



Graduate Alumni Newsletter

Spring/Summer 2000

WALTER HELLER HALL DEDICATION

Wendy Williamson

On September 17, 1999 the former Management and Economics Building (and the former BAT: Business Administration Tower) was renamed Walter W. Heller Hall. It was a festive occasion attended by Walter's three children: Walter P., Eric and Kaaren, grandchildren, a nephew, and many friends and colleagues.

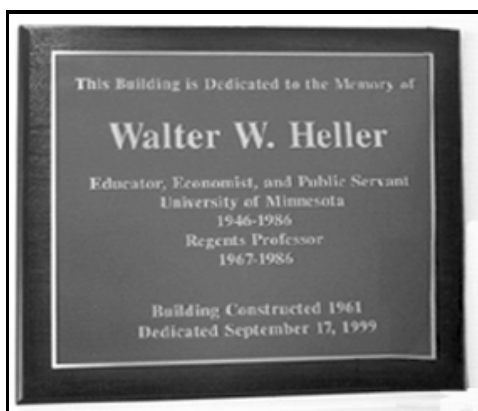
Minnesota DFLers were also present: former governor Orville Freeman and his wife Jane, former mayors Arthur Naftalin and his wife Frances, and Don Fraser (also a former MN congressman) and his wife Arvonne, and current congressman Bruce Vento.

The program was emceed by Craig Swan, now the Vice-Provost for undergraduate education. Dean Steven Rosenstone (of CLA) and U of M President Mark Yudof spoke of Heller's legacy to the college and to the university. Professors Leo Hurwicz and Jim Simler spoke of Heller's dedication to the department, his teaching and leadership qualities, and his wonderful friendship.

Other prominent economists, professors and government people, including John Kenneth Galbraith, Charles Kindleberger, Robert Solow and Arthur Schlesinger, Jr. sent along letters of admiration. Galbraith wrote, "Walter and I, although we differed on certain matters, including the merits of tax reduction, were the closest of friends. Few in my profession, and indeed, in public life, did I admire so much with a greater sense of affection. He was, indeed, a most important figure, both in economics and in public service." Solow wrote about his experience of joining the Council of Economic Advisers and some of Walter's habits, including being a night owl. He added, "One of his marvelous innovations was that whenever he [Walter] sent a memo to the President, or drafted part of a speech for the President, or gave one himself, he would give full and explicit credit to

the colleagues who had done the research, contributed ideas, or drafted prose. So it was not uncommon for Kennedy to put in a phone call, not only to Walter or Jim [Tobin] or Kermit [Gordon], but also to Art Okun or to me: "I don't quite follow the reasoning in the third paragraph of page 2; can you explain it to me in some other way?" You've got to love a President who gets to page 2 of a memo on economics. Some of that was Kennedy's nature, no doubt, but a lot of it was Walter's talent for and appetite for finding a way to clarify the connection between analysis and policy, and his uncanny capacity for finding a memorable phrase to fix it firmly in the President's mind, right."

Minnesota alumni who sent their comments include: Allen Blitstein ('72) who was indebted to Heller for meeting his wife, Carole — who was Walter's secretary for a time. Allen wrote about Heller's thoughtfulness and ended his letter with, "He was a magnificent and decent human being who cared for others, as well as being a consummate professional in both the public policy arena and academe." Mohammed U. Chapra ('61) said, "He was easily accessible and was very kind and helpful. After the car accident that I had while going to Cedar Rapids, Iowa, during my teaching year at the University of Wisconsin-Platteville, he kept in touch with the surgeon and also with my family, regularly informing them of my condition and trying to put them at ease. This was a kind gesture which helped me and my family greatly and I can never forget it." Gordon Streeb ('78), now at the Carter Center in Atlanta, wrote, "Walter Heller served as my dissertation advisor during the period 1970-72. What remains most vivid in my memory are the sessions in his office when we reviewed progress on my dissertation research. Our discussions were con-



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Jane Marrinan

November 19, 1959 - January 2, 2000

Remembering Jane

Fabio Canova

Jane was my classmate. We entered the Ph.D. program at the University of Minnesota together in the Fall of 1982. That year the entering class had 49 terrified faces; a few of them dropped out in the first few months; about 30 graduated five or six years later.

Jane studied at De Paul University in Chicago and obtained the special honor of being ranked the best undergraduate student in the department. She was quick and bright and did not need to spend hours and hours studying; she absorbed new material like a sponge and retained it far beyond the capacities of a regular smart undergraduate student. If someone stimulated her attention and directed her appropriately, the learning process was even speedier and often compounded.

We had a lot of fun together as students. There was a nice atmosphere those days at the U: our colleagues in the program mixed in the right proportion the desire for wild nightly activities and the intellectual curiosity that made many of them successful researchers around the world. Our teachers were challenging and the scholarly debates occurring in these years, especially in macro, shaped an important critical perspective in many of us.

I married Jane in September 1986 and we lived together for about 10 years. After finishing her Ph.D., Jane worked at the Fed of Boston for a year and moved afterward to Boston College where she remained, with a two year intermission until 1994.

We spent those two years in Italy and during this time she was a researcher at the European University Institute in Florence and at IGIER-Bocconi in Milan.

Since 1994, Jane was at Universitat Pompeu Fabra, first as an Assistant Professor and then as an Associate Professor. When we moved to Barcelona it felt a bit like going back to the U ten years earlier: there was, possibly, the largest concentration of Minnesota graduates we had ever seen, many of whom were our classmates.

We worked together as a team for several years, wrote a number of papers and created an egalitarian partnership. If one of us got an idea, he/she typically talked about it with the other and if there was mutual interest, we proceeded to

try it out. Jane was particularly good in making ideas understandable on paper, checking loose ends and making sure that cryptic computer programs (which I often wrote) actually did what they were supposed to do. She spent a considerable amount of time on my early solo works, reading, rewriting, pointing out incongruencies, suggesting alternative ways of reaching the conclusions, spending an amount of time which sometimes surpassed what I had spent and deserved more consideration than a simple thanks in a footnote.

Jane was not attracted by things that were obvious and evident. She was seduced by beauty and knowledge that are not so apparent to anyone whose glance happens to fall there. Because of this peculiar feature of her personality she looked a bit eccentric to a casual observer, strange or at least unusual, but deep down she was exquisitely sensitive; her feelings were always intense; she never felt indifferent and during her life she experienced both overwhelming joy and pure anguish. She was gentle, loyal, and kind to all those that mattered to her, to her family, to her friends. When someone looked into her eyes, green as the deep water of the Greek sea, eyes that looked as children's do - trusting and full of curiosity - her face often blossomed in a brief, warm, unforgettable smile and she looked sweet, fresh, and delicate as a renaissance painting.

In the last year she had a pet duck, a soft, quacking, furry creature which followed her around the house at every step she took. She called it "Uncle Sam" and painted the feathers in one of its minuscule wings red in case, one day, it decided to fly away from the ninth floor of her apartment building in downtown Barcelona, toward an unknown freedom — Jane was worried about not being able to recognize it, had she found it in a flock of migrating ducks.

Jane flew away unexpectedly, leaving many wondering why and, at times, I wish I had painted one of her majestic wings red, it would have been easier to find her now in the sea of free spirits; I wish I hadn't been as awkward in my dull attempts to follow her through the open spaces where restless souls wander; I wish I weren't writing an eulogy for her right now and we could travel once more to exotic and undiscovered territories.

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ALUMNI NEWS

Daniel L. McFadden ('62) is the recipient of the 2000 Erwin Plein Nimmers Prize for Outstanding Achievement in Economics. Previous winners are Peter Diamond, 1994, Thomas J. Sargent (former MN faculty), 1996, and Robert J. Aumann, 1998. The prize is awarded every two years.

L.S. Fan ('65) received the "Best Teacher Award" for 2000 from the Colorado State University Alumni Association. The award was based on nominations from current and former students.

Mohamed El-Hodiri ('66) wrote in May that he "spent the bulk of the last 5 years deeply embedded in the Russian economy where he learned that there are no universal laws of economics as he attempted to train Russian fiscal management personnel (mostly women, for those are who do the work in Russia). He is starting to do the same for Egypt (for shorter periods of time). Mohamed will present an invited paper at the Italian Academy of Science September 2000 Scientific Congress on 'Math-Econ-Tricks: The Misuse and Abuse of Mathematics by Clergy of the American State Religion'".

Masahiko Aoki ('67) is now working part time as Director General of the Research Institute, Ministry of International Trade and Industry (MITI) for the government of Japan as well as continuing his appointment at Stanford as the Tomoye and Henri Takahashi Professor of Economics.

Ben Klotz ('69) writes from Washington, DC that, "as an ex-Keynesian, he badly needs feedback about his just-written RBC-based introduction to macro, "The Macroeconomics of Anticipated Events" (to be found on the website, "1st Books Library <<http://www.1stlibrary.com>>), which is an unanticipated outcome of a conversation with Ed Prescott four years ago. The book promotes Ramseyian macro by stressing that (a) Keynes and Ramsey admired each other's ideas, (b) monetary shocks oddly resemble temporary disturbances to technology and (c) Ramseyian predictions fit macro facts increasingly well both here and abroad!"

Josef Brada ('71) was awarded an honorary degree by the University of Saints Cyril and Methodius in Skopje, Macedonia on April 27 (*professor honoris causa*) in recognition of his research on the economics of transition. In a related development he was also appointed advisor to the Minister of Development of the Republic of Macedonia.

Joaquim Silvestre ('73), Antoni Bosch ('75) and Albert Marcet ('87) all sent me the news of the appointments of **Andreu Mas-Colell ('72)** and Ramon Marimon (former MN faculty) to government positions. As Antoni said, "Spanish economists formerly related with the department are leaving academia in droves lured by the glitter of power. Well, at least a drove of two has recently left. Andreu Mas-Colell, former professor at Berkeley, Harvard

and Pompeu Fabra, has become the Secretary for Universities, Research and Information Technology in the Catalan government, while Ramon Marimon is the new Vice-Secretary for Scientific Policy and Technology in the Spanish government."

Leigh Tesfatsion ('75) is still running the Agent-Based Computational Economics (ACE) website at Iowa State, which can be found at: <<http://www.econ.iastate.edu/tesfatsi/ace.htm>>. "ACE is the computational study of economies modeled as evolving systems of autonomous interacting agents. Resources available at this updated site include ACE surveys, an annotated syllabus of readings, teaching materials, software, pointers to research groups and individual researchers, conference and workshop information, and position and program announcements. The ACE website is now getting well over 1000 hits a month." Leigh adds, "I have also just begun a new site on the Formation of Social and Economic Networks at <<http://www.econ.iastate.edu/tesfatsi/netgroup.html>> that might be of interest. At present this site includes annotated pointers to websites and individual researchers actively involved in the study of socioeconomic network formation and evolution."

Chuck Orvis ('76) will be on sabbatical this fall and will retire from Rhodes College on December 31, 2000. He said he "plans to build a house on the White River at Mountain Home, Arkansas next winter. Come visit for year round fly fishing. Beginners, especially children, welcomed."

Steve Vajs (MA '77) was recently named director of the Risk Management Division with the U.S. Treasury's Financial Management Service. Steve wrote "The division is responsible for mitigating potential losses from Treasury operations. Losses might include interest lost through float or timing problems and losses from systems lacking adequate internal controls. The division is also responsible for policies for federal agencies in the management of credit programs (like student loans)."

Julio Nogues ('80) wrote recently from Argentina, "I am the one who visited last year and found Ed Foster sitting as Director of Graduate Studies. I arrived in Minnesota for the first time in 1971, when I also found Ed Foster sitting as Director of Graduate Studies. As the saying goes, some things never change. This shock was much milder than the first shock I received when I first arrived in Minneapolis on a hot and humid August afternoon. After some unpacking, I went to the grocery and found a vending machine that said root beer. I had to run out of the store to spit what I had put in my mouth. I learned then that we should never disregard a single word.

After 16 years at the World Bank, the first 10 at the Research Department and the last 6 as Executive and Alternate Executive Director, I decided to move back to Argentina. By then, the Bank had become unbearably bureaucratic. In Argentina I became

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alumni news continued

Undersecretary of Economic Programming. In essence, this job supervises the macroeconomic accounts including the national and balance of payments accounts. I took over this job towards the end of a Undersecretary of accuracy of these statistics. As a consequence, I published a GDP that was 10% below what was being published and an increase in the current account deficit equal to 1% of GDP. I realized then how little importance economists give to checking the precision of the data they use on a daily basis. "Let's assume they are good" we say, and continue happily without realizing that the underlying economic model might be quite different to what we say it is. I am also astonished to see how in a globalizing world where many countries have adopted open capital accounts, few appear to be concerned with this. In fact, these accounts are used by rating agencies to rate risk levels in different countries, but who rates the precision of the underlying data? I have a draft paper on this subject which I'm willing to share with those interested in this topic.

I left office on December 10 when a new Government took over. As you might know, the new Finance Minister, **Jose L. Machinea**, is also a Minnesota Graduate who I'm advising on trade matters which is the subject that has been my lifelong passion. I'm also working part-time for the United Nations trying to find ways for developing countries to receive a greater share of the benefits from globalization. So life continues to be very exciting."

Michael Stutzer ('81) will be in residence (no teaching, but expenses paid!) at the University of Eindhoven, in the Netherlands this summer.

Jose Peris ('82) is running the Financial Services Division at U.S. Bank in Minneapolis. This division "covers the corporate relationships with domestic banks, insurance companies, broker dealers, and mutual funds; all the regulated financial service providers. My Ph.D. is used some." He added that he likes what he does and works with good people and great clients.

Robby Rosenman ('82) wrote last summer after he received the last newsletter: "As usual, it was great to receive the MN Econ. Dept. newsletter. Things are pretty much the same at Washington State. I am still Grad Program Director, and most of my research is in health economics, although I recently published a paper in *Sports Economics* called "Current Research on Managing Streaks in Major League Baseball."

I keep busy outside of work with my two kids, karate, cross country skiing, rafting, hiking and fishing. My son Jeremy is very much into soccer, while my daughter Emily is a wonderful violinist, and also plays the viola and piano. Despite a rapidly aging body, karate has become a passion, and I've been helping to teach it for about 2 years. And tell those who know, especially Herb Mohring, that for a getting-old guy I still play a pretty mean game of squash. I've sent a story about my rafting this summer. (See the full account at <http://www.econ.umn.edu/resources/alumni.html>.) I went twice, and they were the 2 closest times I've

come to being killed in the outdoors. Keep sending out those newsletters."

Jose Machinea ('83) was appointed as the Argentinian economics minister late last year. From *Latin Finance*, December 1999: "President Fernando De La Rúa appointed the urbane Jose Luis Machinea, a former central bank president, as economy minister. Although he was central bank president during one of Argentina's bouts of hyperinflation in the late 1980s, Machinea is respected in Buenos Aires as a sound economist who has the President's full confidence. Economists also head the foreign, defense and education ministries." Jose also accompanied the Argentinian president to Washington DC this last June, and was quoted as saying that the forecast for economic growth in Argentina this year has been downgraded from 4% to 3.5%. The revision was caused by Argentina's GDP growth of only 2.3% in the first half of the year. Machinea added that Argentina's economy is "recovering", along with that of Chile, Brazil and Uruguay.

Dale Domian ('87) joined the University of Saskatchewan as a professor of finance a year ago. He can be reached at domian@commerce.usask.ca.

Inbong Ha ('87) is visiting Minnesota until the end of August. His daughter is considering attending either Minnesota or Iowa State. Inbong is currently the director of the Research Institute of Economics and Business at Kyungpook University in Korea. He can be reached at ibha@knu.ac.kr.

Gerhard Glomm ('88) is moving from Michigan State to Indiana this fall. Fellow Minnesotan **Eric Leeper ('89)** helped recruit him.

Eva Ventura ('89) has received tenure at the Universitat Pompeu Fabra in Barcelona. She said, "I'm very happy about it since I really love working here."

Burkhard Drees ('89) is now in the Capital Markets and Financial Studies Division at the International Monetary Fund. He can be reached at bdrees@imf.org.

(Mario) Christian Aedo ('90) wrote from Chile last winter that he "will be a visiting faculty member for the Spring 2000 semester in the Economics Department at Georgetown University. I will join Mark Huggett and Roger Lagunoff for a "strong" Minnesota presence at GU."

Stephen Parente ('90) reports that he is now a father. "Magnus Carl Lawrence Berg Parente was born on April 18, 2000. I won't bother you with a photo unless you beg for one. I was becoming quite the avid bird watcher before my son was born. Now I am lucky if I can find the time to get a haircut. Parenthood is such a change. Talk about leisure going out the window. Days just fly by since there are so many things to do. Still, I would not want to imagine life without the little guy." Steve's other big news is that

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alumni news continued

his joint book with Ed Prescott, *Barriers to Riches* is due out on July 28th. It will be published by MIT Press and also translated into Spanish and French. Steve added that a reviewer of the manuscript wrote that the style of writing is a cross between Hemingway and a computer manual!

Bill Shobe ('91) wrote "I have finally reached a sufficient threshold of good news that I can write. First of all, my 8 year old's soccer team (which I now coach) had a 9-1 season last fall. How's that for a coach who only learned how to spell soccer? Seriously, I am now at the Virginia Department of Planning and Budget where I have been since 1995. This year I am also doing a bit of teaching on the side. I am teaching the graduate Natural Resource and Environmental Economics class at Virginia Tech. It's a bit of a drive from Richmond, but I'm having fun teaching the class and will use the money to paint my house. (The neighbors have all supported this decision.)

February was a big month for me. First, I received notice that I have received a Fulbright fellowship for teaching and research on how the changing property rights regime in the Czech Republic has affected the choices of instruments used for regulating environmental quality. Also in February I was promoted to Associate Director of my agency. I now oversee the operations of the Economic and Regulatory Analysis Section. We forecast a number of large state expenditure items and do cost-benefit analysis of all changes to regulations. We also do a number of special research projects as needed. We are the special advocates for efficiency in the design and operation of state regulations. It's lonely work, but virtuous.

My family is doing well. We are all excited about the trip to Prague and have started learning the rudiments of Czech. I'm still in close touch with Andy Brod; we are still working on getting our last paper together published. I see John Weinberg from time to time; he works just down the street at the Fed."

Shomu Banerjee ('92) and his wife Nina had a baby girl, Mahala Aruna Banerjee, on October 30, 1999. Mahala weighed 7 lbs.

Jose Miguel Sanchez ('92) started a new job this spring. "I write to tell you that starting on March 1, I have a new job as assistant professor of economics at Universidad Catolica de Chile, which is the university where I did my undergrad and where I worked as an instructor of economics for 2 years before going to Minnesota, so in a way it is something like going back home. My new e-mail is: jsanchez@volcan.facea.puc.cl."

Denise Hazlett ('92) sent this news: "I received a grant from the NSF to develop classroom experiments that demonstrate macro-economic topics. The project is supposed to start spring 2000, but I've gotten a bit of a jump on it. For instance, I've designed an experiment that illustrates the effect of unemployment compensation on unemployment rates and income disparity. Also, I

designed an exercise that illustrates the substitution bias in the Consumer Price Index. I've also run a classroom version of the Kiyotaki-Wright search experiment described by Duffy and Ochs. If anyone who teaches undergraduate macro classes would be willing to beta test some of the experiments from this project sometime in the next couple of years, please contact me at hazlett@whitman.edu. Or, if people have ideas of macro topics they'd like to see covered by an experiment, I'd appreciate hearing them."

Andy Brod ('92) wrote to us last summer after the last newsletter came out. "This fall, I have a new job at UNC-Greensboro. My business school has established an Office of Business and Economic Research, and I've been named the first Director. The Office's mission is to perform applied research in economic and business policy, with the work being done by me, a panel of affiliated economists, or whatever business faculty I can rope in to doing it. The overarching goal is public service, and I expect to work with government bodies, chambers of commerce, industry associations, as well as some private businesses. At this early stage, I'm mainly trying to get the word out to the community about the new office. I am currently serving on a couple of citizen's committees for the city of Greensboro, including one I'm chairing at the mayor's request to study something called a "living wage" ordinance (something like a minimum wage law that applies only to city employees and contract workers). Also sitting on that committee is another Minnesota alumnus, **Larry Morse ('68)** a professor at North Carolina A&T, which is also in Greensboro. And I've been hired as a regular columnist for the *Greensboro News & Record* <<http://www.thedepot.com>>.

Let's see, what else? I'm a member of the board of directors for the North Carolina ACLU. I teach Torah and Hebrew to bar/bat mitzvah students at my synagogue. This summer I climbed to the summit of Mt. Rainier for the second time. And I'm engaged to be married next May here in Greensboro. All in all, I'm a happy guy." Andy can be reached at: Andrew_Brod@uncg.edu

Donna Boswell Gilleskie ('94) wrote that her little boy Matthew turned two on November 1, 1999 and he really keeps her and her husband moving! Donna also said that her 1998 *Econometrica* paper ("A Dynamic Stochastic Model of Medical Care Use and Work Absence") won the Kenneth J. Arrow Award for the best published paper in 1998 on health economics, which was awarded by the International Health Economics Association (IHEA).

Shuhe Li ('94) reported that his paper entitled "The Benefits and Costs of Relation-Based Governance: An Explanation of the East Asian Miracle and Crisis" was recently listed on SSRN's Top Ten download list for the journal topic "Macroeconomics." SSRN stands for Social Science Research Network, and the address is <<http://papers.ssrn.com>>

Neelam Jain ('95) has moved from the University of Auckland to
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MINNESOTAMACRO

Larry E. Jones

This summer, for the first time, The Workshop in Macroeconomic Theory will be held at the University of Minnesota. It will be hosted by the Economics Department in conjunction with the Research Department of the Federal Reserve Bank of Minneapolis. This is a continuing series of workshops that is funded by the National Science Foundation and has been run by Larry E. Jones and Nancy Stokey for the past 12 years. This year, additional funding is being provided by the College of Liberal Arts and the Federal Reserve Bank of Minneapolis. In the past, it has always been held at Northwestern University, but the current plan is to move it to Minneapolis permanently.

Historically, the conference has concentrated on the latest developments in Macroeconomic Theory with a strong leaning toward the application of Dynamic General Equilibrium Theory to Macro. Given the topic, it has always had a fairly strong 'Minnesota' flavor to it.

This has been an exciting series over the years, attracting a great group of researchers, both young and old, at the forefront of this field. We hope that this tradition continues in the new location.

This year, the program committee is Narayana Kocherlakota (University of Minnesota) and Jaume Ventura (MIT). It will meet for 5 days, from August 1 to 5, and there will be 15 talks in total.

In addition to intellectual pursuits, a dinner is planned for Thursday night, a party for Saturday, and a barbeque hosted by graduate students is also in the works.

If you would like to receive more information on the conference and/or would like to see the preliminary schedule, please see our website at: <http://bayes.econ.umn.edu/macro/>.

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Rice University where she is in the Graduate School of Management. Neelam can be reached at jain@rice.edu.

Jane Ihrig ('95) moved recently to the International Finance Division of the Board of Governors of the Federal Reserve System. Her new e-mail is Jane.E.Ihrig@frb.gov. Jane was formerly at the University of Virginia.

Todd Kaplan ('96) got married on September 16, 1999 to Vered Louzon and they are moving to Exeter England. He has a new job in the Economics Department at the University of Exeter. Check them out at <http://www.toddkaplan.com>.

Kiho Yoon ('97) has moved from the KISDI (Korean Information Society Development Institute) to the Department of Economics at Sogang University in Seoul. His new e-mail is kiho@ccs.sogang.ac.kr.

Wenli Li ('97) had a daughter in September of 1999 named Julia. Wenli is still at the Federal Reserve Bank of Richmond.

ECONOMICSRESEARCHLIBRARY

Wendy Williamson

I continue to update the ERC library website and am S-L-O-W-L-Y getting more direct links up to institutions' working paper sites, as well as trying to make the site more useful by adding links to good economics pathfinders and writing tips for easier searching. My programmer who developed the ERC's database of working papers is working on making an internet-searchable catalog available through a Linux server. [We can't afford those fancy programs like InMagic].

Only one paper was distributed since the last newsletter. Contact wendy@econ.umn.edu if you'd like a copy of "R & D Composition over the Product Life Cycle," by Souresh Saha, Discussion Paper No. 309, December, 1999.

My second summer in air-conditioned comfort has been very good so far. I am trying to take off 3 days a week as vacation and spend more time at the Lake Minnetonka "cottage" that my great-grandfather built in 1887. The house was recently put on the National Historic Register (it is virtually the last "summer-only" home left on the lake not on an island). So far this summer I've had one wild party (it is a great party house), wall-papered the last bedroom needing work, and hosted a shower for a nephew's bride-to-be plus the annual family reunion on July 4th (this year 53 family members attended). The new roof was just (almost) finished the day before — it was something seeing the original shakes coming off the roof plus 3 additional asphalt layers. See the picture of it at <http://www.econ.umn.edu/~econlib/cottage.jpg>.

Starting July 1st I began my 1-year term as chair of the Civil Service Committee. This is a university committee representing 4500 civil service employees on all kinds of employment issues (compensation, benefits, work rules, staff recognition). I've served on the committee since 1995 and this will be my last year, but most likely the busiest!

Have a good (rest of the) summer!

alumni news continued

John Hatch ('98) reports that his wife Jenelle gave birth to twin boys on November 2, 1999. William Allen weighed 6 lbs, 13 oz, and Joseph Austin weighed 6 lbs, 9 oz.

Diego Restuccia ('98) is now at the University of Toronto in the economics department. He can be reached at diego.restuccia@utoronto.ca.

Dirk Krueger ('99) just received the first "Outstanding Teaching and Advising Prize" from the Economics Department at Stanford. "Apparently the Ph.D. students liked that I taught them the good stuff I learned from Tim Kehoe, Ed Prescott and Chari in Minnesota when I was a grad student. Hope all is well in Mecca (as Tom Sargent calls MN)."

NEW FACULTY

Marco Bassetto

Marco Bassetto has accepted the Department's offer, and will be joining us starting this fall. Marco is originally from Italy and was a graduate student at the University of Chicago. He has spent the last two years in the Economics Department at Northwestern University.

Marco works in Macroeconomic Theory, using Dynamic General Equilibrium Theory to address questions about social security and monetary policy, among other things. Among his more recent papers are one using a bargaining approach in a political economy model to construct a positive model of the change in the social security system that has been observed in the U.S. over the last 30 years, and foundational work on the fiscal theory of the price level.

The addition of Marco and our other hires this year makes Heller Hall the largest concentration of Italian culture in the U.S. outside of Brooklyn, a long standing goal of the department. Please join us in welcoming him.

Larry Jones

Cristina de Nardi

It is a pleasure to welcome Cristina de Nardi as an assistant professor to the department. Cristina graduated from the University of Chicago in 1999 with a Ph.D. in Economics under Tom Sargent's supervision. Her thesis deals with quantitative modeling of wealth inequality, the bequest motive and the distorting effects of estate taxation. For the last two years she has been an economist at the Chicago Fed. As you might guess, she is primarily interested in public finance and macroeconomics. She brings a rare mix of computational skills and theoretical strengths to the department. She is a wonderfully nice person to boot. What more could we ask for? As a sidelight, she is married to Marco Bassetto who is also joining us.

V. V. Chari

Erzo Luttmer

Erzo G. J. Luttmer has accepted our offer and will be joining the Department of Economics as Associate Professor of Economics in January 2001. Erzo was a Reader in Economics at the London School of Economics. He received his Ph. D. from The University of Chicago in 1992. Thereafter, he worked at the Kellogg Graduate School of Management at Northwestern University before joining LSE.

Erzo's past work is about the testing of asset pricing models in the presence of frictions like short-sales constraints. More recently, he has been interested in using asset pricing data to determine the empirical relevance of hyperbolic

discounting. As befits a world-class researcher in asset pricing, Erzo has a deep knowledge of econometrics, empirical methods, and general equilibrium theory. It is a pleasure to welcome him to the Department. (Please don't confuse Erzo with his cousin, Erzo F. P. Luttmer, who is a well-known labor economist!)

Narayana Kocherlakota

Aldo Rustichini

Aldo Rustichini has accepted our offer to hold the position in Political Economy and will be joining our Department as a Professor of Economics in January 2001. At the University of Minnesota, he will also interact with the Political Science Department, to help propel forward the newly established Political Economy program. It may surprise some of us that Aldo is actually coming back to his "alma mater", as he received a Ph.D. in Mathematics from the University of Minnesota in 1987. After two years as a post doc at Bell Labs, he moved to the Economics Department at Northwestern University as a tenure track Assistant Professor. Since then, Aldo has moved quite a bit, here and in Europe. He has been an Associate Professor at NYU, a Research Professor at CORE (Louvain, Belgium) and at Tilburg University (The Netherlands), and a Professor of Economics at Boston University during 1999-2000. Aldo's work covers many areas of mathematical economics and economic theory, as even a cursory check at his impressive CV will prove. In the last few years, though, his attention has concentrated more and more upon dynamic games of asymmetric information, decision theory and political economy. We anticipate he will have a big impact on our graduate program, especially in the areas I just mentioned and that he will help broaden the spectrum of research topics in which Minnesota Economics has made important pathbreaking contributions. And, given that he is coming "back home", we also assume he will take a rest and not move around for a while.

Michele Boldrin

Julia Thomas

Julia K. Thomas joins our faculty this fall from Carnegie Mellon University, where she has been an assistant professor for the past two years. Julie received her Ph.D. from the University of Virginia in 1998. She has done exciting work on general equilibrium business cycle models. Her recent paper "Is Lumpy Investment Relevant for the Business Cycle?" shows that most of the volatility of aggregate investment claimed for models in which firms follow (S,s) investment rules disappears when these firms are properly modeled in a general equilibrium environment. Julie will be a welcome addition to our macro group.

Tim Kehoe

A MINNESOTA-BOLIVIA CONNECTION

Julio Barragan

One of the things that surprised me most when I first came to the United States was the amount of things that were thrown away. In particular, I couldn't help noticing those books or journals that were being trashed every once in a while. I used to say to myself, "I'm sure there are things in there that could be very useful to many people back in Bolivia". To get an idea of how natural this feeling can be for someone coming from a country like mine, just consider the fact that no Bolivian institution, be it public or private, owns a collection of a decent economics (or any other) journal, such as *The American Economic Review*.

This went on for several months until I realized I had a great opportunity to do something about it (although it was not clear at the time what exactly this "something" would be). At first I just gathered material from here and there trying to select what I thought would be most useful. As I accumulated more and more material the need for a cheap way to ship it to Bolivia became evident. And so I started to make enquiries on this issue among friends. I finally heard of a small Minnesota-based non-profit organization ("Mano a Mano") that collected and shipped used medical equipment to Bolivia. I contacted the president of this institution and he agreed to ship a (more than) fair amount of books and journals every year for us; this he agreed to do for free!

This meant business for me and my wife Claudia, who by that time I had already talked into the "project". We identified the need to institutionalize whatever effort we made so that once we go back to our country the "project" would take a life of its own. We decided to create two independent non-profit organizations; one in Minnesota and the other in Bolivia. The Minnesota-based organization would collect and ship material to Bolivia. The other would be in charge of receiving the material and distributing it to carefully selected libraries.

The Bolivian non-profit organization was recently created under the name of "Nuevo Milenio" (spanish for New Milenium). This was a great achievement for us. Many people helped in this process; some of whom I still haven't had the chance to meet personally. We have also selected two libraries in the city of Tarija as depositories for the donated material. The first is a general purpose library that belongs to a non-profit organization that teaches English ("Centro Boliviano Americano"). We are thinking of taking our economics literature to this library, but first would like to agree on some specific policies that this library should have towards poorer students. The second is a small math library

owned and administered by two outstanding human beings that deserve to be mentioned here: Javier and Fatima Belmonte, who are high school math teachers. The lack of teaching material and the overwhelming educational needs in Tarija led them to open their small private library to the public (I might add here that a typical high school teacher earns an average wage of US\$ 200/month). Their library soon became very popular among high school and university students. But the Belmontes' efforts go way beyond this great achievement. They organized the first (and all subsequent) math olympiads in Tarija in 1993. Since then they have prepared young math students (most of whom come from very humble backgrounds) who have systematically won the first prizes every year, not only in the national math olympiads, but also in the Iberoamerican Math Olympiads (which encompasses all Spanish speaking countries in the world). This success story has even caught the attention of renowned leaders in the field such as Prof. Escalante (subject of the 1988 movie *Stand and Deliver*). The influence these two individuals have on their students lives, as well as on other teachers in the region, is impressive.

With the Belmontes we have set a very specific goal: to collect books needed to build a minimal math library at the college/undergraduate level; where "minimal" means all books included in either of books edited by Lynn Arthur Steen (1992): *Two-year College Mathematics Library Recommendations* or *Library Recommendations for Undergraduate Mathematics*, both published by the Mathematical Association of America.

Back here in Minnesota, although we haven't yet officially created the non-profit organization, we think we have found a great group of people that are willing to put their effort and time into this "project" in order to ensure its future growth. This was an important and delicate step for us. I have to acknowledge in particular the help from Juan Carlos Justiniano, President of the Bolivian Association in Minnesota, and his great family (they have even provided us with some badly needed storage space). Now it's just a matter of time before we get the paperwork of our Minnesota organization approved by the Secretary of State. This will pave the road for a more systematic and, hopefully, more effective way of soliciting donations.

And last, but certainly not least (as a matter of fact, most importantly), there are all those great people that have contributed in one way or another to collect books and

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NOTES FROM THE INCOMING CHAIR

Ed Foster

I think it was my old teacher Charlie Kindleberger who told this story in his textbook to explain comparative advantage: Night club owner and showman Billy Rose was a champion typist, but it still made sense for him to hire a secretary to type his letters more slowly and with more mistakes than he could have done himself. His comparative advantage was as a showman even though he had an absolute advantage in both jobs.

In the same way it makes sense for Chari, who has been a superb chair for the past three years, to step aside so that he can write more, even though he has an absolute advantage in both jobs.

Chari has headed the department through a period of financial pressure and (for us) high turnover. The time when rumors are swirling about possible departures is not an easy time to recruit new faculty. Yet Chari managed to recruit nine first-class new faculty while retaining key members of the department who would have represented huge losses had they decided to leave. The new recruits have included

five tenured professors (Narayana Kocherlakota in 1998, Michele Boldrin and Larry Jones last year, Erzo Luttmer and Aldo Rustichini coming in January) and four assistant professors (Andrea Moro in 1998, and Marco Bassetto, Christina DeNardi and Julie Thomas, profiled in this newsletter).

Though personnel issues were demanding most of his time, Chari developed an outreach program to the business community with a Minnesota Roundtable (breakfast meetings with speakers who focused on policy issues) and a series of columns in the St. Paul Pioneer Press. And he successfully continued the fund-raising initiatives that Craig Swan had developed previously.

I am confident that these accomplishments won't be matched in the next three years; but on the other hand neither will the papers he now has time to write. On behalf of the department, my thanks to Chari for three years of great leadership.

AU REVIVOR

V. V. Chari

With this issue of the newsletter, I am stepping down as chair of the department. It has been a rollicking 3 years. When I asked Cathy Bach, our inestimable office manager what I should say, she told me 'Ciao, Baby' was unacceptable. So here goes a longer farewell. The last 3 years have been stressful years for the department (unlike, of course, the preceding 30! HA! HA!). We have gone through a fair amount of turnover, as have all departments across the nation. But I am confident that our best days are ahead of us. Every visitor to Minnesota marvels at our energy, enthusiasm and sense of fun, not to mention the

remarkable youth of our faculty. This is still the greatest department in the world and I am proud to have served it for 3 years as chair. I might even have continued but for my conviction that the department needs fresh administrative leadership every few years. The original designers of the department constitution correctly saw fit to ensure that the department needs all of the faculty to be leaders in research and teaching and saw the chair's job as one of serving the department as chief administrator. Thank you for letting me be of service. God bless Minnesota Economics! Ciao, Baby.

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journals here in the Twin Cities and elsewhere in the US. Without them we would have not gathered any of the more than 3000 volumes accumulated in this year alone. We have benefited from great ideas such as Louise Letnes' yearly used-book sale at the U of M Applied Economics Department, the almost monthly donation of new journals from the Fairview Riverside Medical Sciences Library thanks to its Manager, Mr Michael Scott, and also to Isaura-Maria Brandt, and in particular the donations and continuous help and guidance from Wendy Williamson of the Econ Department, among many others. Take the case of our economics literature for instance: we presently have the almost-complete collection of the journals *American Economic*

Review, Journal of Political Economy, Journal of Economic Perspectives, American Journal of Agricultural Economics, and many others, as well as many great textbooks at the graduate and undergraduate level.

All these efforts have a purpose which is to help increase the quality of education, research, and policy-making in Bolivia. So next time you're out of shelf space or just want to get rid of some old journals and books, please give us a call. The best way to get in touch with us is by writing an e-mail to barr0200@tc.umn.edu.

Julio Barragan is a graduate student in the Department of Applied Economics at the University of Minnesota.

Heller Dedication from Page 1....

stantly interrupted with outside telephone calls (Hubert Humphrey, the White House, a congressman, The Wall Street Journal), his secretary (an appointment, change in travel schedule), and/or a sudden thought that popped into his head that he needed to jot down before it escaped him. Yet, in the midst of all this seeming chaos, he came right back to where we had dropped the conversation. He was invariably generous with his time and apologetic about the interruptions. Never before or since have I seen anyone so deftly handle multiple agendas, from weighty matters of fiscal policy to minute details...Jimmy Carter also mastered this skill but I take my hat off to Walter Heller as topping the President on this score.”

Orville Freeman, governor of Minnesota from 1955-61 and U.S. Secretary of Agriculture from 1961-1969 sent in a number of memories about Walter including this one: “ When President Johnson called his first cabinet meeting after the assassination of President Kennedy, Walter and I heard Johnson’s plans to submit to Congress a budget cutback from the one we had been proposing to the President. As liberals Walter and I were disturbed and shared

concerns with each other as we walked out of the White House. Said Walter, “Do you think he’ll really follow through on these cutbacks?” I said, “Let’s go ask him, why and how.” We were pleasantly surprised to be invited right into the President’s office. After a brief exchange Johnson said to us, “Do you want to see Nixon sitting in that desk chair? If you liberal guys will just help me get to Congress a budget under the current one we can win the 1964 election and then you’ll see the damndest program ever to help the needy people of this country.” Walter and I stayed on and were proud to be promoters of the Great Society. Walter understood politics as well as economics. I was fortunate to know him as a friend and advisor.”

During the dedication, the department was given the original of the 60s *New Yorker* cartoon drawn by Alan Dunn. It shows a couple sitting on a sofa, each reading a newspaper. The woman remarks, “I don’t know a darn thing about Walter Heller. I just like to know he’s there.”

We at Minnesota are certainly glad he was here.



The portrait that is located on the first floor of Heller Hall.

This Building is Dedicated to the Memory of

Walter W. Heller

*Educator, Economist, and Public Servant
University of Minnesota*

1946-1986

Regents Professor

1967-1986

*Building Constructed 1961
Dedicated September 17, 1999*

The text of the plaque located on the first floor of Heller Hall.

Scenes from the Minnesota Workshop in Macroeconomic Theory



RECENT BOOKS BY ALUMNI

Nonparametric Comparative Statics and Stability, by Douglas Hale, George Lady, John Maybee and **James Quirk ('59)**. Princeton University Press, 1999.

The Institutional Foundations of East Asian Economic Development: Proceedings of the IEA Conference held in Tokyo Japan, edited by Yujiro Hayami and **Masahiko Aoki ('67)**. St. Martin's Press, for the International Economic Association, 1998.

Mathematical Methods for Economic Theory, 2 volumes, by **James C. Moore ('68)**. Springer-Verlag, 1999.

Trade, Theory and Econometrics: Essays in Honor of John S. Chipman, edited by **James R. Melvin ('66)**, **James C. Moore ('68)** and **Raymond Riezman ('77)**. Routledge, 1999.

Corporate Governance in Central Eastern Europe: Case Studies of Firms in Transition, edited by **Josef C. Brada ('71)** and Inderjit Singh. Sharpe, 1999.

An Introduction to the Mathematics of Financial Derivatives, 2nd edition, by **Salih N. Neftci ('77)**. Academic Press, 2000.

Policy Reform in American Agriculture: Analysis and Prognosis, by **David Orden ('84)**, Robert Paarlberg and Terry Roe. University of Chicago Press, 1999

The Labyrinth of Capital Gains Tax Policy: A Guide for the Perplexed, by **Len E. Burman ('85)**. Brookings Institution, 1999.

Remembering Jane, from Page 2

Jane is dead and nothing can fill the emptiness she left behind. She strived to be different in life; she chose to be different also in death. Commoners like me can only offer a thought, once in a while, to help her climb peacefully toward immortality.

June, 2000.

Editor's note: Fabio is trying to raise money to fund a Jane Marrinan Fellowship for a graduate student to study at the Universitat Pompeu Fabra every year. If anyone would like to contribute or suggest some institutions or associations that may be interested in supporting this initiative, please contact Fabio Canova at canova@upf.es.

AIRPLANE IV

Dave Emery ('69)

This isn't news, but it deals with the newsletter's interest in the memo on "paper airplanes". I tried to get my wife, **Mary Ann Holliday Emery**, to respond since she was part of the airplane group, but she declined.

When Mary was a grad student in Economics at the U, she shared an office on the 11th floor of the Business Tower with **Alan Kirman**, a student from the UK, and **Deiter Novak**, a student from Germany. There was always a certain amount of good-natured nationalism exhibited in the office, which took many different forms.

One day in an idle moment, one of the guys folded a paper airplane and sailed it out of an open window, into the pit which was to become the lower floors of Wilson Library. This of course prompted a competitive response regarding airplane technology, the merits of the RAF versus the Luftwaffe for those old enough to remember WWII, and the science of folding paper airplanes. The competition soon progressed to daily flight trials, embodying the latest in airplane design and materials, and witnessed by a growing number of grad students. The best material was an IBM machine-read answer sheet which cost about a penny apiece, back when a penny was still money. Design honors invariably went to Deiter Novak, whose planes won both distance and duration of flight contests. Creativity honors went to Alan Kirman, as he sought to overcome the technical superiority of the German design. US citizens will be pleased to know that the USAF, as represented by Mary, won the grand prize. One of her planes circled the Business Tower, followed by a group of grad students who ran from office to office in order to follow its progress, and then the plane headed across the river and disappeared behind the smokestacks on the East Bank. It was a proud moment for America, and a feat that was never equaled.

A second story deals with afternoon tea, a custom that Alan instituted. A small group of grad students would gather in the Novak-Kirman-Holliday office each day about 4:00 p.m. while Alan would prepare and pour tea. One day, soon after the custom was initiated, Deiter instructed Alan, "Don't fill my cup full; I'm going to add sugar." Alan filled the cup full, and responded in his best British tones, "As any British schoolboy knows, the sugar goes into solution and does not take any space in the teacup." Deiter picked up the sugar bowl, emptied it into Alan's teacup spilling tea in every direction, and commented, "So much for a British education."

FROM THE ARCHIVES

Wendy Williamson

We've Come a Long Way, Baby....

This memo was sitting in a desk that I used for many years, and was too cute to throw away:

DEPARTMENT OF ECONOMICS
UNIVERSITY OF MINNESOTA

September 29, 1975

MEMO TO: N.J. SIMLER (WITH COPIES TO THE MEMBERS OF THE DEPARTMENT)

FROM: THE UNDERSIGNED

CONCERNING: THE WOMEN'S RESTROOM

Some facts:

- *85 men & 21 women have offices on the 9th, 10th and 11th floors
- *There are 9 usable restroom spots for men (3 restrooms with 3 usable spots on each floor)
- *There is 1 usable restroom spot for women - on the 10th floor
- *The proportion is unfair

Besides, the women of the 9th and 11th floors have to go to the 10th floor which is inconvenient and it is not feasible to go to the 8th floor since they have no restroom for women.

This discrimination is very uncomfortable for us, so we don't know any reason why immediate measures are not taken to alleviate this problem. Otherwise, we will go to the men's restroom. After all, we have all seen adult men facing the wall.

Paulina Beato	Delma Burns
Sue Corbin	Jan Onsager
Jo Ann O'Keef	Georgia Reay-Cartwright
Pat Kaluza	Neela or Zeela (?)
Margaret Hagert	Anne O. Krueger
Helen Tauchen	Karen M. Frederickson
Sandy Shovein	Carol Norling
Glendora Andre	Fran Millury (?)
Sandy Swanson	Lauren Dillard
Grace Wilson	Carol Such

I'm pleased to report that we've finally achieved gender potty equity. The current census of the restrooms on the 9th, 10th, 11th, and now 12th floors is 3 women's restrooms, 3 men's restrooms and 2 unisex restrooms.

The newsletter is now published once a year.

Editor: Wendy Williamson

Design and Layout: Caty Bach

Many thanks to all alumni who have sent in items and to the faculty we have bribed copiously to write copy!

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Spring/Summer 2000**

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RETURN SERVICE REQUESTED