



Graduate Alumni Newsletter

Spring/Summer 1999

MANAGEMENT & ECONOMICS BUILDING TO BE RENAMED HELLER HALL

by V. V. Chari

In the winter of 1999, the Regents of the University of Minnesota approved a proposal to rename the Management and Economics Building as the Walter W. Heller Hall. On September 17, 1999, we will have a ceremony in the building to celebrate the renaming.

Walter Heller, as most of you know, was Chairman of the Council of Economic Advisors from January 1961 to November 1964, serving under Presidents Kennedy and Johnson.



Walter had also been Chairman of the department from 1957-1960, attained the honor of a Regents' Professorship in 1967, and served as the President of the AEA in 1974.

Heller was an outstanding economist, teacher and public servant. We are all proud to have the building named after one of our most distinguished faculty members. Please contact Caty Bach at bach@econ.umn.edu or 612-625-

6353 if you would like to attend the ceremony.

THIS YEAR'S MINNESOTA LECTURE

by Andy McLennan

The second annual Minnesota Lecture, honoring distinguished alumni of the graduate program, was presented on May 23, 1999 by Andreu Mas-Colell. Andreu received his Ph.D. in 1972, working under the direction of Ket Richter. After moving up through the ranks of the professoriate at the University of California at Berkeley, with joint appointments in economics and mathematics, he moved to Harvard in 1981, and went from there to the Universitat Pompeu Fabra in Barcelona in 1995. This April he was appointed Comissionat per a Universitats i Recerca, Departament de Presidencia, a high level position in the Catalan government.

The many honors he has received can only be partially enumerated here. He has been a fellow of the Econometric Society since 1978. Also in connection with the Econometric Society, he delivered the Fischer-Schultz Lecture at the 1985 World Meetings and the Walras-Bowley Lecture at the 1997 North American Summer Meeting, served on the Executive Committee from 1986 to 1994, and was President of the Society in 1993. A Fellow of the National Academy of Sciences of the USA since 1985, in 1997 he became a Foreign Associate of the Academy and a

Foreign Honorary Member of the American Economic Association. In addition to serving on numerous editorial boards, he was the editor of the *Journal of Mathematical Economics* from 1985 to 1989, and editor of *Econometrica* from 1988 to 1992.

The author of four books and almost one hundred articles, Andreu's research spans the subject matter of mathematical economics, and has been a source of new directions for the profession throughout his career. He was one of the leaders in the application of differential topology to general equilibrium analysis, and also pioneered the application of functional analysis to general equilibrium theory with infinite dimensional commodity spaces. He has a continuing interest in the relation between general equilibrium theory and the concepts of cooperative game theory, with several articles on the Shapley value, and a reformulation of the bargaining set that leads to a foundation for Walrasian equilibrium that depends on behavioral assumptions that are significantly weaker than those of the core equivalence theorem. Recently, in collaboration with Sergiu Hart, he has developed a simple strategic adjustment process that converges to the set of correlated

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THE FORGOTTEN MINNESOTA-COLOMBIA CONNECTION

by Francisco E. Thoumi ('73)

The last few issues of this newsletter have devoted extensive space to the Minnesota-Spanish connection. Indeed this relationship has been fruitful and satisfying for all involved. Spanish students trained at Minnesota have become some of the best known foreign academics in the United States and have developed first rate economics schools in Spain. However, the Minnesota-Spanish connection was not the first foreign adventure of the department. A few years earlier it established an extensive relationship with Colombia, that when looked at from the Minnesota perspective, was not very successful and has been nearly forgotten by now.

After Fidel Castro overthrew Fulgencio Batista at the end of the 1950s and established a Communist regime in Cuba, the American government responded by establishing the Alliance for Progress in Latin America. Following the "domino" theory, U.S. government analysts concluded that Colombia was likely to be the next country to fall, and attempted to make it a showcase for the Alliance. Economics training in Colombia was very primitive at the time and the U.S. and Colombian governments agreed that it was necessary to improve it. Thus, a program between the universities of Minnesota and Los Andes was created under USAID's auspices. I don't know how or why Minnesota was chosen. Perhaps Ed Foster can enlighten us. Minnesota provided technical assistance to Los Andes to start the first graduate economics program in Colombia where Minnesota faculty went to start the Economics M.A. at Los Andes. The program also included an ample number of scholarships for Colombians to study in the U.S.

During the mid and late 1960s Ed Foster, Hugo Sonnenschein (he loved bullfights), John Buttrick (could not stand the Colombian elite) and Antonio Camacho taught full-time at Los Andes and Oz Brownlee visited from time to time to give visiting lectures. These courses were part of the new Masters' program and also prepared students to come to the U.S. About seven Colombians came to Minnesota. Others (perhaps 5 or 6) trained by Minnesota faculty went to other first-tier graduate schools in milder climates.

The Minnesota-Los Andes connection has had a profound

impact on Colombia. Minnesota trained students have been Finance and Planning Ministers, members of the Central Bank Board, chairmen of the top departments of economics of the country, have occupied high positions at the World Bank and other multinational agencies, and have been among the main researchers and analysts of Colombia's economy.

A few of us have also been part of a small group of social scientists that warned Colombian society of a possible social and political crisis. Current events have unfortunately proved us right.

In spite of its great impact on Colombia, the Minnesota-Los Andes connection did not result in the creation of a Minnesota school in Colombia. Indeed, perhaps with one exception (*Javier Fernández, ABD*), there are no Minnesotans in Colombia. Colombians who studied in Minnesota benefited from its rigorous training but most of us have departed, at least partially, from Minnesota's mainstream economics teachings. I attribute this to several factors: first, the strong Minnesota emphasis in theory was rigorous, useful and interesting, but Colombia's troubled reality required a more eclectic and applied approach including "non-economic" factors. Second, Colombia does not have an academic tradition and university and public sector positions are unstable. A successful economist's career should include stints in academia and the public sector. In this environment, highly trained economists had to do applied economics in order to survive financially and to be socially productive. There was no room for pure academics who would contribute marginally to increase economic knowledge in the world but could not deal with applied economics or institutional problems. I suppose this was one reason why most of the students in the Minnesota-Los Andes program did not finish their dissertations even though they had the necessary hardware and software to do so. Third, mainstream economics policy analysis emphasizes fiscal responsibility and market incentives and its policy recommendations always point to establishing "correct" market incentives. These recommendations proved insufficient in the Colombian environment. In my particular case, after a couple of years promoting mainstream economic policies in the National Planning Department, I became convinced that

Minnesota-Colombia Connection continued

Colombia's main problems were institutional and structural. Colombia is a deeply troubled society and recommending "correct" policy incentives was not going to change the country's social and economic structure or contain violence, and it was equivalent to becoming an accomplice with the traditional power structure. No wonder Minnesota-trained Colombians have searched beyond traditional economics and look for structural, institutional and even Marxist (God forbid) alternative interpretations to Colombia's development problems.

It is no surprise that on the one hand, Colombians trained at Minnesota have not published extensively in the main economics journals in the U.S. and have not contributed to the department's international reputation. On the other hand, Minnesota faculty did not do significant research on Colombia and did not contribute to the understanding of the country's economy. My own survey of the Colombian literature yields only one piece by a Minnesota faculty: a chapter in a mid 1960s Spanish language book on unemployment in Colombia.

In contrast, several Minnesota students have been in the forefront of economic debates and have published extensively in Colombia. Their books are used widely at Colombian universities. They have founded and edited Colombian academic journals where they publish frequently. Some also have newspaper columns.

Four of the seven Colombians who studied in Minnesota during the 1960s and early 1970s are members of the Colombian Economics Academy, including its current president. I estimate at least 50% of the published research on the economics of Colombia's illegal drugs industry has a Minnesota seal. Three years ago at a seminar sponsored by the most reputable Colombian economics think tank the panel on the drug industry looked like a development seminar at Minnesota since all three panel members had been trained there.

I am sure that the Minnesota experience left a profound mark on all Colombians who went there in the 1960s. Indeed, we spent some of the most important formative years of our lives in Minnesota. There is no doubt that we benefited from the high caliber of the faculty, the students, and the Minnesota Ph.D. program. We all have very fond memories of our time in Minnesota where we became

serious professionals and made life long friendships.

In spite of many positive aspects, at least some of us look at our experience in Minnesota and feel that something was missing. Martin Bronfenbrenner left the Department the year before I arrived and the Economic History and History of Economic Thought courses stopped. The a-historical and a-institutional emphasis of Minnesota's graduate program trained economists to operate very successfully in societies that have stable institutions, where the main role of the economist is either to teach or to formulate and implement adequate policies. Unfortunately, this approach is too limited for rapidly changing and developing societies.

Looking at my Colombian Minnesota colleagues I find one main-streamer, a Marxist who left Minnesota and finished his Ph.D. at the New School in New York; a few low profile eclectics; and a couple of active institutionalists or structuralists for lack of a better name. I cannot evaluate whether the social impact of this group on Colombia is smaller or greater than that of the large group of Minnesotans in Spain, but there is no doubt that it has been large and fruitful.

At the request of the editor, Francisco sent this addition:

Colombians that studied in Minnesota included not only myself and **Eduardo Sarmiento ('71)**, but also **Giovanni Ciardelli, Antonio Barberena, Javier Fernandez, Bernardo Kugler, and Jaime Puyana**. Among the best-known Colombian students that Minnesota faculty taught in Bogota but who did not attend Minnesota are Guillermo Perry and Roberto Junguito, both former finance ministers, and Manuel Ramirez, former head of the Economics Department at the University of Los Andes. Sarmiento, Fernandez, Junguito, Perry and Ramirez have been members of Colombia's monetary board at different times. I was also offered the job 11 years ago, but did not take it. Barberena has been head of the Land Reform Institute and also a member of the National Energy Board.

Francisco Thoumi ('73) is moving to Vienna this summer to become the Research Director of the Global Programme Against Money Laundering, a part of the United Nations Drug Control Program (UNDCP).

ALUMNI NEWS

Wayne Waung 1947-1999

Wayne Waung ('84) passed away last January after a month-long illness. Wayne started his academic career at the National Taiwan University and received a bachelor's degree in law. He then received a master's degree in public finance from the National Chengchi University (NCU) in Taiwan. Wayne came to Minnesota in 1974 and graduated from the Ph.D. program in 1984. He then returned to Taiwan and taught at the Department of International Trade at National Chengchi University. In 1990 he was appointed chair of the department and held that position for six years. During this time he made a great contribution to the department: he extended the MBA program into four sub-fields: international economics, international business, international trade law and international financial management. He also established a Ph.D. program for the department. After two terms as chair, the Principal of the NCU appointed him chair of the Committee of Academic Cooperation and Development in 1996. In 1997 he was elected dean of the College of Commerce at NCU by the faculty members of that college.

To his students, Wayne was a caring and successful teacher. To his colleagues, he was a good friend and a source of inspiration. To NCU Wayne was do doubt a valuable asset.

Wayne left behind his wife, Rei-Chu, and two daughters, I-Tzang and I-Tzen. Rei-Chu is a junior high teacher. I-Tzang is a sophomore in college and I-Tzen is a freshman.

— *Yeong Yuh Chiang ('93)*



Ramu Ramanathan ('67) is retiring from the University of California-San Diego. He wrote us recently:

“As you may know, I obtained my Ph.D in Economics from the University of Minnesota in 1967 and came to UCSD. After 32 continuous years of service at UCSD, the time had come for me to hang my hat and say “farewell”, “adios”, “au revoir”, “sayonara”, and “auf

Steven Sandell (1947-1999)

Steve Sandell received his PhD in economics from the University of Minnesota in 1973. He passed away on April 26 after an 18-month struggle with lymphoma. At the time of his death, he was Director of the Social Security Administration's Division of Policy Evaluation. The Social Security Administration dedicated a recent conference to his memory, the “First Annual Joint Conference for the Retirement Research Consortium: New Developments in Retirement Research.”

Steve was a graduate of Baruch College of the City University of New York in 1967 and received his Doctorate in Economics from the University of Minnesota in 1973. He taught economics from 1973 to 1979 at Ohio State University, was an Economics Policy Fellow at the Brookings Institution and a Senior Research Associate at the Urban Institute. Steve served as an economist on the National Commission for Employment Policy, and on the Staff of the Advisory Council on Social Security. Prior to joining SSA, Steve was Director of the Division of Policy Research and Analysis and the Acting Director of the Division of Economic Security for the Elderly and Persons with Disabilities at the Office of the Assistant Secretary for Planning and Evaluation (ASPE) in the Department of Health and Human Services. While at ASPE he served as the project officer for the Institute for Research on Poverty, the Panel Study of Income Dynamics and the Health and Retirement Survey as well as senior technical advisor for several major evaluations. In 1995, after Social Security became an independent agency, Steve was brought from ASPE to establish a policy evaluation function.

— *Jack Rodgers ('77)*

Wiedersehen”. In other words, I retired as a full professor, effective July 1, 1999.

I do intend, however, to continue to be active, gathering new data and other materials to improve my Econometrics books, and to revise my ESL software that goes with the books. My Web page address will continue to be <http://weber.ucsd.edu/~rramanat> and my email address is

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rramanathan@ucsd.edu.

It has been a delight to be a member of this distinguished faculty. The Economics Department was established in 1965 and I was the first Assistant Professor hired in 1967. Since that time, the department has grown in stature, especially in econometrics and theory. We are proud to be in the top 15 in rating. I would further venture to say that we are in the top third in the world in econometrics.

To celebrate my retirement, the economics faculty took me to lunch in small batches. I thought that was a more personal touch than a big party. However, they did surprise me with a department party and presented me with a fabulous Linden Table clock. I am deeply touched by the inscription on it, namely, "Professor Ramu Ramanathan, a founding father whose vision carried UCSD Economics from creation to distinction." I shall treasure that, and cherish forever my fond memories of my 32 years here."

Raghuvir J. Mody ('70) is now visiting the State University of New York at Albany. He can be reached at rjmody@hotmail.com.

Ted Haggart ('73) wrote to us last December: "The news that Margaret Hagert passed away brought many good memories of this fine woman and my days at the University of Minnesota. I extend my sympathies to her family and those who worked with her for so many years. Having nearly the same last names, Margaret immediately became a friend and important part of my experience at the U of M. The news also prompted me to read the publication more closely. I have been remiss in not sending an update on my activities. Briefly put, I am a banker in Manhattan, Kansas. I hope this may prompt others of my vintage, such as John Underwood and Matt Canzoneri, to send an update."

Anil Puri ('77) of California State University-Fullerton is now the Executive Vice President of the Western Economic Association.

Lars Hansen ('78) was recently elected to the National Academy of Sciences. From the web version of "The University of Chicago Chronicle": "Hansen, the Homer J. Livingston Distinguished Service Professor in Economics

has been elected to the National Academy of Sciences in recognition of his original research, which looks at ways to bridge the gap between dynamic economic theories and data. His work has led to improved methods for formulating, analyzing and testing models of dynamic economies. He has applied these methods to study the determinants of consumption, savings and security market prices. A winner of the 1998 Faculty Award for Excellence in Graduate Teaching, Hansen joined the University in 1982. He graduated from Utah State University in 1974 with a B.S. in mathematics and from the University of Minnesota with a Ph.D. in economics in 1978." Congratulations, Lars!

Dan Peled ('80) wrote last winter to tell us that he moved last October to the Economics Department at Haifa University from the Technion. He rejoined **Ben Bental ('79)** who had moved from Technion to Haifa the year before. He also said he has been enjoying the yellow newsletter alot! Dan's new e-mail is dpeled@econ.haifa.ac.il.

Alfonso Martinez ('81) faxed me a note in February, "Hi Wendy, This is Alfonso Martinez, the one that sent you the e-mail with no identification. Sorry, but I am a slow learner in the new communications technology. I hope that despite the snow everything is OK in the Cities. From the last time you heard from me there has not been much news. Now we are seven in the family and I don't have dogs or cats so that means that Marita and I have 5 kids. Micaela, the youngest one, is 8 months old. Due to some bright economists that consider fiscal deficits a no-no, family subsidies are nonexistent. Thus ours is just a pure overlapping decision or in financial terms, a net present value one. So far they are good students but I still look for these perfect markets where can I borrow under such a collateral. Well, let's stop this nonsense. We are doing fine and always are thinking of visiting the Cities, but not even with the WTI at the present low levels the airlines supply seats at our demand level (just in case because of income not preferences). Please say hello to the (few) friends that remain around and we send a big kiss from South America."

Christine Cumming ('83) has just been named Executive Vice President and Director of Research at the Federal Reserve Bank of New York. She will be replacing Steve Cecchetti.

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David Orden ('84) has returned from his 1998-99 sabbatical at Stanford University to Virginia Tech, where the departments of Economics and Agricultural and Applied Economics are completing a unification of their Ph.D. programs. David will assume responsibility as co-chairman of the graduate committee. He can be reached at orden@vt.edu.

Len Burman ('85) intended to only update his address, but "got carried away."

"After only about a year and a half at the Urban Institute, I left to become Deputy Assistant Secretary for Tax Analysis at the Department of the Treasury. Fortunately, the Urban Institute is one of the few places on the planet that would not view such an early departure as a betrayal, since its staff consists entirely of insatiable policy wonks. My experience so far leaves me feeling a bit like Forest Gump. I have been at the White House when amazing things have happened (e.g., election night, impeachment, war). I am now known inside the beltway as the architect of the President's proposal for Universal Savings Accounts—a fascinating exercise in constrained optimization. Meanwhile, the book I wrote at the Urban Institute—*The Labyrinth of Capital Gains Tax Policy*—is about to be published by the Brookings Institution Press.

My oldest child, Rob (18), has just been accepted to college. (He was born when I was at UM seemingly only a few years ago!) Paul (16) is an accomplished baseball player, saxophonist, and photographer. Given that he also has a part-time job and at least a tangential attachment to school, that makes him busier than I am. Kent (11) and Liz (9) are also occasional musicians and athletes, or at least wannabees. Missie is the lynchpin of a local bookstore, which keeps her happy with an endless supply of free novels to review.

I'll write again in another 15 years." (Len can be reached at leonard.burman@do.treas.gov)

Miguel Sebastian ('85) reports: "I just got back from Toronto, where I attended the ICCBE (International Conference of Commercial Bank Economists). This group has been meeting since 1937. It is a gathering of the chief economists of 25 large commercial banks from all over the world, among them: Deutsche Bank, Lloyds Bank, HSBC, Standard Chartered, Credit Suisse, Bank

of America, J.P. Morgan, Credit Lyonnais, Bank of Montreal, Bancamex, Credinstalt, Bank of Tokyo-Mitsubishi, Bank of Bangkok, Bank One, and of course, Banco Bilbao Vizcaya (BBV), my bank, which is the only bank of Southern Europe represented (of the so-called "P.I.G.S." - Portugal, Italy, Greece and Spain). We met for 5 days and mainly discussed cyclical and structural economic problems, as well as the outlook for interest rates and exchange rates. Every year an award (the ICCBE Forecast Award) is given to the most accurate macro and financial forecast made the year before. And guess what?: I won this year's award! Who said that Minnesota students could never forecast? The prize is a silver plate on which your name and your bank's name is engraved. You keep the prize for one year and then hand it to the next year's winner."

Mike Meurer ('86) sent an e-mail this May: "My wife, Miyuki Yamaguchi, and I are having our first baby in August! I am moving to the Boston University School of Law in the fall." Mike's e-mail is meurer@bu.edu.

Tapen Sinha ('86) was elected to the Sistema Nacional de Investigadores (SNI), the Mexican equivalent of the National Science Foundation. He also won the Research Excellence Award for the Division of Mathematics, Statistics, and Actuarial Studies at the Instituto Tecnológico Autónomo de México (ITAM) for 1998, and the Shin Research Excellence Award of the International Insurance Society for the year 1999 (for a joint paper with Rebecca Benedict entitled, "Service Quality Aspects of Privatized Pension Plans.") Tapen added, "Me and my wife are proud parents (?) of a Mexican cat (along with two Australian cats that we brought with us). But probably people do not want to know about that!"

Ken Chapman ('86) is quoted in an article in The Sydney Morning Herald from April 30, 1999 about Rupert Murdoch and his (now) wife, Wendi Deng. Entitled, "The Mistress and her Mogul," the article delves into the relationship of Murdoch, 68, and Deng, 32. Deng attended California State University-Northridge, as an economics undergraduate major, graduating in 1993. Ken is referred to as her economics master, and he adds an interesting perspective to the story. If anyone would like a copy, please contact Wendy. Thanks to **Lance Fisher ('88)** of Sydney (University of New South Wales) for sending along the article.

We have news from **Kathy Combs ('86)**, who has been on leave from California State University, Los Angeles,

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and has been visiting the department at Minnesota for the last three years. She has accepted a position in the Twin Cities, as associate professor at the University of St. Thomas in the Graduate School of Business. She says “My daughter Krista, 5, is lecturing me about economics already. After a trip to Lake Superior where we watched an ore ship being loaded, Krista informed me that Minnesota trades taconite ore for Central American bananas.”

Juan Ketterer ('87) sent this note in response to our request for news: “I was visiting Minneapolis this last summer with my girlfriend. Saw the museum [Weisman]. It's very nice. Small, but kooky. Stayed at the Radisson and went to watch a Vikes game (against the Chiefs). We won (don't remember the score). Went to the biggest mall on earth - quite astonishing. Afterwards, we drove all the way down to Chicago, you know, “Sweet Home.” Couldn't make it all the way to Pittsburgh. Next time.”

Kurt Winkelmann ('87) has moved back to the U.S. after 5 years in London. He is still with Goldman Sachs, now in the Asset Management Division. Kurt can be reached at kurt.winkelmann@gs.com.

Eudald Canadell (MA '88) has moved back to Spain from Montreal, where he worked for the International Organization of Securities Commission. He is now at MEFF — the Spanish Futures Exchange and can be reached at ecanadell@meffrv.es.

From **Alex Mourmouras ('88)**:

“Dear Wendy:

Your note came as a nice surprise. The University comes up regularly in conversations with Becka [Alex's wife], Nick [Barbatsis, Becka's brother, and head of the U of M Grievance Office] and others in her extended family, and U alumnae who live and work in the DC area such as **Julio Escolano ('92)** and **Emmanuel Skoufias ('88)**. I also had lunch recently in Washington with David Hoffman from the U Foundation who told me all about your wonderful new president. With the support of Governor-elect JMB (Jesse the Mind-Body) Ventura, the U will undoubtedly prosper. I am saddened though by the thought that with the exception of Professor Rogerson, the U hasn't been able to keep the rest of us all near Lake of the Isles—and I don't mean Ed, Neil, Tom, Chris or any

other horsemen; I am referring rather to the soccer superstars of the early 80s—Selo, Steve, Fernando, Randy, etc.

Soccer is a good outlet for stress. Working in the Fund as crisis after crisis spread in the four corners of the world during the past one-and-a-half years has been a challenge. You might recall that I left the quiet life of the University of Cincinnati, where I was Associate Professor and Director of Graduate Studies, at end-95. Since then, I have been with the Fiscal Affairs Department of the fund, headed by Vito Tanzi. Our terms of reference are wide, including scrutinizing national budgets, taxation and expenditure policies and management, intergovernmental fiscal relations, and helping develop appropriate social safety nets. Interested readers can get more information at the Department's web site at www.imf.org.

My work has involved a fair amount of travel to several of the former Soviet Union countries, in Central Asia and elsewhere. My most memorable recent trip was to Indonesia last summer, a few weeks after Suharto fell! After my immersion in operational work I can barely recall the irrelevance propositions and other fond aspects of Minnesota macro prelims! But thanks to Leo Hurwicz, I can recite with ease all the necessary conditions for the first welfare theorem. Seriously though, the analytical training Minnesota is famous for it comes in handy in answering myriad down-to-earth questions posed by government policymakers. In fact, we could involve several (overlapping) generations of U graduate students in the modeling effort required to provide satisfactory answers to these questions!

I have also been lucky enough to get to wear my academic hat occasionally, both here in Washington and in Vienna, Austria, where I helped teach a course in public finance for officials from transition economies. I will be moving to the fund's Policy Development and Review Department early next year, where I will be doing applied policy research on global macroeconomic issues of systemic interest. Tom is almost 11 now. He likes Washington and traveling overseas! This is an unintended consequence of my travels—Becka, Tom, and I got to go to some interesting places, including Greece (of course), Turkey, Italy, and elsewhere. More is planned (stay tuned). We all come to Minnesota from time to time and are amazed how well the Twin Cities function in winter. Washington, by contrast, gets bogged down with the mere appearance of

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snow in the forecast. In anticipation of the bad weather, all the foreign drivers who live and work in our nation's capital behave as if the bad weather had already arrived. Naturally, this simply proves the unpleasant arithmetic point made by Sargent and Wallace in a closely related context.

Anyway, we will stop by the ERC next time we are in town. Where is it located now?

Best regards, Alecos”

Selo Imrohoroglu ('88) will be visiting Minnesota this fall and teaching Econometrics for the first half of the new semester system.

Fabio Canova ('88) will also be visiting Minnesota during spring semester 2000. Fabio will also teach econometrics.

Eric Leeper ('89) knows his priorities: In a recent message he wrote, 1) Susan Monaco and I have a 1-year old son named Samuel Bryant Leeper. He's a pistol. 2) I received tenure and promotion at Indiana University this past semester. 3) I make a mean shrimp lemongrass soup.

Christian (Mario) Aedo ('90) writes, "I am the father of a baby girl (my first one from my second marriage). Her name is Magdalena, and she weighed in at a little under 6 and 1/2 pounds, at a height of about 1 and 1/2 feet (but she has 2 feet!). I completed my term as Chair of the Economics Department and **Raphael Bergoing ('96)** will replace me."

Steve Parente ('90) was married this summer in Alghero, Sardinia to Essy Cathrine Berg on July 3rd, after the Society for Economic Dynamics conference. **Javier Valles ('90)** reported that Steve's wedding was great, although the priest mainly spoke Italian and it was a bit hard to follow the ceremony. Steve and Essy are moving to Champaign, Illinois where Steve will be teaching at the University of Illinois.

Joe Daniel ('92) has developed a web site with a number of web-based teaching aids. In his own words, "This web site presents the standard economic models of consumer theory, producer theory, and the basic theories of market structures. It contains over seventy Java (™) programs designed for teaching, learning, and applying

intermediate microeconomic theory. [These programs] can be incorporated into other web sites simply by inserting HTML tags to call the desired applet. By promoting development of web-enabling utilities, economic educators can foster open, accessible, and collaborative experimentation to improve computer-aided instruction in economics." You can view Joe's site at <<http://medusa.be.udel.edu/Daniel.htm>>.

Denise Hazlett ('92) sent an e-mail recently saying that she received tenure at Whitman College (in Washington state) and is enjoying working there. Denise can be reached at hazlett@whitman.edu.

Shomu Banerjee ('92) has a new position, starting July 1st. He is the Graduate Program Coordinator at Georgia Institute of Technology. Shomu said, "It involves some teaching (to MBA students) but the really exciting part is that I will have a hand in setting up an economics research center that will be distinctive and take advantage of the excellent faculty in systems engineering, computer science, mathematics, urban planning, etc. to make it truly multi-disciplinary. I'm really looking forward to the change in scene — not to mention a real campus, unlike the concrete downtown jungle of George State. Officially my title will be visiting Associate Professor and Graduate Program Coordinator." Shomu can still be reached under his old e-mail at shomu@gsu.edu.

Jose Miguel Sanchez ('92) sent New Year's wishes, and added this piece of news: "Last December Universidad de Chile (where I work) signed an academic agreement with ITAM (Instituto Tecnologico Autonomo de Mexico) from Mexico and Universidad Torcuato di Tella from Argentina, to develop a Latin American doctorate program in Economics starting in the year 2000.

The program consists of two stages: The first stage is the Master's program that each of these institutions currently has which lasts two years. At the end of the second year, the students take an admission examination to be admitted to the Ph.D. program. Once they are admitted, they have to spend a quarter in each institution taking Ph.D. level courses. In the fourth year they start working on their dissertations. We are very excited about this project since it will be a good alternative for people in the region that don't have the opportunity to go study in the U.S." Jose Miguel's e-mail: jsanchez@decon.facea.uchile.cl.

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Nikolaus Koutroulis ('93) wrote that he is “currently a senior economist at the Research and Planning Division of the National Bank of Greece, which is the largest commercial bank in Greece and the parent bank of the largest financial group in Greece. I am doing mainly in-house research, associated with the Asset and Liability Management of the group. I have had this position for the last two years and before that I was with another foreign bank.” Nikolaus can be reached at nbgkout@net.ethnodata.gr.

Jose Enrique Galdon Sanchez (MA '94, Ag Econ Ph.D., '95) is now at the London School of Economics, and will be there until October of 2000 or even up to the year 2001, if he can stand the weather! Jose Enrique can be reached at J.E.Galdon@lse.ac.uk.

Steve Gjerstad ('95) is now working in New York at the IBM Watson Research Center. Steve says: “It’s pretty cool here. The folks who created Deep Blue are right down the hall. So are some people who created the imaging equipment that was used in the development of the Hermitage Museum website and interactive information system. Take a look at <http://www.hermitagemuseum.org/> if you’re interested. We’ve started to develop a lab that we’ll use in evaluation of market microstructure for electronic commerce. I’ve only been here for 4 months, so we’re still getting started, but it’s an exciting place to work. Steve can be reached at gjerstad@us.ibm.com.

Francois Ortalo-Magne ('95) became the father of twins on February 1st. A girl, Chloe and a boy, Benoit, weighed in at 6 lbs. 5 oz. and 6 lbs. 4 oz., respectively. He added, “as you can guess I spend a lot of time “working” at home.”

Doug Gollin ('96) is on leave this year from Williams College and will be visiting at Yale University. His wife Cheryl Doss (Ag. Econ Ph.D. 1996) will start a new job at Yale as Director of Graduate Studies for the Masters Program in International Relations and Associate Chair of the International Affairs Council.

Bob Rebelein ('97) is moving to the University of Cincinnati this fall from the Office of Tax Analysis at the U.S. Treasury. He says, “There are a lot of nice things about living in Washington (D.C.), but I really want to try my hand at an academic job — especially the hours!”

Dan Houser ('97) and his wife Patty are the proud parents of a baby boy, born on May 18th. His name is Daniel Joseph, and he weighed 7 pounds, 11 ounces.

Anna Maria Siti Kawuryan ('97) is now teaching in the graduate and undergraduate programs in the Faculty of Economics at the University of Indonesia in Jakarta, Indonesia. She can be reached through her husband, Keith Fuglie, at k.fuglie@cgiar.org.

AIRPLANE III

Hello John, (Roberts)

I just read your “Airplane II” article in the Alumni Newsletter and can’t help chuckling: I do confess to introducing this ‘Germanic’ paper airplane design to the then economics graduate students. It is proof that some of us did have fun even in the sixties.

My first reaction was to sit tight: after all, if the word got out, I might be approached to make amends, perhaps in the form of a donation to the U of M. But then again, who would want those lowly Canadian dollars... When you spoke of a ‘sophisticated design’ and results that were ‘brilliantly effective’, I actually got nostalgic for the good old days in the Tower. Here at the University of Alberta I can’t even open my office window to try new paper airplane designs!

The newsletter makes mention of Margaret Hagert. I, too, have fond memories of her. She was like a mother to us foreign students. Her eyes were always smiling!

And then there was Kenny, the custodian. He would nod off on the evening shift. My respect for him increased immensely when I learned that he operated a lawn-mowing business during the day, held the custodian’s job in the evenings, and after that earned a few extra dollars by providing hair cuts for graduate students.

Your story prompted these musings. We were all shaped in significant ways by our Minnesota experiences.

Best wishes,
Rolf Mirus, '73

ECONOMICS RESEARCH LIBRARY*by Wendy Williamson*

The library has been in its new location in 1235 for six months. While there are still things to move around, we are mostly settled. I was very preoccupied by the SED Conference work, so things are still not back to normal quite yet. We enjoy a nice vista of downtown Minneapolis to the west and the Mississippi River to the north. Despite some heating and cooling glitches (too hot in winter, too cold in late spring), I am appreciative of the air-conditioning in the recent 92 degree days. I do miss being on the East Bank a bit, nearer to the "heart" of campus. Library visits by department members are up (but their exercise level is down — no more walking across the bridge), and visits by grads in other departments has dropped dramatically. Even the business school users have disappeared; now that they have their own self-contained building, they aren't so evident on the West Bank! The library webpage <<http://www.econ.umn.edu/~econlib>> continues to be updated (though not quite so frequently). There have been 7 discussion papers issued in the last year:

302. Huang, Kevin Xiaodong. Valuation and asset pricing in infinite horizon sequential markets with portfolio constraints. October, 1998. 39p.

303. Hopenhayn, Hugo A. & Matthew F. Mitchell. Innovation fertility and patent design. January, 1999. 36p.
 304. Huang, Kevin Xiaodong. Infinite-horizon optimal hedging under cone constraints. January, 1999. 22p.
 305. Huang, Kevin Xiaodong & Zheng Liu. Staggered contracts and business cycle persistence. January, 1999. 39p.
 306. McLennan, Andrew. The expected number of Nash equilibria of a normal form game. March, 1999. 45p.
 307. McLennan, Andrew. The expected number of real roots of a multihomogeneous system of polynomial equations. March, 1999. 22p.
 308. Nyman, John A. The welfare economics of insurance contracts that pay off by reducing price. April, 1999. 24p.

Please e-mail me for copies or for any hard-to-find working papers and I'll be happy to search our collection for you.

Enjoy the rest of the summer! I am taking it easy in August, resting up for the new semester system, which starts on the day after Labor Day. No more lazy days in September!

FROM THE ARCHIVES*Summer Musings - [Especially apt now that the building is being renamed....]*

[Authorship attributed to Jim Henderson]

July 30, 1975

TO: Senior Faculty, Economics Department

FROM: N.J. Simler

Over the years, my stay at the farm during First Summer Session has provided me with an opportunity for deep thought. It was there that my ideas about "featherbedding" became crystalized. This year, I turned my attention to the Economics Department's image within the University, its structure, and its resources. My thought process was facilitated by two factors: 1) a great deal of rain that ruled out alternative activities, and 2) an ample supply of OLD GADFLY, an excellent 15-year old bourbon stocked by my brother-in-law.

I am bothered each time I walk into our building and look at the directory on the first floor. It lists the location of such eminent Business School personalities as Vickie Schnepfmüller, but fails to tell the whereabouts of our

Regents' Professors. Neil and I are the only department members listed and we are at the bottom of the list. My first thought for a solution was simply to put up our own name list. On further thought, I realized that the problem was much deeper than this.

The Business School has 52 persons with the rank of Assistant Professor and above; we have 27. They have 66% of the combined faculty total but they occupy 76% of our combined building space. They have about twice as many civil service staff as we, their budget is disproportionately large, and so on. The bulletin board provides the answer as to how they have out-paced us in so many dimensions. They have created an ever-growing administrative structure. They have departments, bureaus, programs, offices, etc. We should not complain about the good fortune of the Business School. Instead, we should follow their lead.

I had hoped that we could become a College or School of Economics. However, that is not possible at the present

Super-Department Continued....

time. I am going to propose to the Dean that we become a super-department with a number of sub-departments, each of which will have a chairman. Hence, chairman is no longer an appropriate title for me. I thought of becoming "Head" of the super-department, but my Navy experience leaves this title somewhat undesirable.

For lack of a better title, I have decided to become

"Potentate" of the super-department. Please let me know if you can think of a better title.

Attached you will find a tentative list of department positions for our new roster to be put on the first floor. If you believe that your title is inappropriate, please let me know and we will change it. If you desire a title held by someone else, we will flip a coin. Please remember that we are interested in form rather than substance.

SUPER-DEPARTMENT OF ECONOMICS

N.J. Simler, Potentate	1035A	<i>Macroeconomics, Department of</i>	
John G. Turnbull, Research Director	1154	Thomas J. Sargent, Chairman	1015
Mark Pitt, Secretary	1035		
Glendora Andre, Assistant Potentate for Administration	1035	<i>Mathematical Economics, Department of</i> Thomas J. Muench, Chairman	947
<i>Graduate Affairs</i>		<i>Microeconomics, Department of</i>	
Neil Wallace, Associate Potentate	937A	James M. Henderson, Chairman	960
Margaret Hagert, Deputy Associate Potentate	937	<i>Monetary Economics, Department of</i> John H. Kareken, Chairman	1019
<i>Undergraduate Affairs</i>		<i>Public Policy, Program in</i>	
Edward Coen, Associate Potentate	1035B	Walter W. Heller, Director	1130
<i>Extension</i>		<i>Random Walks, Office for</i>	
Harlan Smith, Associate Potentate	1149	Peter K. Clark, Director	917
<i>Applied Econometrics, Department of</i>		<i>Revealed Preference Studies, Center for</i>	
Christopher A. Sims, Chairman	951	Marcel K. Richter, Director	1012
<i>Cost-Benefit Studies, Center for</i>		<i>Search, Center for</i>	
Edward M. Foster, Director	1112	John P. Danforth, Director	1151
<i>Decentralization, Bureau for</i>		<i>State and Local Forecasts, Bureau for</i>	
Leonid Hurwicz, Director	1060	Francis M. Boddy, Director	1115
<i>History of Economic Doctrine, Center for Studies in</i>		<i>Swedish Economics Bureau</i>	
John S. Chipman, Director	1122	John C. Hause, Director	949
<i>Housing, Department of</i>		<i>Theoretical Econometrics, Department of</i>	
Craig Swan, Chairman	1147	Clifford Hildreth, Chairman	1119
<i>Labor Economics, Department of</i>		<i>Trade and Development, Programs in</i>	
Jean-Claude Keoune, Chairman	912	Anne O. Krueger, Director	954
<i>Latin American Economics, Department of</i>		<i>Urban Transportation, Department of</i>	
O.H. Brownlee, Chairman	968A	Herbert Mohring, Chairman	1017

FACULTY AND STAFF NEWS

Michele Boldrin

Michele (Me-KAY-lay) Boldrin has finally accepted an offer from our department and will be joining us in the fall as a full professor. (We had made previous offers to Michele in 1986 and in 1996.) He received his Ph.D. from the University of Rochester in 1987. After a postdoc at Chicago, Michele was first an assistant, then an associate, professor at UCLA and later an associate professor in Managerial Economics and Decision Sciences (MEDS) in the Kellogg School at Northwestern University. From 1994 until this past year, he was the Marc Rich Professor of Economics at the Universidad Carlos III de Madrid. Much of Michele's early work was in mathematical economics. He is well known for the result he obtained with Luigi Montrucchio that says that the solution paths of concave optimization problems can display very complicated and even chaotic dynamics. His more recent interests are in macroeconomics, public finance, and games. He is likely to learn a thing or two about macro here at Minnesota, as well as teaching us something.

—*Tim Kehoe*

V.V. Chari was elected to the Econometric Society in December 1998.

Richard Rogerson ('84) will be getting married in Philadelphia in September 1999.

Sara Shuford was awarded the CLA Academic Professional and Administrative Outstanding Service Award for 1998.

Minnesota Lecture continued from front page ...
equilibria of a normal form game.

Andreu's lecture, titled "From Transitivity to Matching, with Some Adapting in Between," was simultaneously an insightful review of the themes of his career and a humorous account of the frustrations he has encountered in attempting to apply the insights of economic theory to the budgeting problems he now confronts as an official of the Catalan government. While his new responsibilities leave him little time for research, they seem not to have diminished his ability to extract interesting theoretical problems from experience, since he concluded his talk by

Larry E. Jones

Larry E. Jones has accepted our offer and will be joining the Economics Department as Professor of Economics in the Fall of 1999. Larry was Harold Stuart Professor of Managerial Economics at the J. L. Kellogg Graduate School of Management at Northwestern University. Larry graduated from Berkeley with a Ph. D. in economics in 1981 and has been at the Kellogg School since. His interests in economics range widely, from General Equilibrium theory to Public Finance to Development to Political Economy. Larry's contributions on existence of equilibria in models of commodity differentiation are regarded as classics. He is a pioneer in the literature on endogenous growth and on optimal taxation in models of endogenous growth. Larry is a Fellow of the Econometric Society and has received numerous other honors. Larry is also a world-class fly fisherman! We anticipate that he will have a big effect on the graduate program and will teach us all how to fish as well! It is a pleasure to welcome him to the department.

- *V. V. Chari*

Wendy Williamson was selected as one of two recipients for the campus-wide Civil Service/Bargaining Unit Women's Award. The award is sponsored by the Office for University Women. Wendy was recognized for her "...strong interest and leadership in the areas of professional development, staff recognition and communication". Wendy has contributed a lot to the University environment given her role as a member of the University's Civil Service Committee.

Gina Gustafson and **Wendy Williamson** have been awarded the CLA Civil Service and Bargaining Unit Outstanding Service Award for 1998.

mentioning unresolved issues in the theory of matching inspired by the procedure for assigning students to undergraduate institutions in Spain.

Andreu's visit to Minnesota was fortuitously timed, in that he was able to attend his son Alex's graduation from Macalester College over the weekend, then present his talk on Monday. Andreu's numerous contributions to the profession will soon include his progeny, since Alex will begin graduate studies in economics at Princeton University this coming fall.

A MINNESOTA REUNION

by Wendy Williamson

The 1999 Society for Economic Dynamics Conference was held in Alghero, Sardinia, Italy. Last August, Antonio Merlo and Tim Kehoe convinced me to work on this event, and as conference coordinator, I was given a paid trip. I also brought along my niece Sue to help out. We both had a great time! We met a lot of crazy economists and nice Italians, and also were able to do some touring of Amsterdam on the way there, and Rome on the way back.

It was fun for me to see all the Minnesota alumni: grads, former faculty, and past visitors, and to put a face with all those names on the program. The weather cooperated and the beach towels (Antonio's idea) were a great hit, and one could identify immediately the conference attendees on the beach by those red "SED 99 Alghero" towels.

The sessions were well-attended due to erratic bus service back to the hotel — well, until Wednesday morning at least, when many were trying to recover from a night listening to The Contractions, Randy Wright's ('86) remarkably good rock band. Most of the guys in the band had their shirts off by the end of the evening, playing and sweating up a storm. The local organizing committee of the conference was especially enthusiastic and danced a lot. After the band finished, the party continued until 5:30 am with the inimitable Finn Kydland (Minnesota visiting faculty, 1976-77) the last one out the door, in his usual fashion. Walking back to the hotel, dawn was breaking as we saw the first group of people waiting for the bus to the airport for the early flights of the day. On the last afternoon of the conference we took an excursion boat across Porte Conte Bay to the Grotto of Neptune, one of the biggest caves on the Mediterrean Sea. The Porto Conte area was truly a beautiful and unique place for a conference!

Minnesota grads attending and presenting papers were: **Ben Bental ('79)**, **Dan Peled ('80)**, **Zvi Eckstein ('81)**, **Greg Huffman ('83)**, **Richard Rogerson ('84)**, **Gary Hansen ('86)**, **Beth Ingram ('86)**, **Randy Wright ('86)**, **John Weinberg ('87)**, **Marco Espinosa ('88)**, **Gerhard Glomm ('88)**, **Ayse Imrohoroglu ('88)**, **Selo Imrohoroglu ('88)**, **Alex Mourmouras ('88)**, **Steve**

Cassou ('89), **Hugo Hopenhayn ('89)**, **Javier Diaz ('90)**, **Steve Parente ('90)**, **Victor Rios ('90)**, **Javier Valles ('90)**, **Juan Renero ('94)**, **Bernardino Adao ('95)**, **Antonia Diaz ('95)**, **Karine Moe ('95)**, **Francois Ortalo-Magne ('95)**, **Ted Temzelides ('95)**, **Marcelo Veracierto ('95)**, **Raphael Bergoeing ('96)**, **Andres Erosa ('96)**, **Doug Gollin ('96)**, **Byeong-Ju Jeong ('96)**, **Betsy Caucutt ('97)**, **Diego Restuccia ('98)**, and **Carlos Urrutia ('98)**. Also in attendance were current graduate students: Juan Carlos Conesa, Ron Edwards, Karsten Jeske, Dirk Krueger, Jessica Tjornhom and Daria Zakharova; each of them presented a paper and did a great job helping out Sue and me at the registration desk. And a special thanks to Juan Carlos and to Carlos Garriga (MN visiting student, 1998-99) for driving us around!

Minnesota faculty, former faculty, and Minneapolis Fed folks attending were: Antonio Merlo and Tim Kehoe, the Program Co-Chairs, V.V. Chari, Narayana Kocherlakota, Beth Allen, Manuel Santos, Gautam Gowrisankaran, Matt Mitchell, Andrea Moro, Ellen McGrattan, Michele Boldrin, Ramon Marimon, Hal Cole and Ken Wolpin. Ed Prescott showed up on the last day, coming to Alghero to attend Steve Parente's wedding, and also gave a talk at the University of Sassari [Ed is currently working on his new book, "Europe on Negative \$5 a Day"].



Conference attendees Claudia Olivetti, Alessandra Fogli, and Randy Wright ('86) all from Penn.

The newsletter is now published once a year.

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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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**MINNESOTA DEPARTMENT OF ECONOMICS
GRADUATE ALUMNI NEWSLETTER**

Spring/Summer 1999

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