of the early computer-literate people.

Four Minnesota Ph.D.'s, Kunio Kawamata ('72), Keiichi Koda ('81), Yoshikiyo Sakai ('86), and Yasuo Maeda ('90), collaborated to translate *Introduction to Dynamic Macroeconomic Theory: An Overlapping Generations Approach* by George McCandless ('81) and Neil Wallace. The Japanese edition was published this past summer.

John Roberts ('72) writes that he and Kevin Sontheimer ('69) attended a conference at the Universitat Autònoma in Barcelona that honored former Minnesota faculty member Hugo Sonnenschein. Hugo, now president of the University of Chicago, received an honorary degree, and his former doctoral students took the occasion to honor him. Andy McLennan, who worked with Sonnenschein at Princeton, was another participant in the conference.

Marty Finkler ('79) was appointed to the Wisconsin Task Force on Hospital and Academic Medical Center Costs by Wisconsin Governor Tommy Thompson. Marty also continues on the faculty at Lawrence University, Appleton, Wisconsin.

Two recent promotions at the Federal Reserve Bank of Minneapolis: Rao Aiyagari ('81) was promoted to Research Officer, and Jim Schmitz ('86) was named Senior Economist.

Barry Falk ('82) reports the arrival of the second installment of their overlapping generations household. Isaac Doran Falk was born September 15, 1994.

Gary Hansen ('86) was married to Marcelle Chauvet in Brasilia this summer. Attendees included Randy Wright ('86) and Ed Prescott.

Joan Rodgers ('87) and her husband are moving to Australia in December to take up positions at the University of Wollongong in Wollongong, about 50 miles south of Sydney.

Fabio Canova ('88) has moved from Boston University to Universitat Pompeu Fabra in Barcelona.

Gerhard Glomm ('88) has moved from the University of Virginia to Michigan State.

Congratulations! Ayse Imrohoroglu ('88) was promoted with tenure at USC.

Lars Ljungqvist ('88) has moved from the University of Wisconsin to the State University of New York, Buffalo.

Thomas Schellberg ('88) is now teaching in the Department of Social and Behavioral Sciences at Casper College, Casper, Wyoming.

Ann (Guenther) Sherman ('88) writes "I am an Assistant Professor at Hong Kong University of Science and Technology in the Department of Finance. Frances Lui ('85) and Joseph Lin ('86) are in the Economics Department at HKUST and Lung-Fei Lee just joined our Economics Department. I gave birth to a son, Nathaniel William Sherman, in May. My husband is an Investment Analyst for Crosby Securities."

Hugo Hopenhayn ('89) and Per Krusell ('92) have accepted positions at the University of Rochester.

Minnesota grads Shinsuke Nakamura ('89) and Tatsuyoshi Saijo ('85) were two-thirds of the program committee for the First Decentralization Conference in Japan held from November 11- 13. Other Minnesota participants included Taesung Kim ('87), Yoshihiko Otani ('69), Leo Hurwicz and William Thomson (now at the University of Rochester.)

Heetaik Chung ('90) reports that Minnesota Economics graduates in Korea have planned a gathering on November 27th at the Intercontinental Hotel in Seoul.

Yasuo Maeda ('90) has moved from the International University of Japan to the Faculty of Economics, Osaka University.

Jane Marrinan ('90) has left Boston College for the Universitat Pompeu Fabra.

Kyoungsik Kang ('91) is now working for the Hong Won Paper Manufacturing Co. in Seoul, Korea, as the general manager of the Accounting Department.

Shomu Banerjee ('92) spent two weeks in Minneapolis this summer. He reports that he and Ruben Saposnik ('59) "speak the same language" when considering problems as they both worked with Leo Hurwicz.

Other visitors to Minneapolis this summer and fall included Greg Huffman ('83), Takanobu Ikeda ('84), Gary Hansen ('86), Stacey Schreft ('87), Ayse Imrohoroglu ('88), Selo Imrohoroglu ('88) Anne Villamil ('88) and Steve Parente ('90).

Gianni De Nicolo ('92) is now in the Department of Economics, Brandeis University. He was formerly at the Universita' Degli Studi di Roma "la Sapienza."

Carlos Zarazaga ('92) has moved from the Federal Reserve Bank of Philadelphia to the Federal Reserve Bank of Dallas to become the Director of their Center for Latin American Economics.

John G. Turnbull

Nov. 14, 1913 - Aug. 4, 1994

John Turnbull was born in Milwaukee, November 14, 1913. He studied economics at Denison University after working at E. A. Pierce, a brokerage firm and precursor of Merrill Lynch. He received a BA degree in 1938, was elected to Phi Beta Kappa, and was awarded the senior prize in Economics at Denison. He did a year of graduate work at Brown University, studied Economics at the University of Chicago in the summer and served as an instructor at Denison before enrolling in the Ph.D. program at MIT. With an interruption for four years of service in the United States Navy, John received his Ph.D. from MIT in 1947.

After serving as an instructor at MIT and on the staff of the Social Science Research Council, John came to Minnesota in 1949 where he was a member of the Department of Economics for 33 years, a member of the graduate faculty of the School of Public Affairs and active in the Industrial Relations Center in the School of Management. He retired in 1982. He also taught at the US Naval Postgraduate School, Monterey, California; Macalester College, MIT; Iowa State University; and the University of California, Berkeley.

Completing personnel forms when he first came to Minnesota, John said "Thus far my background and training has been more extensive than intensive in nature, excepting the last years at MIT. I have obtained a rather good background in corporate finance and security analysis through the brokerage office experience; training in economic theory from Professors Douglas, Knight, Lange, and Viner

at Chicago and Samuelson at M.I.T.; institutional economics training from special work under Professors Albert B. Wolfe and Arthur Salz at Ohio State University; training in industrial relations from Professors D. V. Brown, Douglas McGregor, Charles A. Myers and Mr. Joseph Scanlon at M.I.T.; and research administration experience with the Social Science Research Council."

John received the Outstanding Alumni Award from Denison University in 1969 and a Distinguished Teaching Award from Minnesota in 1973. He was a consultant to numerous local, state and national boards and agencies. With C. Arthur Williams, Jr., and Earl F. Cheit, he was the co-author of *Economic and Social Security*, a widely used college text. Ph.D. advisees at Minnesota included N. J. Simler ('59), Jean Pearman ('59), Kenneth McCartney ('59), Hirschel Kasper ('63), Heinz Vergin ('63), Clarence Nelson ('67), William Bonifield ('68), Lee Layton ('67), Benjamin Klotz ('69), and Nematallah Ibrahim ('70).

He served as chair of the department of Economics in the early 1960s, initially filling in when Walter Heller went to Washington to join the Kennedy administration, and as Associate Dean in the College of Liberal Arts from 1964 to 1973. E. W. Ziebarth, Dean during this period, said of Turnbull, "As his nickname may imply, Honest John is a man of absolute integrity, vast common sense, and straightforward approach."

Following his retirement from the University John started a second career as a volunteer at the Dodge Nature Center in St. Paul and the University's Landscape Arboretum. This work was really a continuation of his life long interest in the outdoors and in people. His wit, clichés and one-liners earned him the honorary title of Mark Twain Jr. John wrote numerous poems in the style of Robert Service. He was upbeat and witty to the very end.

ECONOMICS RESEARCH LIBRARY

We are exploring the use of a Gopher server rather than e-mail to make our Recent Acquisitions List available. The list would be updated monthly. Please be patient as the

changeover has proved to be more complicated than we originally thought. We hope to be electronic by Spring 1995.

Five discussion papers have appeared since the Spring newsletter.

- 272 McKelvey, Richard and Andrew McLennan, "The Maximal Number of Regular Totally Mixed Nash Equilibria, July 1994, 14 p.
- 273 McLennan, Andrew, "The Maximal Generic Number of Pure Nash Equilibria, July 1994, 3p.
- 274 Feng, Qi, Changzhen Gong and Shuhe Li, "Transportation Cost and Industrial Structure: A Test with China's Cross-regional Data," July 1994, 15 p.
- 275 Kwok, Claudian, "Endogenous Asset Specificity in a Principal-Agent Model: An Interpretation of Managerial Myopia," August 1994, 31 p.

- 276 Mihara, H. Reiju, "Arrow's Theorem and Turing Computability," August 1994, 23 p.

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