

MINNESOTA DEPARTMENT OF ECONOMICS
GRADUATE ALUMNI NEWSLETTER
Spring 1994

Herb Mohring Retires

Herb Mohring retires this spring after 33 years at Minnesota. Herb is 65. He will continue to occupy his office in the department and to be active professionally. Initially much of his time will be devoted to a major study of congestion pricing for highways in the Twin Cities. Herb can be reached through the Internet at Mohring@atlas.socsci.umn.edu. During the 33 years Herb has been at Minnesota, he has directed 31 Ph.D. dissertations.

A large group gathered in Minneapolis on May 7 to honor Herb. Former students included Jim Rosse ('66), Hayden Boyd ('67), Frank Emerson ('69), Dave Emery ('69), Marvin Kraus ('73), Tom Pinfold ('75), Ed Fagerlund ('79), Lowell Orren ('79), John Schroeter ('82), Marsha Blumenthal ('85), Terry Langan ('88), Mark Bergen ('90), Joe Daniel ('91). Former colleagues included Charlie Holt, John Hause, Anne Krueger, Scott Maynes and Jim Simler. Many others who were not able to attend had sent letters that were presented to Herb, including John Buttrick who faxed a note from Nepal. In addition to those able to come to Minneapolis, the list of Herb's advisees includes Ezzat Sayed El-Alfi ('68), Richard Rosenberg ('69), Jim Likens ('70), Bill Watson ('70), Julian Greene ('71), Allan Maslove ('72), Gerry Allen ('75), Helen Tauchen ('77), Jim Mulligan ('80), Robbie Rosenman ('82), Peter Hamilton ('85), Cristina Mazon ('85), Ken Chapman ('86), John Weinberg ('87), Kathy Combs ('88), Tom Schellberg ('88), Brent Kigner ('90), and Andrew Brod ('92).

Herb once described himself as follows

I consider myself to be primarily an applied micro economist -- someone who uses the tools of static price theory to

explain and to quantify the supply and demand sides of real-world markets. My research has concentrated heavily on transportation markets--as examples, benefits/cost analysis of transportation improvements, the structure of mass-transit costs when traveler time is considered to be an input to trip production, optimal pricing and subsidy rules for transportation systems, and quantification of the social costs of failure to price transportation systems efficiently. My attention has occasionally strayed to other areas, however. These include the efficiency implications of the antitrust laws, the foundations of benefits/cost analysis, externalities and renewable resources.

His students describe him somewhat differently. One wrote:

While I was in grad school and afterwards, with your pipe and later without it, whether talking in your office on the West Bank, or on the phone...you have always taken me seriously. Your sensitive ear and wise counsel have meant a great deal to me, and for them I am very grateful.

Another described Herb's teaching style as follows:

He would open with some pleasantries, then walk to the board to put up an equation or a graph, and stand back -- pipe in hand -- and marvel at the strangeness that appeared on the board. He would encourage the class to muse with him, but usually his enthusiasm was far greater than theirs. ... And then came the final exam. It consisted of one or two problems. Students were told to take the exam home and bring it back in a week or two.

... The only way to complete it was to muse -- to scope the problem for a few days, decide on a framework, and carefully work through the logic of the whole affair. That course-- those exams-- taught me something that in twenty years of schooling I had learned in no other. They taught me how to approach new problems and to rely on my own powers of logic to solve them. It amazes me that I might have completed school without learning such a basic life skill. I wonder about students who may not have had the benefit of Herb's teaching. His approach made a world of difference to my life and I am deeply grateful to him.

News From the Epicenter

Ken Chapman ('86) seems always to find a way to be at the center of things, including the most recent California earthquake. CSU Northridge is located in the San Fernando Valley and suffered extensive damage. The following are some of his immediate impression shared with a number of friends by e-mail.

Tuesday, February 1, 1994

We woke up rather suddenly when the earthquake hit. It was like an explosion going off underneath us. Sheryl woke up several feet in the air. Everything was knocked down. We ran outside in our pajamas only to hear an explosion as a gas fire went off less than one block away. When we saw flames coming up on the vacant lot adjacent to our apartment building we ran to the soccer practice field at the university 2 blocks away and sat there with many others waiting for dawn. Most of the nasty pictures you saw in the paper come from a 4 block radius around our apartment (see map below).

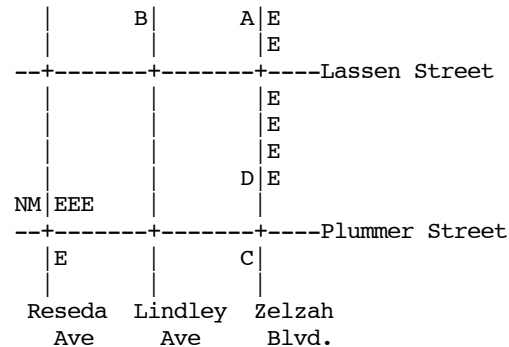
The south library which housed the main-frame computers is being demolished. The main library had a partial roof collapse. The science buildings had major fires, but are structurally sound. One bit of good news: our brand new business and economics

building which we were going to move into in March is OK.

All of this has been a curious experience ... not one that I ever want to repeat. However, Sheryl and I (as well as the dog and cats) are OK. We lost remarkably few possessions from our apartment and unlike many others in our neighborhood, we didn't have to move.

Key to locations on the map:

- A = Our apartment building
- B = Condo's that Burned down
- C = Collapsed Parking Garage
- D = Soccer Field and location of University Tent City
- E = Location of condemned apartments
- NM = Northridge Meadows apartments where 16 people died



February 18, 1994

This week we tried to hold classes at CSUN. We were only able to use one or two buildings on campus. The rest will have to have repair work done or be demolished prior to any serious use. Instead, the university has done something remarkable: hundreds of trailer-like temporary classrooms have been set up in every available open area. Construction crews have worked through the night for the last two weeks using enormous generators to run mobile street lights.

Last Sunday, we published the schedule of classes in all of the local newspapers. On Monday perhaps 70% of classes were held. That did not include any Economics classes since our trailer-court was among the last to be put up. By Tuesday, some of our classes in economics were held. Not mine, though. Instead, I held a sign above my head. I gave out a copy of the syllabus to those students who found me.

On Thursday, it began to rain. It turns out that my macroeconomics principles courses were scheduled in a trailer that still didn't exist and were moved to another trailer which did exist, but wasn't ready. I stood in the rain with an umbrella and a sign handing out the first homework and tried to encourage frustrated students. I must have looked pathetic, because the local news hounds came over and interviewed me for the evening news.

By Thursday evening, the rain had stopped. Since I was scheduled to teach a three hour night class in health economics, I went early (about 5:00) to see if there really would be a room. I was in luck, they had rescheduled me to a room in the University Student Union -- one of the few buildings that can still be used. Unfortunately, we still had to get the students there. They had no warning of the room change and there are no offices for the economics department or the business school. The director of graduate studies arrived at about 5:30 and hung a sign on a table near the business/economics trailers saying "business school" and he and I stood there until 7:00 directing bewildered students.

And then, for the first time, I entered a classroom and really lectured -- with a blackboard and chalk! (Unfortunately there were no erasers, but this week that is small potatoes).

Can a university function with no buildings? I think the answer is yes, but to be sure we'll have to wait....

Awards and Recognition

In April, Leo Hurwicz received a honorary degree, Doctor Honoris Causa from the Warsaw School of Economics.

In February, Zhenyu Wang, a current graduate student, and Ravi Jagannathan, Professor of Finance, learned that their paper, "CAPM is Alive and Well" , received the

American Association of Individual Investors Award for the "Best Paper on Investments". Copies of the paper are available from Wendy Williamson.

John Geweke will deliver the Colin Clark Lecture at the summer meeting of the Austral-Asian Econometric Society.

In case you did not get through all of the Notes in the latest *Journal of Economic Perspectives*, congratulations to Scott Maynes. In the fall of 1992 he was the first recipient of the "Outstanding Consumer Educator" award from the Fight Back Consumer Education Foundation, Los Angeles, and last spring he was elected Distinguished Fellow of the American Council on Consumer Interests.

ECONOMICS AT MINNESOTA: Early History II

When departments were formed at Minnesota in the late 19th century, Economics was part of Political Science. Economics became a separate department in the College of Science and the Arts in 1913. In 1919 Economics and Business Education were combined to form the School of Business. With the growing number of purely Business Administration trained members of the faculty of the Business School during the post World-War II expansion years, the division of the disciplinary loyalties of the faculty became more discernible and polarized. In 1957 the faculty in economics were organized as a separate department within the School of Business, and in 1962 the department left the School of Business to join the College of Liberal Arts.

From its inception until the late 1950s, all Ph.D. degrees in the School of Business were awarded in economics. The list of Ph.D. advisors over the period includes Roy Blakey, Frank Boddy, Arthur Borak, William Watts Folwell, Frederic Garver, Richard Gaumnitz, Norman Gras, Alvin Hansen, Richard Heilman, Walter Heller, Herbert Heneman, Robert Holloway, Leo Hurwicz,

Arthur Marget, Bruce Mudgett, Carl Nelson, John Stehman, Russell Stevenson, George Stigler, John Turnbull, Arthur Upgren, Roland Vaile, and Dale Yoder.

Other economists at Minnesota during this period included Steven Allen, George Dowrie, E. Dana Durand, J. F. Ebersole, Milton Friedman, on staff for one year at the end of World War II, Franz Gehrels, John A. Gray, Calvin Hoover, Richard Kozelka, Joseph McKenna, Andreas Papandreou, Ira Scott, William Stead, and Lloyd Ulman.

University records show the following degrees awarded in economics.

	per decade	cumulative total
-1900	1	1
1901-10	2	3
1911-20	0	3
1921-30	5	8
1931-40	18	26
1941-50	30	56
1951-60	31	87

Over 400 Ph. Ds have been awarded since 1960.

Alumni Notes

Earl Cheit ('55), having retired from the Business School at the University of California, Berkeley, served for six months as interim Athletic Director for the Berkeley campus.

Austin Hoggatt ('57) has assumed the title of Professor of Business Administration Emeritus, following his retirement from the University of California, Berkeley.

James Rosse ('66), president and CEO of Freedom Communication, a media company in Southern California, is also the first chairman of the Pafet management committee, a research consortium formed by six major media companies this spring to explore the

use of new technologies for information companies.

Kunio Kawamata ('72) and Yeong-Yuh Chiang ('93) are visitors in the department this spring.

Preston J. Miller's ('72) book The Rational Expectations Revolution: Readings from the Front Line has just been published by MIT Press. It contains articles by Miller, Tom Sargent, Neil Wallace, Ed Prescott, V.V. Chari, S. Rao Aiyagari ('81), Gary Hansen ('86), Randy Wright ('86), and Art Rolnick ('73).

Francisco Thoumi's ('73) book, Political Economy and Illegal Drugs in Colombia will be published this August by Lynne Rienner of Boulder CO. The Spanish version is entitled Economía Política y Narcotráfico and will be published by Tercer Mundo Editores.

Matt Canzoneri ('75) has completed a term as chair of the department at Georgetown and will be spending the 94-95 academic year on sabbatical in England.

Don Elliott ('76) and his wife visited in April. Don teaches at Southern Illinois, Edwardsville and has agreed to a term as department chair.

John Sneed continues to run the Sorites Group and has branched out as Managing Director of BackStreet Production Group, a movie and television production company.

Soumyen Sikdar ('84) writes from India thanking us for the newsletter and mentioning that his two-year term as chair of the Economics Department at Burdwan University ended this February. His daughter, Paramgama will be 5 years old this April.

Kurt Winkelman ('87) has moved to London where he is working for Goldman Sachs.

Kathy Combs ('88) is a proud mother of baby daughter Krista Combs Pylkki who made her debut in March.

Rosalinda Quintanilla ('88) of the World Bank sent a note by e-mail. She is working in the Latin America and Caribbean Region Division of the Bank.

Debasis Bandyopadhyay ('93) and Gianni De Nicolo ('92) visited Minneapolis in January following the ASSA meetings in Boston. Debasis teaches at the University of Auckland, New Zealand, and Gianni teaches at the University of Rome.

Notes from the Chair

Craig Swan

This has been a spring of mixed emotions. Herb Mohring retires at the end of this academic year and Neil Wallace has accepted the offer of the Barnett Banks' Chair in Money and Banking at the University of Miami. Both Herb and Neil were members of the department when I came to Minnesota in 1969. For all of us they have been important members of the department and personal friends. Their day to day work with students and involvement in the affairs of the department will be greatly missed. Herb will continue to work in his office on projects funded through the Center for Transportation Studies. We hope to maintain close ties with Neil as he will continue to be a consultant and visitor to the Minneapolis Fed.

This spring the Minnesota legislature approved funding for a new building for the School of Management. Once that building is completed in the spring of 1997, we will receive additional space and be able to bring the ERC Library from the East Bank to the West Bank. Many of you knew the West Bank building as the Business Administration Tower. When the School of Business Administration changed its name, it wanted to change the name of the building too. Management and Economics while not inspired was descriptive even if our suggestion for a lexicographic ordering was ignored.

I want to thank those of you who have made financial contributions to the department and encourage those of you who have intended to put the check in the mail to do so. Contributions can be made to the Economics Discretionary Fund or to the newly established Graduate Student Research Fund. Travel support for graduate students giving papers is a continuing important need; we would like to provide some opportunities for advanced students to have work made available as working papers, and we want to upgrade software packages available in the graduate student computer lab.

ECONOMICS RESEARCH LIBRARY

We are exploring the use of e-mail and the Internet to distribute library information. Wendy produces a monthly list of acquisitions that is available in hard copy within the department and currently mailed to others at a charge that covers cost. By the fall we hope to be distributing the acquisition list by e-mail. The monthly list is an especially useful way to keep current with respect to recent working papers. It comes from a bigger database that indexes the department's full collection of working papers. We are exploring the possibility of putting the full index of working papers on a server that can be accessed through the Internet. We will let you know where developments stand in the Fall Newsletter. If you want to be on our e-mail distribution list drop a note to Wendy.

The latest discussion paper is #271 "Transition with Growth: The Chinese Experience in the World Economy," by Changzhen Gong and Shuhe Li. Contact Wendy if you are interested in receiving a copy of this paper.

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