



UNIVERSITY OF MINNESOTA

Graduate Alumni Newsletter

Spring/Summer 1998

THE MINNESOTA LECTURE

by Michael Keane

On April 17, 1998 Daniel McFadden presented the first annual Minnesota Lecture. The lecture is designed to honor the most distinguished alumni of the Minnesota Ph.D. program. Dan received his Ph.D. in 1962, and his committee included current faculty members Leo Hurwicz and John Chipman. He started as an Assistant Professor at Pittsburgh, soon moved to Berkeley, and was at MIT from 1978-91 before returning to Berkeley where he currently holds the E. Morris Cox Chair and is director of the econometrics laboratory.

The many honors that Dan has received in his career include the John Bates Clark Medal (1975), election to the American Academy of Arts and Sciences (1977), election to the National Academy of Science (1986), and the Frisch Medal (1986). He is probably best known for his work in production theory (especially his work on the dual approach to cost revenue and profit functions), and for his work in theoretical econometrics (especially his work on discrete choice models, including conditional and multinomial logit models and simulated moments estimation). But he has also done important work in several applied areas including transportation, energy demand, environmental economics, housing demand, saving behavior, and marketing.



Dan McFadden

It is difficult to think of another economist who has made such important contributions across all three areas of curriculum: economic theory, econometric theory, and applied fields.

Dan's lecture was entitled "Healthy, Wealthy and Wise?: Socioeconomic Status, Morbidity, and Mortality among the Elderly." The paper addressed the question of whether the observed correlation between socioeconomic status and health among the elderly is the result of a causal connection, or arises because of underlying unobservables (e.g., genetic factors, behavioral factors) that influence both socioeconomic status and health. The results implied that socioeconomic status does have a causal effect on mortality, but that this effect is rather weak.

Besides being a great economist, we should note that Dan has recently begun a promising new career as a wine maker. He owns a vineyard in the Napa Valley and has been making wine with the Simboli label. Some of our faculty had the opportunity to taste his Merlot and Cabernet at a recent conference at Berkeley and were quite impressed. Hence, we thought it was fitting to give Dan a nice bottle of Chateau Lafite in honor of his visit.

A JURASSIC PARK EXPERIENCE:

The Auckland Power Outage of February and March 1998

by Debasis Bandyopadhyay ('93)

The lights went out first without notice on a Thursday afternoon. We all left the office early. The next morning we found everything in order but received an e-mail message with a warning: there may be another power-cut for a couple of hours or so and we should save our work frequently. Nobody knew that the message contained an error. Hours should have been replaced by weeks. Tragedy began when the power did not come back on Monday following that weekend of comedies.

It brought back memories of my student life in Calcutta where academia has accepted occasional power-cuts as a lifestyle. In every major institution in Calcutta one could not avoid the roaring generators from time to time. Not true, however, at the University of Auckland. It was deadly calm

on that Monday. Horror captivated us as the University administration ordered us via a television announcement to stay out of the campus indefinitely. The officials argued that potential liability due to fire hazards outweighed any concern for possible (!) interruption of ongoing research activities and that teaching would be "postponed for a week(!)" We learned that all four electrical cables that supplied electricity to the Central Business District (CBD) of the city of Auckland had failed. How could that have happened? We all asked the same question. So far, a change in the global weather pattern was the only suspect, officially. I had a different question. Why did we not have generators? I only needed a few hours of power to transfer my key files and data to my home computer. (By the way I was one of the lucky guys able to buy a

Jurassic Park Experience, continued

house outside the Auckland CBD and therefore, still had lights.) Some replied proudly, "Well, it is like snow in Texas!" Some just said that all generators were in the Middle East barking in Saddam's backyard. Others kept quiet, especially after learning that we needed to make up for the lost teaching time by canceling part of our scheduled Easter Break. Nobody volunteered to prescribe how to make up for the lost

research time, since most deadlines are international. Recently, life has come back in this big city bypassing the generators, at least in this part of the University where I work. I am hesitant to suggest that everything is back to normal yet even though the e-mail lines are working. Thanks for asking me to write about my recent trip to the Jurassic Park. Could you now send a helicopter please!

An Elegy for Margaret

by Tapen Sinha ('86)

Dear Margaret:

Back in 1979, when I first got to the Department of Economics, I went to see you in the grad office (with Herb Mohring's famous picture in a confrontational posture with the "You want to know what?" caption under it). You were talking to a graduate student about something serious. There was Shang Dal Shim standing in the room. You turned to me and said, "Welcome to the department. Oh, you are from India. We have one Indian in the department now. His name is Rao. I heard that you already had some correspondence with him. (You knew everything!) I will talk to you in a minute. Why don't you talk to Mr. Shim here - he is from Korea." I turned to him, shook his hand, and asked him an incredibly stupid question, "So, you are from Korea? Which Korea?" Many years later, I found out that most South Koreans did not take these kinds of questions lightly. (So, Dr. Shim, if you are reading this, and if I offended you, I am really sorry! I know it is twenty years too late. But, I still remember it).

Fred Thum was standing there. After I had this non-conversation with Shim, I turned to Fred and shook his hand. He said to me with a twinkle in his eyes, "Margaret runs the department". Right then and there, I knew whom to turn to if I needed to.

Margaret, I was writing this letter in my head just as soon as I saw in the newsletter that you had cancer. But too many stupid things got in the way - not the least of which is the constant rush to do mundane things that needed to be done. Then, one day I got an e-mail from Wendy telling me that you had passed away. I felt really sad for the letter I never wrote to you. I can still say "sorry" to Shim but not to you. If I tell you anything now, the whole world will know but you. I will say it anyway - Margaret, you meant a great deal to us - especially the foreign grad students.

I got things from you completely unexpectedly - and I was too shy to thank you properly for that. One day you asked me, "Do you like classical music?" and then gave me this front row ticket for a concert at the Guthrie Theater. It was a concert by Bella Davidovich. I still remember it. I had the hair on my neck standing on end listening to her playing Beethoven. That was the first time I went to the Guthrie Theater.

One day I walked into your office and you said, "Do you like macadamia nuts?" I had no idea what they were. You gave me a can of vacuum packed macadamia nuts and said, "My daughter went to Hawaii and she got some for me. They are so much more expensive here." I had my first taste of macadamia nuts. I was hooked. Years later, I would live in Queensland, Australia, the true home of macadamia nuts.

You said you liked to travel. So, when you retired, some ex-grad students began a collection to buy you a round-the-world plane ticket. I was really happy to chip in - at last I got to do something for you. Right now, I am in the middle of a round-the-world trip, above the Pacific Ocean, and the pilot just announced that we passed over Hawaii, and all of these memories came flooding back to me.

There were many things you taught us about how to deal with the bureaucracy of the grad school. I will not be able to repeat them here in a public forum and tell the whole world (because one thing I am sure of - people in Johnston Hall would not like to hear them). Let me wrap this up by saying, "Margaret, thank you from the bottom of my soul for what you have done for me. And I am sure that an entire generation of grad students will join me in thanking you." We all will miss you.

Sincerely,

Tapen

CONFERENCE NEWS

The Aiyagari Memorial Conference on Dynamic Macroeconomics

A conference in memory of *Rao Aiyagari* ('80) was held this summer in Israel, and was co-sponsored by three of Rao's classmates: *Ben Bental* ('79), *Zvi Eckstein* ('81) and *Dan Peled* ('80). A number of Minnesota alumni and faculty presented papers: *Marty Eichenbaum* ('81) of Northwestern, "What happens after an exogenous shock to government purchases and a simple theory of why"; *Fernando Alvarez* ('94) of Chicago, "Money and interest rates in segmented markets," joint with Minnesota's *Andy Atkeson* and *Pat Kehoe* of the Mpls Fed; *Ben Bental* ('79) and *Dan Peled* ('80), both from the Technion-Israel Institute of Technology, "Can policy enhance growth, and should it?"; *Avi Simhony* ('92) of the University of Haifa, "Wealth varying savings, inequality and growth," joint with *Arthur Fishman*; *Per Krusell* ('92) from Rochester, "On the welfare effects of eliminating business cycles," joint with *Anthony Smith*; *Zvi Eckstein* ('81) of Tel Aviv University, *Pedro Mira* ('95) of CEMFI in Madrid, and *Ken Wolpin* (former MN faculty now at Penn), "A quantitative analysis of Swedish fertility: 1751-1990"; and *Neil Wallace* (now of Penn State), "An optimal monetary impulse-response function." *Dan Peled* also spoke in memory of Rao at the opening of the conference, and an informal tennis tournament was also held. Rao was an avid tennis player. The conference was jointly sponsored by the Technion-Israel Institute of Technology, the University of Haifa and Tel Aviv University. Thanks for *Zvi Eckstein* for sharing this news!

The NBER Conference on Decentralization

This conference was held at the University of Minnesota in the new building of the Carlson School of Management in April of 1998. The conference was organized by *Beth Allen* and *Jim Jordan* (who just recently left the department for Penn State). Minnesota alumni presenting papers included *Nabil Al-Najjar* ('89) from Northwestern, "Pivotal players and the characterization of influence," joint with *Rann Smorodinsky*; *Steve Gjerstad* ('95) from Hewlett-Packard, "A general equilibrium structure for induced supply and demand," joint with *Jason Shachat*; *Gerhard Glomm* ('88) and *Roger Lagunoff* ('88), from Michigan State and Georgetown, respectively, "A dynamic Tiebout theory of voluntary vs. involuntary provision of public goods;" and *Antonio Manresa* ('86), of the Universitat de Barcelona, "Can we identify Walrasian allocations?". *Leo Hurwicz* also gave two papers: "An impossibility theorem for economies with externalities," and "On representation of sets," the last joint with *Stan Reiter*.

The Benjamin Lippincott Symposium on Political Economy

by Antonio Merlo

In the Spring of 1995 the University of Minnesota Interdisciplinary Research and Postbaccalaureate Education Program funded the creation of the Center for Political Economy at the University of Minnesota. Participating faculty came from the Department of Applied Economics, the Department of Economics, and the Department of Political Science. Since its creation the Center for Political Economy has launched an active seminar series and a working paper series (see the list at <http://www.econ.umn.edu/~econlib/cpe598.html>). The seminar series has showcased many of the world's most renowned scholars in the field of political economy including *Jeffrey Banks* (California Institute of Technology), *David Baron* (Stanford University), *Avinash Dixit* (Princeton University), *Roger Myerson* (Northwestern University), and *Wolfgang Pesendorfer* (Princeton University). In the Spring of 1998, the Center for Political Economy hosted the Benjamin Lippincott Symposium on Political Economy. The Symposium featured eight lectures on a range of important topics in political economy; among them were 3 papers by Minnesota faculty or alumni: "Government Turnover and Elections in Parliamentary Democracies," by *Daniel Diermeier* and *Antonio Merlo*; "But Who Will Guard the Guardian," by *Leonid Hurwicz*; and "Economic Consequences of Political Approval Management in Comparative Perspective," by *Daniel Houser* ('97) and *John Freeman* (MN faculty from the Political Science department). The relevance of the topics covered and the diffuse interest in political economy generated an impressive turnout and lively discussions throughout the Symposium.

Society for Economic Dynamics 1999 Annual Meeting

The SED will hold their 1999 conference in Alghero, Sardinia, Italy from June 27-30. Minnesota professors *Timothy Kehoe* and *Antonio Merlo* are the program organizers. If you would like to submit a paper, please send it to me (*Wendy Williamson*) at the department by February 1, 1999. Registration fees are very reasonable this year, and with it you get an SED beach towel! Check out our website on this conference at <http://www.econ.umn.edu/sed99>.

ALUMNI NEWS

Harry H. Postner ('70) wrote to us last spring after he received the last newsletter. He would like to give an update of his activities since leaving Minnesota.

"I was employed by the Economic Council of Canada, 1968 to 1992, and then by Statistics Canada, 1992 to 1995. Since then I have been working as an economic consultant and continuing to do research and present papers at international conferences.

Many of my publications appeared in *The Review of Income and Wealth* and related volumes. Over the years I have covered a lot of ground, especially in the areas of national accounting and problems of estimation. My most recent interest is the impact of the new information technology and related problems of measurement. A paper is now being written for presentation at a conference at Cambridge University in August of 1998. I recently corresponded with Brian Arthur from the Sante Fe Institute about our mutual interests. Also, last fall I had contact with Kenneth Arrow concerning a consultant's paper being prepared for the United Nations Statistics Division."

Harry also said at the beginning of his letter, "I am very sorry to learn that Margaret Hagert passed away in January. Margaret was extremely helpful to me during my years at Minnesota. Without Margaret's generous aid, I would never have graduated! Please tell Ed Foster and Leo Hurwicz that I fully agree with what they said about Margaret in the recent newsletter." And he ends with..."give my best regards to Leo Hurwicz, whose "discipline" continues to influence my work in a positive direction."

Allan Maslove ('72) wrote that as of July 1, 1997 he was appointed Dean of the Faculty of Public Affairs and Management at Carleton University in Canada. The Faculty includes the Departments of Economics, Law, Political Science, and the Schools of Business, International Affairs, Journalism and Communication, Public Administration, and Social Work.

Leigh Tesfatsion ('75) has a nifty website at Iowa State called "Web Site for Agent-Based Computational Economics (ACE)." This topic is "roughly characterized as the computational study of economies modeled as evolving decentralized systems of autonomous interacting agents. A central concern of ACE researchers is to understand the apparently spontaneous appearance of global regularities in economic processes, such as the unplanned coordination of trade in decentralized market economies that economists associate with Adam Smith's invisible hand." Check it out at <http://www.econ.iastate.edu/tesfatsi/ace.htm>.

Gestur Davidson ('78) sent us e-mail about the MN Department of Economics sweatshirt: "Let the (ironic) record show that the proposed logo for the Economics sweatshirt (Veni, Vidi, Solvi!) includes a wonderful pun! In Latin (as in Italian, for that matter) the verb *solvere* has two distinct meanings, to wit: to solve—the one used in the logo—and also to dissolve. The logo could thus be translated also as: I CAME, I SAW, I FELL APART!"

Lars Peter Hansen ('86) has been named the chair of the Department of Economics at the University of Chicago, due to (in Ed Prescott's words): "He made the mistake of doing a very good job as Director of Graduate Studies." Lars will now be Ed's boss, as Prescott is on sabbatical this year at Chicago.

Michael Loewy ('86) has moved from Iowa State to the University of South Florida. He can be reached at mloewy@coba.usf.edu.

Oz Shy ('86) has also relocated. Oz is now at the University of Haifa in Israel. His e-mail is ozshy@econ.haifa.ac.il and his homepage can be found at <http://econ.haifa.ac.il/~ozshy/ozshy.html>.

Emmanuel Skoufias ('88) moved this summer from the Economics Institute in Boulder, Colorado to the International Food Policy Research Institute in Washington, DC.

Ann Guenther Sherman ('88) has moved back from Hong Kong to a 2 year visiting position at the Department of Finance in the University of Minnesota's Carlson School of Management. Ann spent 6 years at the Hong Kong University of Science and Technology.

Soumyen Sikdar ('88) is spending 5 months as a visiting scholar at the University of Osaka working with *Tatsuyoshi Saijo* ('85) at the Institute of Social and Economic Research. Soumyen reports that he has already survived a typhoon and that everyone is very friendly and goes out of their way to help him out, despite the language barrier. Soumyen can be reached at sikdar@iser.osaka-u.ac.jp.

Eric Leeper ('89) and his wife Susan report that they had a baby boy, Samuel Bryant Leeper, born on May 9th. He was 8 pounds, 2 ounces, and measured 20 inches long. "His fingers are long and his feet are large. All is well." Sam can be viewed on the net at: <http://ezinfo.ucs.indiana.edu/~eleeper/sam.htm>.

Danny Levy (who would most likely be a '90 if he had

stayed at Minnesota) wrote to us in June. Danny left Minnesota to complete his Ph.D. at the University of California-Irvine. "I am at Emory University, just got promoted to Associate Professor with tenure, which is nice, although I must admit, everything else including the busy schedule, weekend and late night, seems to remain the same. We have two boys: Avihai is 10+ and Eliav is 4+ (both of them trilingual!). In the last 3-4 years I have been working on new Keynesian stuff (with *Mark Bergen* ('90) and Shantanu Dutta (MN Marketing Ph.D) and their students), with primary focus on identifying and measuring costs of adjustments ("menu costs") and price rigidities, which is not exactly what we were taught in the macro classes we took from Sargent and Prescott...However, we find this line of research very fruitful and productive, and interesting also. (For example, we discovered that it costs between 52 cents to \$1.30 to change a price in a large supermarket!) In the academic year 1999-2000 I will get my sabbatical and we plan to go to Israel. I can be reached at econdl@emory.edu. Hope all is well in MN."

Gerardo Jacobs ('92) is now Dean of the School of Economics at the Universidad Iberoamericana Mexico City. Gerardo was formerly at ITAM as well as the Banco de Mexico.

Yu Lin Wang ('94) wrote to us after receiving the last newsletter, "I should report some good news of mine, although it is really "old" news. I had a baby girl, Wanny, on April 9, 1997. She was tiny (weighing only 2.4 kilograms, about 5 lbs., 5 oz.) when she was born. But she grew very well and now is a healthy baby. Because of the newcomer to the family, my husband quit his job in Switzerland and moved back to Taiwan. We miss the time we spent traveling in Europe during the summer and winter breaks the past two years. However, we enjoy being with our little girl."

Jane Ihrig ('95) and her husband Todd had a baby girl, Madison, on March 18, 1998. Jane is at the University of Virginia in Charlottesville.

Yu Pan ('95) and his wife Min Sai are the proud parents of a baby boy, Daniel, who arrived March 30, 1998 and weighed in at 8 pounds. Yu notes, "he is a happy boy with a cute smile on his face all the time. Min and I enjoy playing with him but our sleep time is significantly diminished." Yu recently moved back to the Twin Cities from Hong Kong and is now at Northwest Airlines working on economic analysis, revenue management, quantitative forecasting, and possible roles of expanding business in Asia. He added, "the challenge of switching from academia to industry is much bigger than I thought...I do miss teaching and research a lot."

Terry Fitzgerald ('95) had his research written up in the January 31, 1998 Economist. Entitled "Short Measure," it discusses Terry's study of the demand for labor to predict how firms might react to a cut in work week hours. Terry is at the Federal Reserve Bank of Cleveland.

Doug Gollin ('96) sent us a note this summer: "Now that the dust has settled somewhat, we're writing to let you know that we've added a new person to the family: a health baby boy, born on July 2 at 6 pm. Simon Edgar Doss-Gollin weighed in at an oversized 10 lbs. 4 oz, and measured 22 inches long. Simon shows promising signs of being a good sleeper, and he eats well. James is relatively enthusiastic about his new status as a big brother, although we suspect the harsh reality will eventually sink in. He was far more disturbed by Brazil's loss in the World Cup. After a couple of years' respite, Cheryl and I are rediscovering the joys of diapering, rocking, and disrupted mealtimes."

Pat Bajari ('97) is the recipient of the 1997 Zellner Thesis Award for the best dissertation in econometrics. Named after Arnold Zellner, this award is given by the American Statistical Association. The committee judging the dissertations consisted of Jeff Wooldridge, Moshe Buchinsky, Rong Chen, Norman Swanson and *George Tauchen* ('78). Pat is now at Stanford University in the economics department.

Recent Books by Alumni

The Role of Government in East Asian Economic Development: Comparative Institutional Analysis, edited by *Masahiko Aoki* ('67), Hyung-Ki Kim and Masahiro Okuno-Fujiwara, Oxford University Press, 1997.

Applied International Trade Analysis, by Harry P. Bowen, *Abraham Hollander* ('79) and Jean-Marie Viaene. University of Michigan Press, 1998.

THE SPANISH CONNECTION II

by Wendy Williamson

Memorias de Minnesota

Jose Trujillo ('80), Titulizacion de Activos (TdA):

“After 17 years I think it is time to say hello. I was for 9 years at the University in Madrid, and for the last 9 I’m, where else? In the finance industry. I’m the CEO of a joint venture of seven Spanish banks and an American bank (Bear Stearns). The business is securitization. The name of the company is Titulizacion de Activos (TdA) and you can find it on the web under <http://www.cernet-srl.com/tda/>. We saw “Fargo” - we could not believe that it was home for four years, but I have to admit those years bring back very good memories.”

Carlos Cuervo-Arango ('81), Benito y Monjardin, S.V.B.:

“Minnesotas, as we are called here in Spain, are as lively a group as ever, although sheer numbers have made contact among us more difficult and sporadic.

Looking back, I still feel that my Minnesota experience has been quite fundamental in my formative years and certainly goes without saying that the Andreas Fellowship played a major part in making my Minnesota years fruitful and pleasurable. Somehow it took most of the economic pressure away from you, and in so doing it allowed oneself to concentrate on the important things, whichever they could be.

Viewed as a group, I do think that Andreas Fellows have played an important role in helping Spain to move forward as it is doing. Also, at the same time, it has helped giving birth to a sensible group of economic professors with a clear impact on the profession. Not a bad record.”

Fernando Vega ('84), Universidad de Alicante:

“As I recall it, the University of Minnesota had these days (and, from what I know, still very much has) a very supportive but demanding attitude towards students. I found this combination ideal to extract from us the best we had. In the case of Spanish students, we also had the support network of older generations that fulfilled a very helpful role, both in academic matters and otherwise. All this was very useful to take you through the occasional low moments that working towards the Ph. D. unavoidably always has. But the Spanish group was far from being a closed group. It did generate externalities on the department at large. Of course, the famous Spanish parties were one such instance. But, well beyond that, I think it added a bit of “latin” style to many of the activities of the department that, in my (obviously biased) opinion, was very healthy.

On the more academic side of matters, my memories of the department are perhaps idealized. But perhaps because of the idealization that distance (twelve years) provides, I think they may be more “real”. On the one hand, I remember the general attitude of faculty and staff alike in becoming genuinely concerned about each individual student. This is far from the business-like, cold attitudes I have later witnessed in so many other departments in the US and elsewhere. About the faculty, what I remember is (besides their top human and academic quality) a very fruitful blend of young and older blood. This made the department a unique place where not only could we talk to bright and ambitious assistant professors, but also were exposed to the solid, less “pressing” way of approaching research, characteristic of older generations.”

Cristina Mazon ('85), Universidad Complutense de Madrid:

“First the serious stuff: I have very good memories of the Minnesota experience. Being an Andreas Fellow really helped, since I was able to lower my teaching load the years I had the Fellowship. Now I am a professor at the University in Madrid (a job that I owe to my degree), and my experience is that these days it is very hard, even for very good students, to get a scholarship to go to a Ph.D. program in the USA. I think that the main reason is that some universities and research institutes in Spain are offering good Ph.D. programs, and financial aid has shifted in that direction; it is now easier to get your Ph.D. degree in economics in Spain, and go as a post-doc to the U.S. But I think that if a student is willing to start his/her formation in a good university in the U.S. from the beginning, he/she should be able to do it, and that is where I think that the Andreas Fellowship would be great (we are back in the days where is difficult for a Spaniard to get financial aid to go as a graduate student to the U.S.!).

Minnesota has a strong influence at the Department of Economics II of Universidad Complutense de Madrid: Alfonso Novales, Miguel Sebastian, and myself are professors now, but we have also had Jose Trujillo, Carlos Cuervo, Teo Millan, Soledad Nunez, Javier Diaz and Javier Valles all teaching at the department.

I arrived in Minnesota in September of 1980, and I think that year was very special because there were six new Spaniards; and five of us decided to share a house! Now that I think of it, I could only say that we were really young. We hardly knew each other and all of us had very little experience living on our own, and no experience at all with winter in Minnesota. It was a complete disaster. Of course, our English didn't improve much, and some of us really had a

problem with it! I remember for the first quarter I would spend the first half of the class trying to understand the professor, and the second half trying to keep my eyes open: I was so exhausted after the first half, that I would fall asleep no matter what time of the day it was. Talking on the phone was terrible: I remember once that I tried to get a dental appointment; I dialed the wrong number and got a garage instead. I asked for an appointment for a check up, and after fixing the day and time, he asked me for my license number. I thought it was some kind of patient number, so I just told him that it was my first visit and that I didn't have one; that really surprised him. But then I was shocked by the next question: what kind of car did I have? I couldn't imagine why a dentist would want to know the car that I had, but you never know! So I just told him that I didn't have a car, and that I was going by bus. I am happy I didn't call on April Fools Day. Anyway, it was a good time but also a hard time for all of us; some of us really kept together (even though I moved out of the house after a few months), and that "builds" good friendships. We are still good friends. I see Sole Nunez (and Javier Valles, her husband) and Miguel Sebastian quite often. I also see some of the Barcelona Minnesotos when I go there or they come to Madrid. And I meet with the local "Minnesotos" once in a while: we get together to celebrate Thanksgiving. Sole and Javier Diaz are baking the turkeys, and they ordered the pumpkin pies in an American bakery. By the way, I don't think that I have danced any flamenco or drunk any Sangria since I left Minnesota. I miss a lot of the good dancing parties."

Antonio Manresa ('86), University of Barcelona:

"I have more than very good memories from my stay at the University of Minnesota doing my Ph.D. in economics. I certainly learned how to do economics. Surrounded by several degrees of temperature below zero, and some bridges full of slippery snow ready to be crossed by walking, under such an environment, the notion of equilibrium was understood very quickly. But I also learned other things from the people that were there at that time. I saw my teachers doing their professional job at the greatest level and with some kind of passion. At some point you could notice that they were proud about both what they were teaching to us (for instance the new macro, mechanism design, etc.), and not teaching to us (the IS-LM model); and the kind of research that went along with that. You could feel that they believed in what they were doing, and they certainly transmitted their enthusiasm to us.

As far as my fellows and classmates, I think I was very lucky. I met such nice and smart people, both from Spain (Josemari y Isabel, Alfonso y Charo, Jose y Elsa, Carlos y Elena, Teo y Amelia, Sindo, Peris, Sole, Miguel, Cristina,

Teresa, Clara) and all over the world, that when I had the opportunity of becoming the "coffee maker" and "party organizer" (including some aspects of the Spanish Party), I accepted the job.

You may wonder how such a concentration of Spaniards were possible. I can give you, among others, one very good reason. We were financially treated in some special way thanks to the well-known-to-us Andreas Fellowship. It was that fellowship which allowed Spanish students for many years to come to Minnesota in greater numbers than any other nationality, and this is why we are called the Minnesotos. However, I should say that this name in Spain generalizes any Spanish person with a Ph.D. in economics from the U.S. In any case, I know no Minnesoto who is not proud to belong to that club."

Albert Marcet ('87), Universitat Pompeu Fabra:

"Two anecdotes from my first two months; they demonstrate, respectively, the cultural clash and the climate clash. Anecdote 1: my first visit ever to a McDonald's was in Dinkytown; I went with another friend, another Andreas fellow. We asked for a hamburger and, naturally, for a beer to wash it down; they looked at us as if we were crazy, or maybe a pair of drunks; only later we learned that you can't have a beer at McDonald's, and that drinking beer for lunch is not so common in the U.S. Anecdote 2; me and my friend spent one whole day shopping for a thick coat to survive the winter; the first time the temperature was around 30, we proudly went out with our new coats; obviously, we were the only ones in the Twin cities wearing thick coats on that day.

I meet Minnesotos every day. Of the professors that started the Department of Economics at Universitat Pompeu Fabra in 1990, over a third were Minnesota graduates or ex-faculty. UPF-Economics now has grown to a faculty of over 100 professors, 70 graduate students, and 2000 undergraduates; it is well recognised as an important research center in Europe. It just became a member of the European Doctoral program (together with LSE, CORE, Bonn and DELTA). Most certainly, this university would not have existed (or it would have evolved very differently), without the Minnesota connection."

Teresa Garcia-Mila ('87), Universitat Pompeu Fabra:

"My first memory of Minneapolis is driving a HUGE car, old and rusty, through highways and big streets, some without sidewalks, and with very few people (my relative measure was Barcelona) strolling around. I was looking for an apartment, and the car belonged to Teo Millan and Amelia, good friends now, but unknown to me until the minute I arrived at the Minneapolis airport, a couple of days before, late in the

evening, and dying for a little sleep.

After that everything went very fast. Right before Christmas, very cold and with snow on the ground, and with a plane ticket to Barcelona in my pocket, I could not believe I had survived all the exams, the pressure and the amount of work. But I did survive, that and many more quarters to come. The extreme cold, the many hours of study, the prelims, all those efforts are nothing compared with the many benefits I have accumulated over the years.

During my years at Minnesota I learned all the economics I know now, but I also learned a style, a way to do economics, to teach and to be a colleague with everybody around. This style and knowledge can be summarized in my case by three names that had a great influence, professors Wallace, Sargent, and Sims. It was Chris Sims that supervised my thesis work, and I am in great debt with him for what my research is now.

After a couple of years at the State University of New York at Stony Brook, I returned to Barcelona, to the Universitat Autònoma de Barcelona, in the Fall of 1987. Then, in 1990, Ramon Marimon and Albert Marcet convinced me to go to a brand new university, Universitat Pompeu Fabra, a risky but exciting decision. The project became a reality, and now I am the Dean of the Economics Section of a university that, although still young, has set up new standards in teaching and research in Spain. In fact, here at the Pompeu, I feel a little like being at Minnesota. I am surrounded by “ex-Minnesotos”, Ton Bosch, Andreu Mas-Colell, Xavier Calsamiglia, Albert Marcet, Fabio Canova, Jane Marrinan, Eva Ventura, Ramon Marimon (on leave now). Is there a higher concentration of Minnesota graduates anywhere else in the world?

Before I finish up, let me tell you that I have been also very lucky in my personal life. I am married to a computer science Ph.D. (who fixes all my computer problems) and we have two extraordinary girls, ages 6 and 1. I could not ask for more.”

Cristina Echevarria ('92), currently in exile at the University of Saskatchewan:

“As many “Minnesotos” I came to the University of Minnesota from the Universidad Autònoma de Barcelona. If you wanted a Ph.D. then, you needed to leave the country (not to attend just any university, mind you, but rather a good economics program). I thought it would be OK to go to London for five years or to the U.S. for two, but going to the U.S. for five years would be just too much! Nevertheless, I wanted my Ph.D. so I came, but I was returning to Spain as soon as I was done! No question about it.

I ended up in Minnesota because of the financial aid. I was an Andreas Fellow in 1986-87 and 1987-88. So not only was I in the states, I was in this horrible cold state in the middle of nowhere that no Spaniard had ever heard of. (“Oh, you are going to the place of the car races, right?”)

However, the first quarter in the U.S. I visited some of my former fellows from Barcelona who were studying in (a priori) more attractive places and I decided that I was very lucky to be in Minneapolis. I liked the fact that I was in the middle of a real city with lots of amenities and not in a campus town. But, of course, I was still planning to go to Spain as soon as I finished! No question.

And then I met a real “Minnesota” from St. Paul and, to make a long story short, ended up in a place (much) colder than Minnesota. Yes, it is possible. From where I am, we are going south when we visit the Twin Cities. I came here in July 1991 and now have two Canadian boys: Alex (5) and Jon (almost 2). Have you heard the expression “it is a good place to raise kids”?”

The Legacy

In February of 1985, an article appeared in the Spanish newspaper, *El Pais* entitled, “Los ‘Minnesotos’ de Bellaterra” (Bellaterra is the site of the Universitat Autònoma de Barcelona). Walter Heller sent Andreas a copy of the article with a note:

“Dear Dwayne,

The enclosed materials should warm the cockles of your heart. The article from *El Pais* deals in considerable part with the impact that the *products* of your fellowships are having in Spain. A future article ought to deal with the *process* by which the “Minnesotos” were produced. It would make an interesting chronicle of a remarkably successful program.”

With warmest regards,

Walter”

We hope that these newsletter articles were a start in the direction of what Walter had in mind. With Heller’s influence and love for the department, he created that “remarkably successful program” that has had far reaching results. Andreas Fellows have been instrumental in the academic and economic life of Spain, and their teaching will continue to spread the “Minnesota” message for many years.

THE TOBACCO TRIALS OF N.J. SIMLER

by The Ambling Archivist

Found in the archives last fall was a mysterious folder entitled, "Finlay & Co. - Balkan Sobranie." In it was the charming correspondence carried on by Jim Simler and a London supplier of that odorous tobacco that used to waft out of 1035. Ah, for the slow, polite communications of days ago!

V

July 21, 1971

March 6, 1969

V

Finlay & Company Limited

Finlay and Company Limited
Collingwood House
Mercers Road
London, N19 ENGLAND

Gentlemen:

At your earliest convenience, kindly send me four pounds of Balkan Sobranie Smoking Mixture. I would prefer the 2 oz. tins but if these are no longer available, I will accept a shipment in 4 oz. tins.

Gentlemen:

Kindly send me four pounds of Balkan Sobranie Smoking Mixture in the 2 oz tins. My check for \$22 is enclosed.

It is my understanding that the cost of such an order is now \$25 and that I still owe you a balance of \$3 on my last shipment. Accordingly, I am enclosing a check for \$28.

Sincerely yours,

Sincerely,

Norman J. Simler
Professor of Economics

N.J. Simler

V

This continued on for 2 years until he received a letter back:

V

15th April, 1971

March 27, 1972

N.J. Simler, Esq.
University of Minnesota, etc.

Finlay & Company Limited

Dear Mr. Simler,

Gentlemen:

With reference to your regular orders for "Balkan Sobranie" tobacco it has come to our notice, that the manufacturers have decided to use a new type of 2 oz. air tight tin, the effect of this change will be to increase the gross weight of the parcel, which would mean the postal charge would increase from £1.65 to £2.85.

Please ignore my letter of March 24. The shipment I ordered on December 9, 1971 arrived with this afternoon's mail.

We propose therefore that future orders will be supplied in 4 oz. tins in order that the gross parcel weight can be kept within the £1.65 weight limit.

I have borrowed so much from my colleagues while waiting for this shipment that I suppose the best thing for me to do is to repeat my order. Accordingly, I am enclosing a check for \$28.00 in payment for another four (4) pounds of Balkan Sobranie Smoking Mixture in the new type of 2 oz. air-tight tin.

Assuring you of our attention at all times.

Sincerely,

Yours faithfully,
Finlay & Co., Ltd.

N J. Simler
Chairman

Continued page 10

Simler, continued

28th March 1972

N.J. Simler, Esq.
Department of Economics, etc.

Dear Mr. Simler,

Thank you for your letter, according to our records the tobacco in question was despatched on the 11th January 1972, and should have reached you by this date.

We have taken this matter up with our exporters and will communicate with you as soon as possible.

Yours faithfully,

Finlay & Co., Ltd.

V

23rd March 1973

N.J. Simler, Esq.
Department of Economics, etc

Dear Sir,

Would you please note that as from April 1st, 1973, "Balkan Sobranie" products will be packed in kilos and new prices will apply. Based on your previous orders we have please in requoting you as follows:

2 kilos "Balkan Sobranie" Smoking Mixture @ £5.25	10.50
Post, packing, insurance, etc.	<u>3.05</u>
	£13.55

In order to overcome any exchange rate fluctuations we propose to stabilise the price at \$33.50. Assuring you of our attention at all times.

Yours faithfully,

Finlay & Co., Ltd.

V

The last letter from January of 1975 saw the price increase to \$37.00. There were also some computations in this file on figuring out the tobacco tax at the time. Nowadays, if anyone ordered a "Smoking Mixture" in kilos, they would probably be investigated by the Drug Czar!

AIRPLANE II

by John Roberts ('72)

[RE: The paper airplane memo from the last newsletter]

"Yes, the memo was real.

Someone (maybe Rolf Mirus? — I cannot recall with certainty, but I believe it was he who taught me) had a sophisticated design that most of us had never seen: very complicated, but the results were elegant and brilliantly effective. Some number of us took to throwing planes built on this model from the economics department student offices, hoping to get one to sail across the river. (The design was good enough that the hope was not completely crazy.) The memo was occasioned by someone's using a departmental memo as the raw materials, so that the home base of the culprits was identified.

The Minnesota department (and America in general) in 1967 was not yet the place it became a year later, as described by Antoni Bosch. Things were very earnest, very competitive (we were, as I recall, a much larger class than had been admitted previously), and not much fun (especially if you had taken your first calculus course over the summer before graduate school, as I had!). Yet I continue to have a lot of affection for the department, because I got opportunities to learn and do things there that I could not have had anywhere else. Advanced paper airplane design, manufacture, and flight was only one of these!"

ECONOMICS ROUNDTABLE

by V. V. Chari

During the academic year 1997-98, the Economics Department and the College of Liberal Arts at the University of Minnesota launched a series of public meetings called the Economics Roundtable. The Roundtable is intended to be a forum for discussion of public policy issues. As a land grant institution, the University of Minnesota is charged to communicate research and scholarly activities to the broader community. Our hope is that by engaging in thoughtful discussion of public policy issues, we can improve the quality of public and private decision-making.

Our first meeting was held on March 11 and featured Gary Stern, President of the Federal Reserve Bank of Minneapolis and our own Tim Kehoe. Gary spoke on the need to reform federal deposit insurance, and Tim spoke on the prospects for free trade in the wake of last year's defeat of the proposed extension of the North American Free Trade Area.

Our second meeting on June 1 featured the Honorable James Ramstad, Congressman from Minnesota's Third District, and V. V. Chari, Professor of Economics at the "U". Jim spoke on "The Flat Tax: Should We Implement It and Will We Implement It?" Chari's talk was on "Academic Approaches to Tax

Continued page 11.....

FACULTY NEWS*by Tom Holmes***Lee Ohanian Wins Sloan Fellowship**

Lee Ohanian was awarded a Sloan Research Fellowship. This prestigious fellowship is awarded to outstanding young economists. Lee was one of only seven economists to receive the award this year. He plans to use the fellowship to study the causes of the Great Depression.

Faculty Notes

Beth Allen has been elected President of the Midwest Economics Association.

John Chipman has been named an officer of the National Academy of Sciences.

Andy Atkeson and his wife, Colleen Sechrest, are pleased to announce the birth of their third child, Andrew James Sechrest Atkeson this past summer. Andrew was born on June 21st and weighed 6 lbs., 10 oz.

Gautam Gowrisankaran is back at the department after having spent the 1997-1998 academic year on leave at the University of Michigan Economics Department.

ECONOMICS RESEARCH LIBRARY*by Wendy Williamson*

The time is finally here for the move to the West Bank. After 30+ years of being housed in the "temporary" Science Classroom Building, with no air conditioning nor screens on the windows (grasshoppers, flies and wasps are frequent summer patrons), the library will join the department. We have traded our ERC space (both library and downstairs offices) to CLA for the 12th Floor of the Mgmt./Econ Tower. All of the tower except for the Econ floors had been empty for months since the Business School moved into their brand new state-of-the-art (no blackboards!) building in December 1997. We are currently working with the architects and starting to meet with the construction company to plan the remodeling project. Walls will be knocked down in the old Marketing Department main office (1235) as well as a few offices around the corner on the south side of the building. It is hard to imagine on paper what this will be like. We will have more square footage than we currently have, but because of the floor load, the shelves need to be further apart, so I don't think the library will seem as spacious as it currently is. It will be quite an adjustment for me to have to reside on the West Bank after so many years on the East! We hope to be moved in by February 1999.

Roundtable from page 10...

Reform".

Our third meeting held on September 2, featured Bernard

New Faculty*Andrea Moro*

Andrea Moro will be joining the department this year as a new assistant professor. He is receiving his Ph.D. from the University of Pennsylvania, where he was advised by Ken Wolpin (a former Minnesota faculty member). Andrea's thesis analyzes the role of statistical discrimination in explaining the Black-White wage differential. He has also looked at the effects of affirmative action policies, in joint work with Peter Norman of Wisconsin. Andrea is a native of Italy and taught in Venice this past year.

Narayana Kocherlakota

Narayana Kocherlakota will be joining the department this fall as a full professor. Narayana is leaving his position as a research economist for the Federal Reserve Bank of Minneapolis, which he held for three years. The bank and the department continue to have a close relationship and Narayana has been an integral part of the economics community here for these past three years. Narayana left a tenured position at the University of Iowa to come to Minneapolis and before Iowa he was on the faculty of the Kellogg Graduate School of Business at Northwestern University. Narayana received his Ph.D in 1987 from the University of Chicago where he worked with Jose Scheinkman and Minnesota alumnus Lars Hansen. Narayana is a leading macroeconomic theorist. Some of his early work focused on asset pricing issues. His recent research includes work on the technological role played by money (some of it coauthored with Neil Wallace) and work coauthored with Hal Cole on efficient risk sharing.

j j j

Brommer, President, Minnesota AFL-CIO, and Lee Ohanian, Associate Professor of Economics at the "U". Bernie's talk was "On Creating and Implementing a Workers' Bill of Rights" while Lee's talk was on "Inequality: Why It Is Occurring and What Can Be Done About It".

All of the meetings were very well attended and generated extensive discussion. Invariably, when I, as chair of the meeting, was forced to declare the discussion closed, many participants would determinedly continue their discussion. The meetings have also generated extensive media coverage.

I view the meetings as part of a way to fulfill our outreach responsibilities. They are an ideal forum to show off the manifold talents of our faculty. I also believe that being forced to communicate one's research in plain English promotes better quality research by exposing logical flaws in one's reasoning!

If you would like to participate, please contact Caty Bach at (612) 625-6859 or by e-mail at bach@atlas.socsci.umn.edu.

Missing Addresses:

If you know how to contact any of the following individuals, please let Wendy know.

Danesh S. Gupta '71
Eduardo Sarmento '71
Mark J. Daniel '74

Shaum C. Bamford '81
Paul F. O'Brien '87
Osamu Ishimoto '94

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GRADUATE ALUMNI NEWSLETTER
Spring/Summer 1998**

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Minneapolis, MN 55455**

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