

Economist's Economist Takes Prize

by Judy Woodward

As a graduate student at the U in the early 1960s, Daniel McFadden completed a special interdisciplinary doctoral program that required a sophisticated understanding of disciplines across the social sciences.

The program was so demanding that McFadden was one of only two students in the history of the economics department ever to finish it.

So it came as no surprise to his old mentors at the U when McFadden (B.S. physics '57, Ph.D. economics '62) was named the 2000 cowinner of the Nobel Prize for Economics, sharing the prize with University of Chicago economist James J. Heckman.

The two were honored for their individual contributions to microeconometrics, the branch of economics that weds economic theory to statistics. Theories and methods each has developed are used widely to analyze and predict the economic behavior of individuals, households, and firms.

Designing engineer

Currently the E. Morris Cox Professor of Economics at the University of California at Berkeley, McFadden describes himself as "a real Minnesota product" who is "basically an engineer who designs things. I'm intrigued by puzzles and I'm a problem solver. In economics, I design statistical tools that [get] used quite a lot."

One of McFadden's most significant accomplishments lies in an area of microeconomics called discrete choice

analysis. Using a technique called "conditional logit analysis," he introduced a method of excluding random data that could otherwise invalidate the results of research into what he calls the "big life choices."

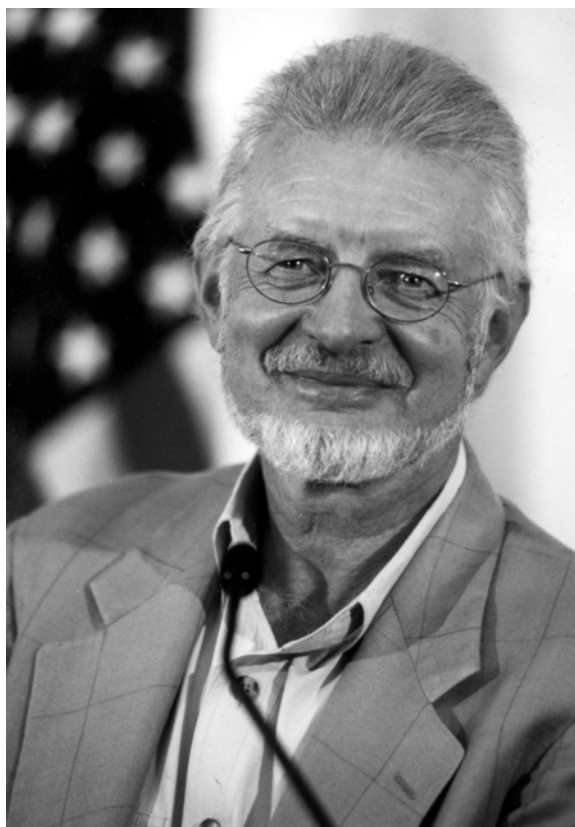
McFadden's statistical tools can be applied to great many different economic problems. In that sense, McFadden is "an economist's economist"; his modeling techniques have been widely adopted by others in the field. And using his own methods, he has studied issues as diverse as residential energy demand, the construction of the [San Francisco] Bay Area Rapid Transit system, and housing choices among the elderly.

A scientist by training, McFadden has nonetheless always taken an interest in social issues. In 1953, as a high school junior in his North Carolina birthplace, he was suspended from school for organizing a petition drive on what he calls "a civil rights issue," the right of students to go off campus during school hours.

Southern school districts of that era were in no mood to tolerate student activism, and the young

McFadden quickly found himself heading north—without a diploma—to an uncle's dairy farm in Buffalo, Minn. Soon after, at age 16, he passed an entrance exam that allowed him to enroll at the U.

As an undergraduate at the U, McFadden channeled his broad interests into interdisciplinary work, studying psychol-



McFadden continued.....

ogy in CLA while completing a physics major in IT. One of his part-time jobs was to program the card-sorters for the Minnesota Multiphasic Personality Inventory (MMPI), a standardized test developed by University psychologists in the 1940s.

Working with the MMPI piqued McFadden's curiosity about the statistical measurement of human choices and aspirations. "I got interested in how you could hope to measure people's personalities," he says. The multidisciplinary doctoral program was a natural next step.

McFadden's graduate adviser, Regents Professor Emeritus of Economics Leonid Hurwicz remembers, "McFadden had tremendous self-discipline, ability, and originality. He also took advantage of the very good training you could get at Minnesota... both in [economics] and in statistics."

John Chipman, Regents Professor of Economics, easily remembers his young research assistant as a student of "immense integrity, as well as brilliance. He was an all-around fine person and very obviously the star that year among all the graduate students."

Chipman and Hurwicz were among the economists and social scientists at the U who, says McFadden, "made me what I am."

McFadden's continuing fascination with people and their choices underlies many of his professional accomplishments. The Royal Swedish Academy of Sciences noted that a recurring theme in McFadden's research is "his ability to combine economic theory, statistical methods, and empirical applications, where his ultimate goal has often been a desire to resolve social problems."

Passionately committed to the work that has made him a star, McFadden remains engagingly unchanged in many ways from the unassuming, hard-working young man that his former professors remember. Asked about winning a Nobel Prize, he says, simply, "The best thing was it allowed me to get in contact with students that I'd lost touch with—not to mention a whole bunch of North Carolina cousins that I hadn't seen in years."

(Reprinted from CLA Today Spring 2001.)

Editor's Note:

Dick Newcomb ('65) would like to get a group of MN alumni together to attend the Nobel luncheon for Dan McFadden at the ASSA meetings in early January. Please contact Dick at newcomb@ag.arizona.edu for details, and be sure to attend the MN cocktail reception as well!

Free Lunch with a Nobel Laureate in Economics

by Tapen Sinha ('86)

For the year 1997, the Paul A. Samuelson Award for Outstanding Scholarly Writing on Lifelong Financial Security was awarded to the book "The Econometrics of Financial Markets." (Princeton University Press, 1997) by John Y Campbell, Andrew Lo and A. Craig MacKinlay. The prize was awarded at the Annual ASSA meeting in early 1998 by TIAA-CREF. I bought a copy of the book at the conference. People from the TIAA-CREF were handing out invitations at their booth at the conference for the presentation ceremony and lunch. Not being able to resist the temptation of a free lunch (I know, it was not free, I had to factor in the opportunity cost of time), I took the bait.

When I arrived there, the huge room with two dozen tables was virtually empty. The organizers were somewhat embarrassed by the lack of response (even though they managed to hand out all the invitation cards). To make matters worse, Paul Samuelson himself was there to present the award. As a result, the organizers from TIAA-CREF were scrambling to fill up the tables. There were about a dozen seats at each table. At the first table, where

all the three prize winners, Paul Samuelson, John Biggs (President of TIAA-CREF) and one other TIAA-CREF person were present, many other seats were vacant. In a few minutes, Stan Fischer, Rudi Dornbusch and Larry Summers joined in. It still left a few seats. I happened to be at the right place at the right time. Thus began my free lunch with Paul Samuelson.

He sat down with his cane by his chair. The first thing he said to the winners was that he could not understand their book. It was too difficult for him! He therefore decided not to put the book on the coffee table at his house. Andy Lo said he was very surprised (and happy) to hear that Samuelson had difficulty in understanding their book.

In the finance literature, it is well-known that the terms American option and European option were coined by Paul Samuelson ("Rational Theory of Warrant Price," *Industrial Management Review*, Spring 1965, pp.13-39). He told us the story why. I have never heard or seen it before (or since).

Continued next page.....

Free Lunch continued....

He was working part time at a very large financial house in Wall Street (in the early 1940s). He was trying to figure out pricing of certain financial instruments with option like features. The logical answer he came up with did not match with the market prices. He asked one of the big bosses of the company. This man, who happened to be a European, told Samuelson, "To understand the pricing, young man, you have to have a European frame of mind." Samuelson was really irked by that comment. So, when the

time came to name the options (two decades later), he decided to take his revenge. He called the option that could only be exercised on the day of the expiration - the European option and the option that could be exercised any day on or before expiration - the American option. Thus, an American option has more flexibility than a European option!

The names have stuck. Everybody in the financial industry knows what an American and a European option is. Few people know Samuelson coined them as a revenge!

Those Strips of Yellowing Paper on the Ceiling of the Grad Lounge on the Tenth Floor
by *Tapen Sinha ('86)*

Recently (August 2001) I happened to visit the Economics Department. I was waiting in the Grad Student Lounge when I looked up at the ceiling. There they were: strips of yellowing paper on the ceiling! And the memory flooded back to me.

Back in 1980, there was a quarter time scholarship allocated for a grad student who "managed" the lounge: set up the coffee machine every morning, bring in the newspapers and so on. It was not considered a desirable job. Thus, typically somebody volunteered. However, it was supposed

to be an "elected" position. All the grad students were eligible to vote. That year, there was a Spanish speaking candidate. I decided to run against him! I put up a series of posters written on newspaper style paper and hung them in the grad lounge so that everybody knew that there was a contest that year. I suspect most of the native Spanish speakers voted against me! I lost. I took down the posters. But I could not scrape off the bits from the ceiling tiles. The memory of my bitterly lost election still hangs from the ceiling of the grad lounge!

Recent Books by Alumni

Barriers to Riches, by *Stephen L. Parente ('90)* and Edward C. Prescott. The MIT Press, 2000.

Communities and Markets in Economic Development, edited by *Masahiko Aoki ('67)* and Yujiro Hayami. Oxford University Press, 2001.

Consumption Tax Policy and the Taxation of Capital Income, by *Raymond Batina ('85)* and Toshihiro Ihuri. Oxford University Press, 2000.

The Economics of Network Industries, by *Oz Shy ('86)*. Cambridge University Press, 2001.

Finance, Governance, and Competitiveness in Japan, edited by *Masahiko Aoki ('67)* and Gary R. Saxonhouse. Oxford University Press, 2000.

The Future of Economics: an Islamic Perspective, by *M. Umer Chapra ('61)*. The Islamic Foundation, 2000.

Infinite Dimensional Analysis: a Hitchhiker's Guide, 2nd ed,

by Charalambos D. Aliprantis and *Kim C. Border ('79)*. Springer-Verlag, 1999.

Pension Reform in Latin America and its Lessons for International Policymakers, by *Tapen Sinha ('86)*. Kluwer Academic, 2000.

Recursive Macroeconomic Theory, by *Lars Ljungqvist ('88)* and Thomas J. Sargent. The MIT Press, 2000.

Forthcoming: The Economics of Barter and Countertrade, edited by *Rolf Mirus ('73)* [School of Business, University of Alberta] and Bernard Yeung [NYU], (Int'l. Library of Critical Writings in Economics Series), Edgar Elgar, Dec. 2001.

"The volume contains 24 articles, including several by the editors, from early scepticism (1974) to recent sophisticated theoretical models and empirical evidence (1998). Best regards from sunny Alberta, where your dollar buys 25% more, Rolf Mirus (paper airplane specialist.)"

In Memoriam
Arijit Mukherji
1962-2000

by *Andy McLennan*

The Economics Department suffered a terrible loss last fall when Arijit Mukherji died suddenly, at a tragically young age. Although Ari did not have an official appointment in the Department, he was an active participant in its life, both intellectually and socially. He was regarded by all members of the faculty as an important colleague, and he was a mentor of a great many of our graduate students. For all of us he was a wonderful friend.

A native of India, after undergraduate work at the University of Calcutta, Ari did his doctoral studies at the University of Pittsburgh and joined the faculty of the Carlson School of Management's Accounting Department in 1990, where he remained throughout his career, rising to the rank of Associate Professor in 1997. He was a leader in the area of experimental economics, and did extensive research concerning incentive issues in managerial accounting, auditing, and financial disclosure. His many collaborators from the Economics Department include Jesus Fernandez-Villaverde, Steve Gjerstad, Jim Jordan and Todd Kaplan.

Ari's tastes in economics were very much in line with the ethos of the Economics Department: he placed high value on fundamental contributions, and he had a passionate concern with rigor that seemed to flow out of an insistence on thorough and exact understanding in his own education.



He was an outstanding judge of quality across a wide range of fields, with a keen sense of how work might be improved. Naturally, many sought his advice, and he gave generously. It is widely believed that during the five years preceding his death he served on more preliminary and final oral examining committees of Economics students than any Economics Department faculty member, probably by a wide margin.

Perhaps because stereotypic MBA students have little interest in rigor, it was a bit of a surprise when I learned, after his death, that he had been an extremely popular MBA teacher. He was the Curtis Cup Outstanding Teacher of the Year in 1993, 1996, 1997, and 1998. In 1997 he was voted Professor of the Year by the Full-time Day MBA class, and the Carlson Executive MBA class of 2000 honored him with a Lifetime Teaching Award. (It came as no surprise to me that he was an excellent teacher, and it is not at all remarkable that I never learned of these honors by talking to Ari himself.) The depth of his impact was evident at the memorial service held in his honor, which was attended by hundreds of students, colleagues, and friends, many of whom traveled hundreds of miles. Perhaps most of those present had not previously fully appreciated the extent to which he excelled in every aspect of academic life. He will be greatly missed.

In Memoriam
Walter Perrin Heller
1942-2001

Walter P. Heller of the University of California-San Diego died on March 2, 2001 at the age of 59 from pancreatic cancer. The son of Walter W. Heller, he was born in Madison, Wisconsin and grew up there and in Minnesota. Heller attended the University of Minnesota as an undergraduate, receiving a B.A. in Mathematics in 1964. He then received a Ph.D. in economics in 1970 at Stanford University under the thesis supervision of Kenneth J. Arrow.

From the UCSD press release:

"Heller joined the UCSD Department of Economics faculty

in 1974. He was previously a member of the faculty of the University of Pennsylvania Department of Economics. At UCSD, his activities centered on research, teaching, and campus land use planning. He was well known in the UCSD Academic Senate for his chairmanship of the Campus Community and Environment Committee, helping to direct comprehensive planning for construction and development of the campus. Among his economics students, Heller had a devoted following. Colleagues regarded him as an "economist's economist," the one you discuss problems with when the textbook won't solve them.

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Faculty News

New Faculty

Sam Kortum

Sam Kortum did has graduate training at Yale, where he was supervised by Ariel Pakes. He finished his Ph.D in 1992 and joined the faculty at Boston University, where he remained until he joined our faculty this fall.

Sam's recent work is at the interface between international trade industrial organization and technology and international trade. This is up and coming research area and Sam is a pioneer in this area. Along with his coauthor Jonathan Eaton, he has developed a new model of international trade that incorporates both geography and heterogeneity across firms. With this new model, he is reconsidering basic issues in trade, such as the measurement of the welfare gains from reductions in trade barriers. He is also an expert on the economics of patents and technical change.

-- Tom Holmes

Zvi Eckstein

We are delighted to welcome Zvi Eckstein back home. Zvi graduated with a Ph.D. in Economics from the University of Minnesota in 1980 and has joined us as a Professor of Economics in the Fall of 2001. He has been on the faculty at Yale, Carnegie-Mellon and Tel Aviv.

Zvi's interests range far and wide: from studying the behavior of cotton farmers in Egypt to young American high schoolers to Israeli bankers. His more recent work has been on labor markets and he is widely considered one of the deepest thinkers in the area. Zvi was made Fellow of the Econometric Society in 2000.

Zvi is married to Dassie and has 3 children - Galia 23 , Guy 18 and Gil 11.

Welcome back Zvi!

-- V. V. Chari



Marco Bassetto and Cristina di Nardi are very happy to announce the birth of their son, Tommaso born September 10, 2001. He weighed 7 lbs. 9oz. and is doing just great.

Vern Ruttan has a new book out by Oxford University Press: *Technology, Growth and Development: An Induced Innovation Perspective*.

Economics Research Library

by Wendy Williamson

As of July 1, 2001 my stint as chair of the University-wide Civil Service Committee came to an end. We dealt with a lot of important issues and met with President Yudof on two occasions. The most pertinent issues for University civil service employees this year were a change in our health plan (the U decided to separate from the State of Minnesota), and a comprehensive review of exempt and non-exempt classifications (particularly regarding overtime) to conform to the Fair Labor Standards Act. I was also very actively involved in the 3rd annual Staff Day, a staff recognition event where we provide a free lunch, entertainment, and a gift for union and civil service employees. We again sponsored a contest, "The Top Ten Departments to Work for" and I'm happy to report that the Department of Economics won LAST year, in 2000. Since "retiring" from the committee I've changed the library office around and have been slogging through the archives (see "From the Archives").

In the library, I've been working on expanding the library

webpage to include more direct links to working papers by institution. See "Wendy's Working Paper Website" at www.econ.umn.edu/~econlib. Please let me know if your institution has a w.p. website that should be added.

Three papers have been issued since the last newsletter and all should be available at www.econ.umn.edu/~econlib/mwp397.html.

310) Tianshu Chu. *Vertical specialization with heterogeneous entrepreneurs: can trade promote industrialization of developing countries?* January 2001. 27p.

311) Nyman, John. *The theory of the demand for health insurance*. March 2001. 36p.

312) Leonid Hurwicz & Marcel K. Richter. *The second welfare theorem of classical welfare economics*. August 2001. 36p.

Hope you all have a productive and interesting academic year!

ALUMNI NEWS

Yoshihiko Otani ('69) has moved from the University of Tsukuba to Kyushu Sangyo University in Fukuoka Japan. He can be reached at otani@ip.kyusan-u.ac.jp.

Beth Ingram ('86) was promoted to full professor at the University of Iowa, effective July 1st. Her e-mail is bethingram@uiowa.edu.

Rich Barnett ('89) is moving from the University of Arkansas, where he once helped Sam Walton's billionaire sister to find her way across campus, to Southern Methodist University in Dallas. He can be reached at rbarnett@smu.edu.

Eric Leeper ('89) wrote, "Susan Monaco and I had our second child on January 31, 2001. Her name is Sydney Elizabeth Leeper. We call her "Happy" because she's all smiles and coos. She also has blue eyes, which leads Susan to wonder who the mother is. Sydney's brother, Sam, is 3.25 years old (this summer). Sydney adores Sam. Sam usually adores Sydney."

Harald Uhlig ('90) has moved to the Department of Economic Policy at Humboldt-Universitat zu Berlin. His new e-mail is uhlig@wiwi.hu-berlin.de.

In-Uck Park ('93) has moved to the Department of Economics at the University of Pittsburgh and can be reached at ipark@pitt.edu.

Donna (Boswell) Gilleskie ('94) sent this note from North Carolina: "The work-related news is that I received tenure at UNC-Chapel Hill as of August 1, 2001, and am now an associate professor. On the homefront, Gary and I had a second baby boy on March 23, 2001, named Drew. Although I had a scheduled C-section after 40 weeks of an uneventful pregnancy, Drew was injured at birth and had to spend six weeks in the neo-natal Intensive Care Unit at UNC. He had multiple blood transfusions due to internal bleeding and suffered multiple system organ failure. We almost lost him. Then, at 2 weeks, he had a cardiac arrest and the docs had to perform CPR for about 30 minutes. We almost lost him again. But he is now home with us and recovering well. He has some problems (liver problems and high blood pressure) but he appears to be doing well."

Chongwoo Choe ('94) has moved from La Trobe University to the University of New South Wales. His e-mail is now c.choe@gsm.edu.au and he is in the Australian Graduate School of Management.

Ted Herzog (MA '95) wrote that he and his wife Amy bought a house recently in south Minneapolis close to Lake Harriet and are expecting a baby boy by Thanksgiving. Ted is "still loving Dorsey" (he attended Stanford Law School after leaving Minnesota and now works for the DorseyWhitney law firm in Minneapolis).

Karine Moe ('95) was promoted to Associate Professor with tenure at Macalester College this summer. She can be reached at moe@macalester.edu.

Francois Ortalo-Magne ('95) has taken a visiting Associate Professor position at the School of Business at the Univ. of Wisconsin-Madison for the next two academic years. Francois will be in the Department of Real Estate and Urban Land Economics, and can be reached at ortaloma@yahoo.com.

Andres Erosa ('96) has moved from Western Ontario to the Universidad Autonoma de Barcelona. His e-mail is andres.erosa@uab.es.

Betsy Caucutt ('97) has relocated for this year to the Marshall School of Business at the University of Southern California and is living in Santa Monica. Her e-mail is caucutt@marshall.usc.edu.

Wenli Li ('97) has moved from the Richmond Fed to the Board of Governors of the Federal Reserve in Washington and can be reached at wenli.li@frb.gov.

Zheng Liu ('97) has moved to Emory University in Atlanta. His e-mail is now zliu@emory.edu.

John Landon-Lane ('98) has moved from the University of New South Wales in Australia to Rutgers University and can be reached at lane@econ.rutgers.edu.

Ron Edwards ('99) wrote recently from Taiwan: "Life is going very well. I was married about five weeks ago...Work is great, but risky. I'm writing a book - it's going to make me famous, which as I'm sure you remember is key. Fame is more important than riches." His official announcement:

"**Ron Edwards ('99)** married Ming-Feng Hung on July 19, 2001. Minnesota related groomsmen included Ed Prescott, Berthold Herrendorf and **Arlilton Teixeira ('99)**. Other Minnesotans in attendance were Beth Allen, **Yeong-**

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FROM THE ARCHIVES

"TESTS AND JESTS"

Department of Economics
1035 Business Administration Building

UNIVERSITY OF MINNESOTA
Minneapolis, Minnesota 55455

May 2, 1972

MEMO TO: Senior Faculty

FROM: Ed Foster

By overwhelming popular demand (3 students) I would like to schedule a special prelim in the history of economic thought for this Fall. All faculty members lean over backwards to describe their lack of qualifications to read such a prelim, but to distinguish relative degrees of incompetence, would you please return the following questionnaire to Mrs. Hagert (937).

_____ Under no circumstances would I be willing to read a prelim in this area.

_____ If necessary I could read for spelling mistakes.

_____ I know in which centuries Smith, Marx and Ricardo wrote and could detect the more egregious errors by students.

_____ I would feel reasonably competent to read the prelim.

_____ I could think up a few questions that would guarantee that students won't soon repeat this request.

_____ I would like to serve on this committee — if I don't have to serve on any others.



Department of Economics
1035 Business Administration Building

UNIVERSITY OF MINNESOTA
Minneapolis, Minnesota 55455

April 11, 1974

Memo to: Economics Faculty, Graduate Students, Civil Service Personnel

From: N.J. Simler

With the coming of spring and warm weather, I have been instructed by the department's executive committee to organize a department streaking team. Since I am your Chairman and one of your better athletes, I have accepted temporary captaincy of the team. Furthermore, I appear to be the only member of the department with streaking experience. A permanent captain will be elected later. If you wish to be a member of the team, please put a note in my box in 1035 B.A. Our team is an equal opportunity team. Membership is open to all without regard to race, religion, sex, nationality, age, weight or shape. Each member of the streaking team will be required to provide his/her own tennis shoes and sox. Team hats may be purchased from Frances Lindberg in 1035 B.A. for \$3.75 each.

One of our first tasks is to determine appropriate team streaks. I have received the following suggestions: (1) a streak around the state capitol at high noon when the Legislature is considering the University budget, (2) a twilight streak across President Moos' lawn, (3) a mid-afternoon streak through the CLA offices (this must be scheduled when the Dean is in), and (4) a midnight streak along the river flats (weather permitting). I am asking John Turnbull to serve as Associate Captain in charge of scheduling. If you have any suggestions, please pass them along to John.

John Danforth is Chairman of the committee to draft a team song. So far the suggestions have been meager: for example, "Oh say can you streak, by the dawn's early light," and "While streaking through the park one day in the merry, merry month of May." John needs the help of those of you with musical ability.

CONFERENCE NEWS***SED 2002 Conference***

The Society for Economic Dynamics' annual conference will take place June 28-30, 2002, on the campus of New York University. The organizers of the scientific program are Narayana Kocherlakota and Fabrizio Perri.

Orazio Attanasio, Lee Ohanian, and Wolfgang Pesendorfer are the plenary speakers.

The deadline for submissions will be February 1, 2002. Watch the Minneapolis Fed's website (woodrow.mpls.frb.fed.us) in the next few weeks for more details!

— *Narayana Kocherlakota*

Minnesota Macro Workshop

The Workshop in Macroeconomic Theory was held at the University of Minnesota for the second consecutive time this summer from July 31 to August 4. This meeting has been running for about 12 years, and was permanently moved to Minneapolis last year. The principal sponsor is the National Science Foundation with extra support coming from the University of Minnesota and the Federal Reserve Bank of Minneapolis. The purpose of the meeting is to provide a forum for young, active researchers working on Macroeconomic Theory to disseminate their work.

This year, the program organizers were Patrick Kehoe of the Federal Reserve Bank of Minneapolis, and Daron Acemoglu of MIT. They selected excellent papers for the program which lead to lively (sometimes even heated) discussion in the best of the Minnesota Economics tradition. Check out the website at: <http://www.econ.umn.edu/macro/> for information and pictures from this and last year's presentations.

— *Larry E. Jones*

PET 2002 Conference

The Association for Public Economic Theory (APET) Conference will be held in Paris on July 3-6, 2002. The program committee is chaired by Bernard Cornet and co-chairs are Hubert Kempf, Cuong Le Van and Myrna Wooders ('76). This is the third international conference of this organization — see (www.warwick.ac.uk/fac/soc/Economics/wooders/PET2002.html) for further information.

The deadline for paper submissions is March 1, 2002.

Remembering Arijit Mukherji

by Jim Jordan

No remarks made here could embellish our varied memories of someone who was such a vivid presence in our lives. This task is made all the more difficult by the fact that even the subset of Ari's friends who are here today is a much larger and more distinguished group than I have any experience addressing. These remarks are merely by way of participating in our shared enjoyment of having known him.

Like others here, I had the privilege of being Ari's coauthor, and as such I was a direct beneficiary of his encyclopedic knowledge of accounting and economic theory, and his absolute commitment to work as long as it took to get things exactly right. His scholarly publications alone would constitute the accomplishment of a distinguished career, but he frequently complained to me that he did not have enough time for his research, and needed to find a way to reduce the time devoted to his teaching in order to spend more time on research. In this he was a chronic victim of revealed preference, for teaching was his consuming activity. I had little direct experience with his classroom teaching, which was legendary, but I saw on a daily basis his extraordinary work with graduate students. He was available at any hour of any day to help a student with any aspect of his work, and would help with every page of a student's paper and every point in a student's presentation. When a student was preparing a job-market presentation to another department, he would take the student around the virtual seminar room, mentioning each faculty member of the other department in turn, all of whom he knew, telling the student exactly what question that person would ask and exactly how the student should answer. Some students who had become accustomed to benign neglect from their other committee members found this relentless attention overwhelming, and in some cases seemed on the verge of seeking protection from what they would probably have described as advisorial harassment, but it never came to this because Ari was one of those rare people who can be aggressively assertive in a completely self-effacing way.

Ari had a level of energy that is called youthful only by middle-aged people who mistakenly think they once had it. On one of his visits to Penn State we spent a few hours hiking in the mountains near State College, and Ari easily walked up ridges that it had taken me a full year of regular hiking to go up without frequent pauses for breath. On the steep parts I tried not to interrupt his conversation with my breathing.

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Ari had a voracious appetite for the business and financial press, and his office was littered with the remains of his meals. Whenever I would go to his office in search of a recent example of some issue I was writing or teaching about, I would always leave with an armload of books. He was always disappointed when I returned them, for their places had been taken by their successors, and he would now have to find room for books he had already read. It is common for academic departments to honor the memory of a departed colleague by inviting contributions to a university library in his honor. In Ari's case it would be more fitting simply to put the word library below his nameplate on his office and invite colleagues to receive rather than contribute.

Alumni News continued from Page 6...

Yuh Chiang ('93) and Ming-Tui Huang ('00). Ron added: "After one month of marriage, I can say this with certainty. I am extremely happy. The benefits of marriage far outweigh the costs of the multitudinous restrictions imposed on my behavior."

Heller continued.....

Heller's teaching focused on economic policy and the efficient use of resources in government services and the environment. His research, which centered on economic theory, was published in leading academic economics journals and books. Topics of his research included the stability of economic growth, the foundations of unemployment, the demand for money, and the use of markets to allocate resources under conditions where markets may fail due to incompleteness or monopoly.

A devoted outdoorsman and traveler, Heller hiked and used his four-wheel drive throughout the Sierra Nevadas, and he and his family traveled extensively throughout Europe.

Heller is survived by his wife Diemut (whom he met when they were undergraduates), his two children, Nicholas and Marika, his brother Eric Heller of Cambridge, Massachusetts, and his sister Kaaren Davis of Seattle."



Scenes from the Minnesota Workshop in Macroeconomic Theory