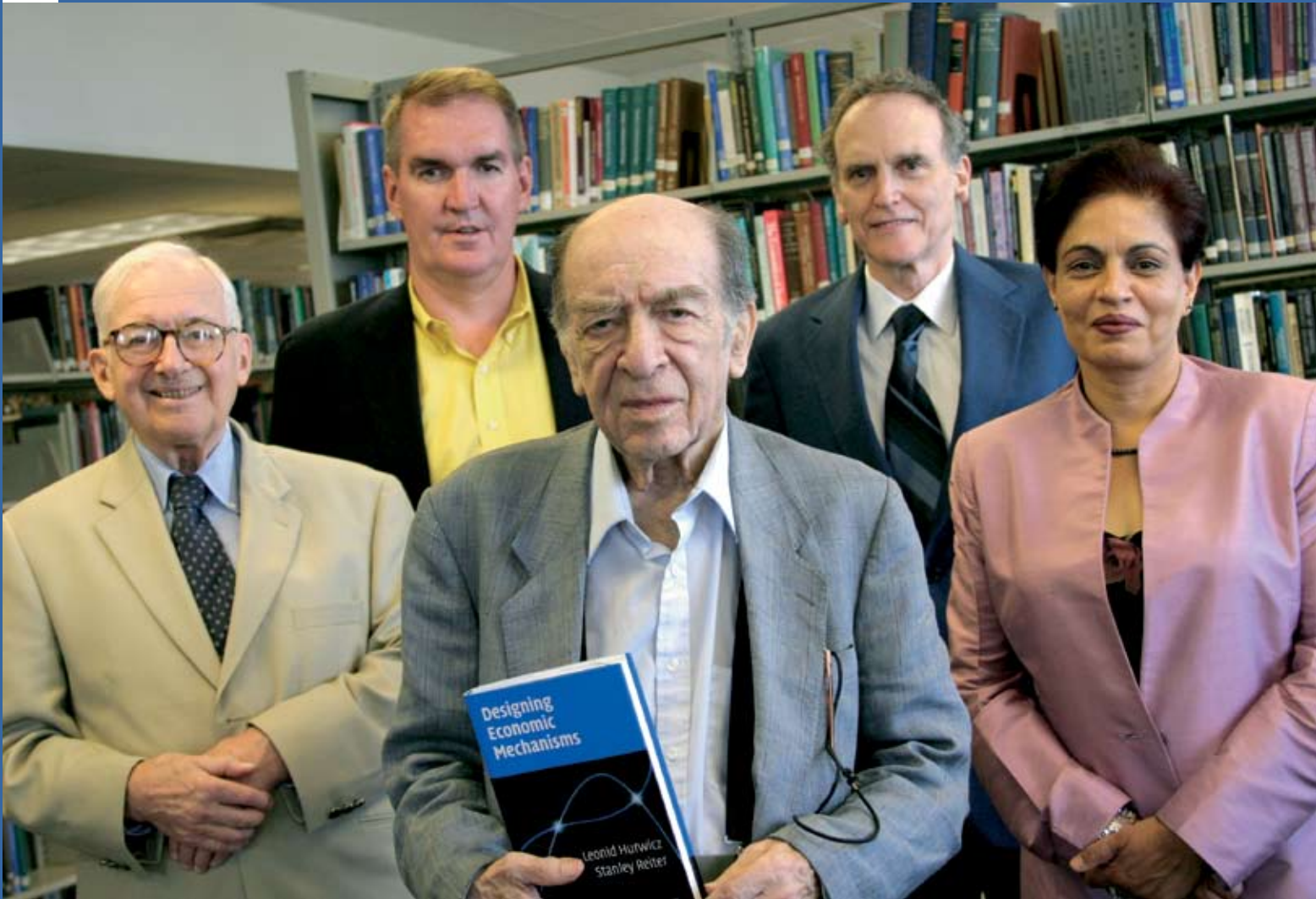


# MINNESOTA Economics

FALL 2006



## LOOKING BACK, MOVING FORWARD

Remembering the golden history of the Economics Department

Recognizing the life and work of Regents Professor Leonid Hurwicz

Students and alumni who've made their mark

COLLEGE OF LIBERAL ARTS

UNIVERSITY OF MINNESOTA

Driven to Discover

MINNESOTA Economics is published once a year by the Department of Economics in the College of Liberal Arts at the University of Minnesota for alumni/ae, faculty, staff, and friends of the department.

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#### ON THE COVER

The University of Minnesota's Economics Department has long been a pioneer of economic thought thanks to outstanding faculty. Pictured on the cover are: (*L to R*) John Chipman, Timothy Kehoe, Leonid Hurwicz, Marcel (Ket) Richter, and Simran Sahi.

Cover photo by Everett Ayoubzadeh

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## Letter from the Chair

ON JULY 1, I took over as chair of the Department of Economics, following Ed Foster. These are big shoes to fill. Ed has done a great job over the past six years, and the department and the University owe him a large debt of gratitude.

I thought I'd use this opportunity to tell you a little about myself, and in so doing, a little about the University of Minnesota. I got my Ph.D. in economics in 1987. My degree was from the University of Chicago, but Minnesota had a huge indirect impact on my Ph.D. education. My adviser was Lars Hansen, who received his Ph.D. from Minnesota in 1978. Two of the most exciting courses I took were taught by Robert Townsend, who received his Ph.D. from Minnesota in 1975. My experience with Lars and Rob has had an enormous impact on my research throughout my career.

The approach to economics that Lars and Rob taught us relied on the synthesis of economic theory and economic data. This synthesis is a hard one because the precision of economic theory doesn't dovetail nicely with the messiness of economic data. Most economists end up cutting corners either in their use of theory or in how they use data because they can't make them jibe together in a satisfactory way.

But Lars and Rob made the connection seem natural to us. I still remember learning principal-agent theory in one of Rob's advanced courses and then using that advanced (remember, it's the early eighties!) theory to understand feudal institutions in the next. This synthetic approach was (almost) unique to them among the Chicago faculty of the day. But after graduate school, as I met more and more economists trained at Minnesota, it became clear to me that this approach to economics was really a Minnesota approach to economics, not something special to Lars and Rob.

By the time I was ten years removed from my Ph.D., there was no place I respected or admired more than Minnesota. In some form or another, almost every part of economics that I used in my research came from there: mechanism design from Leo Hurwicz, rational expectations econometrics from Lars Hansen and Tom Sargent, and monetary economics from Robert Townsend

and Neil Wallace. Moreover, I knew from my many Minnesota Ph.D. friends that Minnesota somehow magically inculcated in its Ph.D. students exactly the right attitude toward research: It's important, frustrating, but most of all fun. It was without a doubt the highlight of my career when I joined the faculty here in 1998.

Enough about the past, though. Where does the department need to go in the future? Many of the positive attributes I stressed above are still firmly in place. We have a great Ph.D. program and a very strong undergraduate program. Our view of economics is still grounded in a synthetic view of theory and data. We've had some departures and some retirements, however; so our number-one task in the next couple of years is to hire more faculty

BY THE TIME I WAS TEN YEARS REMOVED FROM MY PH.D., THERE WAS NO PLACE I RESPECTED OR ADMIRER MORE THAN MINNESOTA. IN SOME FORM OR ANOTHER, ALMOST EVERY PART OF ECONOMICS THAT I USED IN MY RESEARCH CAME FROM THERE.

members to continue to enhance the student experience and to compete with other highly ranked departments.

On that front, we're very excited about the arrival of associate professor Fabrizio Perri and professor Patrick Bajari. Fabrizio specializes in international economics but has made contributions in a variety of other fields as well. Some of his most interesting work teaches new lessons about the ability of people in the United States to share income risk with one another.

Pat Bajari is a Minnesota student through and through. He got his B.S. in economics and mathematics here in 1992; then he received his Ph.D. in economics in 1997. His field of specialization is industrial organization. In his recent work, he has made enormous headway in the crucial problem of estimating models of strategic firm interaction in dynamic settings. More generally, it is hard to



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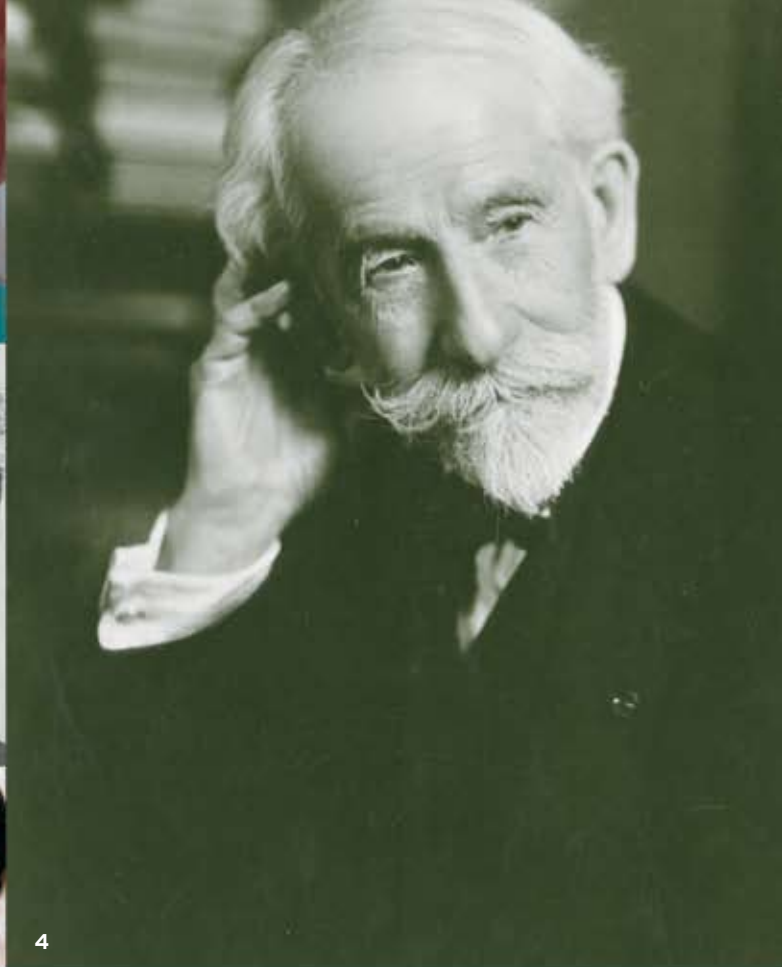
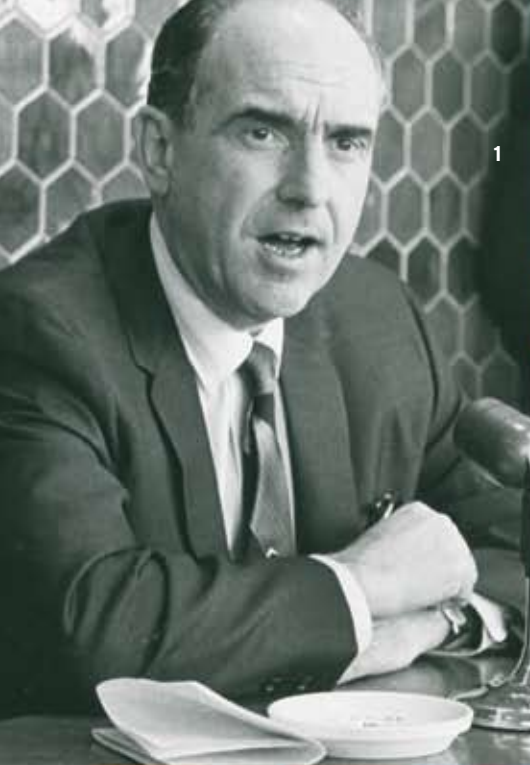
think of anyone working today who more completely epitomizes the Minnesota synthesis of theory and data than Pat.

The department is enormously proud of the continuing successes of our alumni. To cite but one of many, Luis Carranza (Ph.D. '96) was recently named the finance minister in Peru. As it turns out, financial markets know the benefit of a Minnesota Ph.D: Peruvian bonds immediately rose to a nine-week high upon the announcement of Luis' appointment.

This department has a glorious tradition. It would be impossible to maintain that tradition without the gifts we've received over the past years from our generous alumni and other friends. All we can say is: thanks!

I look forward to serving as department chair over the next three years. Feel free to call me or send me an e-mail if you have comments of any kind.





# *A Golden History*



Since its inception,  
the University's  
Economics Department  
has been home to experts  
and ideas that have  
garnered international  
recognition.

By Douglas Clement

Ideas are the lifeblood of a university. And because many people can use the same idea simultaneously without decreasing its value for others, sharing ideas stimulates productivity. This concept of “endogenous growth” has been formalized by economists only recently—and some economists still debate its validity—but it is an apt description of the University of Minnesota's Department of Economics throughout its history: increasing returns through the generation and diffusion of ideas.

From its earliest years, when the University's president did double-duty as its only economics instructor, to the most recent class of graduate students, who wrote dissertations on topics as complex as dynamic optimal contracts, economics at the University has always been about ideas and the people who share them. The list—of both people and ideas—is extraordinary, and the history of the department is a remarkable tale of growth in knowledge.

### The Early Years

The first economics instructor at the University was indeed its first president, William Watts Folwell. His goal, according

to the course description, was “to present clearly and fairly the history of the science and to thoroughly inculcate established principles.” From the start, Folwell seemed to understand the importance of divergent outlooks in the discipline. “Conflicting views are brought out with all possible impartiality,” he said.

The University's first economics Ph.D.—and one of the nation's first women to receive a doctorate in economics—was Hannah Robie Sewall in 1899. Like economics dissertations today, her thesis, a nuanced analysis of evolution in concepts of economic value prior to Adam Smith, was filled with Greek symbols. Unlike today's students, however, Sewall wasn't using Greek to build mathematical models. She was quoting Aristotle in his native tongue.

In these early days, economics was part of the political science department, for at the time, the discipline was essentially the qualitative study of interactions between political and economic forces, rather than the rigorous mathematical treatment of production and exchange that economics later became. In 1913 economics became an independent department within the College of Science, Literature and the Arts, and all SLA majors took economics as a required subject. But in 1919 the economics faculty was merged with business education, becoming a unit within the newly formed School of Business. The resulting association endured for more than four decades.

Often referred to as “the American Keynes” and one of the nation's leading macroeconomists, Alvin H. Hansen was

a key member of the faculty during this period before his departure for Harvard in 1937. His (and Sir John Hicks') IS-LM charts, which summarize relationships among investment, savings, liquidity preference and money supply, still tax the learning curves of economics undergrads today. Minnesota's close association with University of Chicago economics also began early: In the 1930s, George Stigler was a faculty member at the University, as was Milton Friedman briefly at the close of World War II.

### Birth of a Department

After the war, student enrollment climbed at the University, and faculty numbers expanded in step. In 1946 after four years at the U.S. Treasury Department, Walter Heller arrived in Minneapolis, and Minnesota economics would never be the same again. “If you want the founding father of the Department of Economics,” observes Jim Simler, department chair from 1967 to 1991, “there's only one answer. It's Walter Heller.”

A skilled economist, Heller also had a keen eye for academic talent and an enviable gift of persuasion. By 1957 he had drawn together a faculty remarkable in both its quality and its breadth: John Turnbull, Andreas Papandreu (future Prime Minister of Greece), Oswald Brownlee, Harlan Smith, John Buttrick, Edward Coen, Franz Gehrels, John Chipman, John Kareken, Scott Maynes, Richard Savage and Frank Boddy.

But without one particular economist, Minnesota economics might never have

---

Pictured left:

1) Andreas Papandreu 2) Anne Krueger  
3) Oswald Brownlee 4) William Watts Folwell  
5) Neil Wallace 6) Ed Coen 7) Chris Sims  
8) Marcel (Ket) Richter 9) Tom Sargent  
10) Alvin Hansen 11) Leonid Hurwicz  
12) Harlan Smith 13) Craig Swan  
14) John Buttrick 15) John Turnbull  
16) Walter Heller

## FEATURE *A Golden History*



Walter Heller



Ed Foster



Herb Mohring



John Kareken



Cliff Hildreth

Heller and Hurwicz were an odd pair, with little in common other than a love of economics and mutual respect. But together they built the department.

coalesced. Heller's most significant recruiting coup was Leonid Hurwicz, a brilliant young economist hired in 1951. Hurwicz had worked at the University of Chicago's Cowles Commission with such giants as future Nobel laureates Lawrence Klein, Tjalling Koopmans and Kenneth Arrow.

Heller and Hurwicz were an odd pair, with little in common other than a love of economics and mutual respect. But together they built the department. "You can hardly think of two people more different than Walter Heller and Leo Hurwicz," notes Simler. "Leo is foreign born, an immigrant. Walter was from Wisconsin. Walter was a man of the world; Leo was a scholar. Walter was a policy guy; Leo, a theorist. What a contrast, and yet it was just beautiful to watch these two people work together. I don't recall any serious disagreement between them."

Perhaps because of their different backgrounds, skills and temperaments, the two created a balanced core and a powerful identity for the economics faculty. In 1962 the economics department moved to the College of Liberal Arts, gradually building itself into one of the nation's top ten economics departments. "I don't want to say that all of the department's success owes to those two," says Simler of Heller's and Hurwicz's leadership. "But certainly a great,

great deal. It was just truly remarkable what those two men were able to do."

Heller and Hurwicz continued to make strong hires in the late 1950s, bringing in Martin Bronfenbrenner, Anne Krueger, Jim Simler and Ket Richter. Their Midas touch in cultivating the department continued well into the 1960s with the hire of George Perry, James Henderson, Ed Foster, Larry Sjaastad, John Hause, Herb Mohring, Neil Wallace, Cliff Hildreth, Craig Swan, Charles Freedman, Carlos Diaz-Alejandro, Hugo Sonnenschein and Tom Muench.

### Raising Expectations

And then Washington called. In 1961 President Kennedy tapped Heller as chair of the Council of Economic Advisers, and from that position, Heller's influence extended across the globe. His policies were Keynesian—the active use of fiscal policy to stimulate the economy. And his positions were similar in many respects to those of his Minnesota predecessor, Alvin Hansen.

But strong views on policy didn't signify intolerance of differing ideas, and faculty hires made after 1964, when Heller returned to campus as a professor, continued to show remarkable range. Another instrument of change was John Kareken, who pulled together a team to improve economic forecasting in the 1970s. It was then





Jim Simler



John Chipman



Jim Jordan

that the antithesis to Keynesian intervention took root at Minnesota.

In the first step of a continuing partnership with the Minneapolis Federal Reserve, Kareken's team—monetary theorist Neil Wallace, econometrician Chris Sims and macroeconomist Tom Sargent—began to build a better model to measure the impact of fiscal and monetary policy. But their research agenda was scrapped when they received Robert Lucas' seminal paper on rational expectations, which suggested that policy interventions are rendered ineffective because people anticipate—and counter-act—them.

The new paradigm revolutionized macroeconomic thought and clearly contradicted the theories held dear by Heller and others in the mainstream. But again, the diversity was welcomed, not resisted. “[Heller] may not have agreed with it,” observes Simler, “but he respected it and did nothing to interfere with it.”

In 1980 Ed Prescott joined the department. Sargent, Sims, Prescott and Wallace were (and remain) among the most prominent economists in the nation. They attracted talented faculty and graduate students eager to be on the cutting edge of macro theory. “They were known throughout the country,” reflects Simler. “It was a busy time.”

#### Other Schools

By the late 1970s Minnesota economics and rational expectations may have seemed synonymous to the outside world; but again, the University's faculty and students were far more diverse than that one prominent theory. Leo Hurwicz produced seminal work in mechanism design. John Chipman made important contributions to econometrics, international trade theory and welfare economics. Krueger taught and researched international trade and development before moving to the World Bank. Mohring, Hause, Simler and Foster worked on different topics in applied microeconomics. Jim Jordan, hired in 1977, was a dominant theorist in the department for two decades. Other longtime faculty hires of the 1970s included Mark Rosenzweig, Lung-Fei Lee, William Thomson, Takatoshi Ito, and Joel Slemrod.

In the 1980s and 1990s, more key faculty hires arrived, including Patrick and Tim Kehoe, Andrew McLennan, Jan Werner, Ken Wolpin, Ed Green, John Geweke and Michael Keane. Growth in this era owed much to the even-keeled leadership of Jim Simler, who chaired the department for nearly a quarter of a century, leaving in 1991.

Richard Rogerson and V.V. Chari also joined the department in the 1990s. Nobuhiro Kiyotaki contributed novel

“The hallmark is change. But excellence remains.”

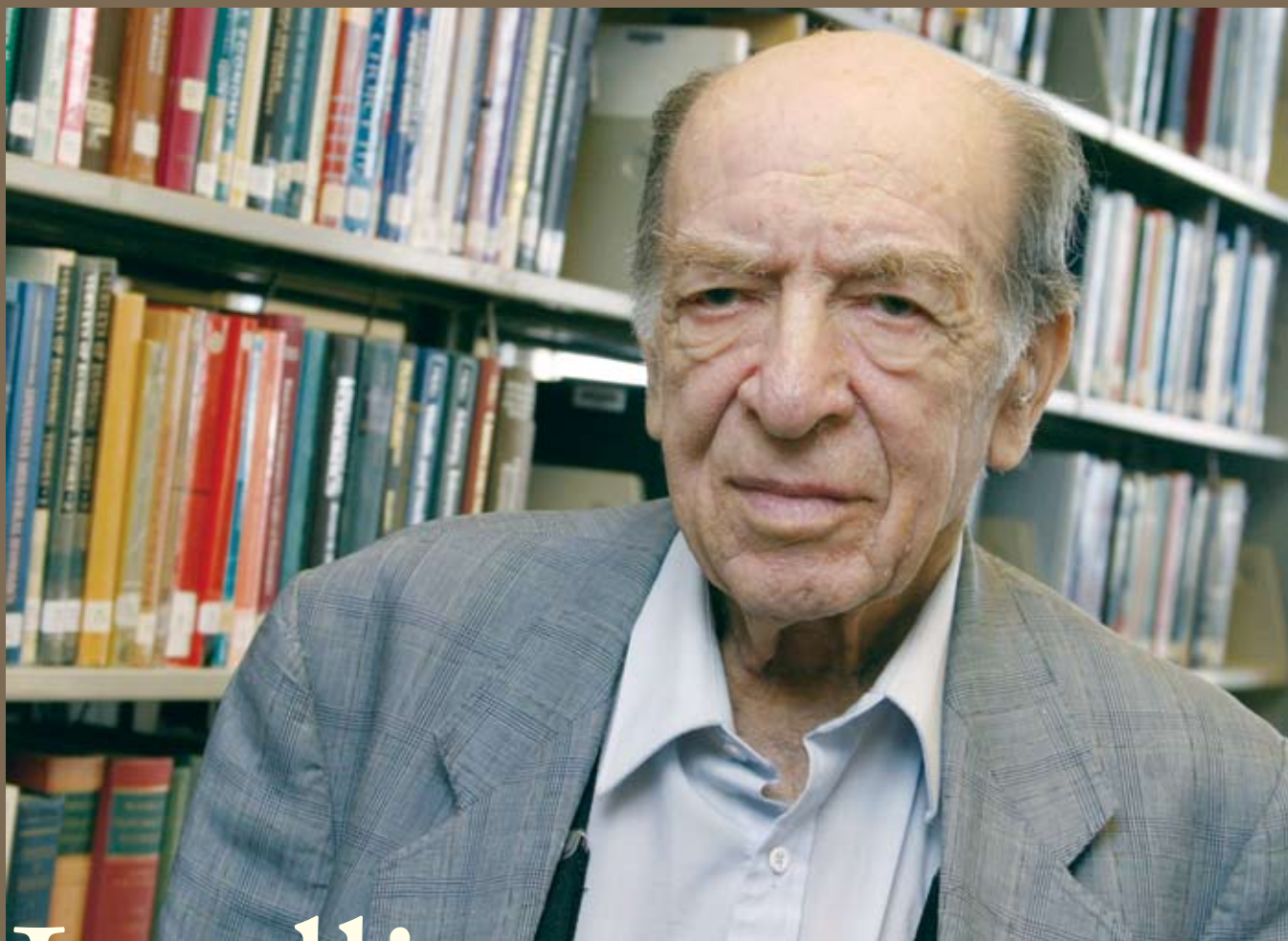
—Jim Simler

insights into monetary theory, and Beth Allen, along with Andy McLennan, made headway on game theory, the systematic analysis of how economic actors respond to one another's actions. Tom Holmes joined the faculty in 1995, producing a stream of innovative work on industrial organization. Narayana Kocherlakota, an expert in monetary theory and public finance, came to Minnesota in 1998,\* followed a year later by Larry Jones, a macroeconomic theorist, and Michele Boldrin, an authority in economic development and growth theory.

More hires in the current decade—Aldo Rustichini, Sam Kortum, Erzo Luttmer, Zvi Eckstein, Cristina Arellano, Pat Bajari and Fabrizio Perri—have built a well-rounded faculty of internationally recognized expertise in industrial organization, game theory, labor economics, international economics and financial economics.

\*Kocherlakota was lured away by Stanford in 2002, but chose to return to Minnesota in 2005 because of the rich collaborative research environment.

(CONTINUED ON PAGE 9)



# Intelligent Designer

LEONID HURWICZ KNOWS HOW TO ACHIEVE DESIRED OBJECTIVES IN ECONOMICS AND IN LIFE.

By Douglas Clement

IN OCTOBER 1917 Russia gave birth to the Bolshevik Revolution, launching history's longest experiment in centralized economic planning. Just two months earlier, Russia also saw the birth of Leonid Hurwicz, who would later become the world authority on economic decentralization. Sitting in his Minneapolis dining room 89 years later, the Regents Professor Emeritus acknowledges the irony. "I feel somewhat historic," Hurwicz jokes, "to see that I was born before the Revolution and I outlived it."



But in truth, Hurwicz launched a revolution of his own by dramatically transforming the way economists think about economic systems. Rather than passively accept the given structure of an economy and optimizing within its constraints—the standard method—Hurwicz’s theory of “mechanism design” provided a rigorous method for creating rules of interaction (mechanisms) so as to achieve desired objectives. “This new approach,” Hurwicz wrote in 1973, “refuses to accept the institutional status quo... as the only legitimate object of interest.” Revolutionary indeed.

Hurwicz’s work has allowed economists not only to analyze competitive markets but also to devise alternatives. “A lot of classical welfare economics starts with a particular mechanism, the competitive economic system,” observes Hurwicz’s University of Minnesota colleague and collaborator, John Chipman. “He goes further behind that to designing mechanisms from scratch.” The competitive market system is remarkably robust, but there are clear examples—coping with pollution, for instance, or providing public goods—where markets fail. In such situations, mechanism design excels in the creation of alternatives. Today it’s used in applications as varied and vital as the design of airwave spectrum auctions, analysis of monetary policy rules, internal organization of large corporations, and shaping of computer networks.

### Other Contributions

While many consider mechanism design to be Hurwicz’s most innovative work, his contributions are far broader. In the early 1940s he worked at the Cowles Commission, a think tank dedicated to econometrics. His research there on small sample properties, says Chipman, “is still cited as fundamental.”

And in the late 1950s, soon after his arrival at the University, he published three seminal papers, coauthored with Stanford University’s Kenneth Arrow, on the dynamic stability of competitive equilibria. Economists had long studied equilibrium in competitive economic systems, but no one had carefully evaluated their stability. “Much teaching, even now, is focused on the system being in equilibrium,” observes Hurwicz. “But any economist worth his

salt will tell you that most of the time the system is not in equilibrium; it’s moving up or down or oscillating.”

For Arrow, the collaboration was especially significant. “My joint work with Leo Hurwicz is one of the finest intellectual experiences of my life,” he wrote. “His depth, his caution and demand for rigor, and most of all, his sense of the essence of the problems, were powerfully educative.” (Hurwicz smiles when he hears of Arrow’s message: “I’m amazed that you have tracked down such people who are willing to perjure themselves.”)

A decade later, he published a set of papers on consumer demand theory, which analyzed the derivation of utility functions from demand functions. “In my opinion,” says Chipman, “both these contributions made him deserving of a Nobel Prize.” Hurwicz hasn’t yet received the Nobel, but in 1990 he was awarded the National Medal of Science by President George H.W. Bush, “for his pioneering work on the theory of modern decentralized allocation mechanisms.” Only six economists in history—the others are Nobel laureates Arrow, Gary Becker, Milton Friedman, Paul Samuelson and Robert Solow—have received the Medal of Science, and Hurwicz is the only scholar from the University to be so recognized.

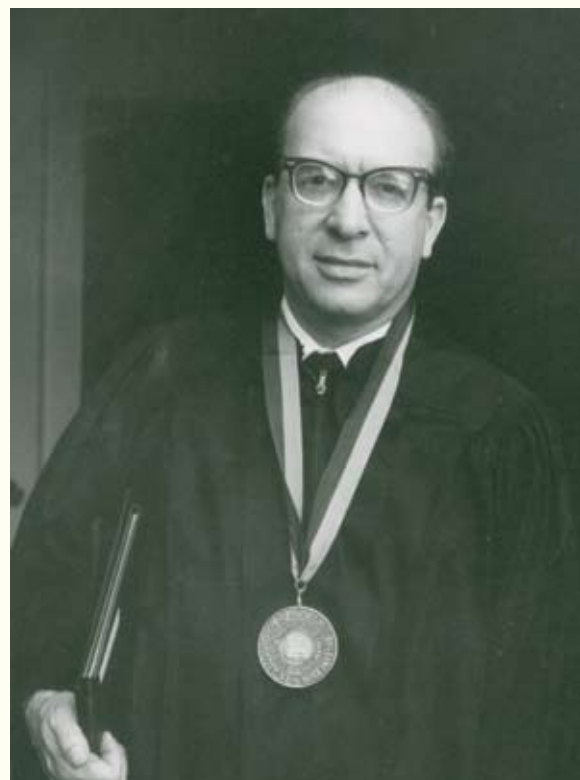
“I thought it was a case of mistaken identity,” Hurwicz quipped when he first heard of the award. Now he admits that while he was very surprised to get it, he was “delighted that the concept of decentralization is [recognized] as important for economics.” Mechanism design doesn’t necessitate a decentralized structure, but “I have a value prejudice in favor of decentralization,” he admits. “When I think the market is not good at taking care of something, and I look for alternatives, I first look for decentralized alternatives.”

### A Winding Road

From Bolsheviks to Bush is a long journey. Hurwicz began it in a horse-drawn wagon when his family, fearing political persecution, left Moscow in 1919. “It was something you could make a Dr. Zhivago movie about,” Hurwicz says. They returned to their native Poland, and he studied in Warsaw schools, receiving a law degree from the University of Warsaw in 1938.

“My joint work with Leo Hurwicz is one of the finest intellectual experiences of my life.”

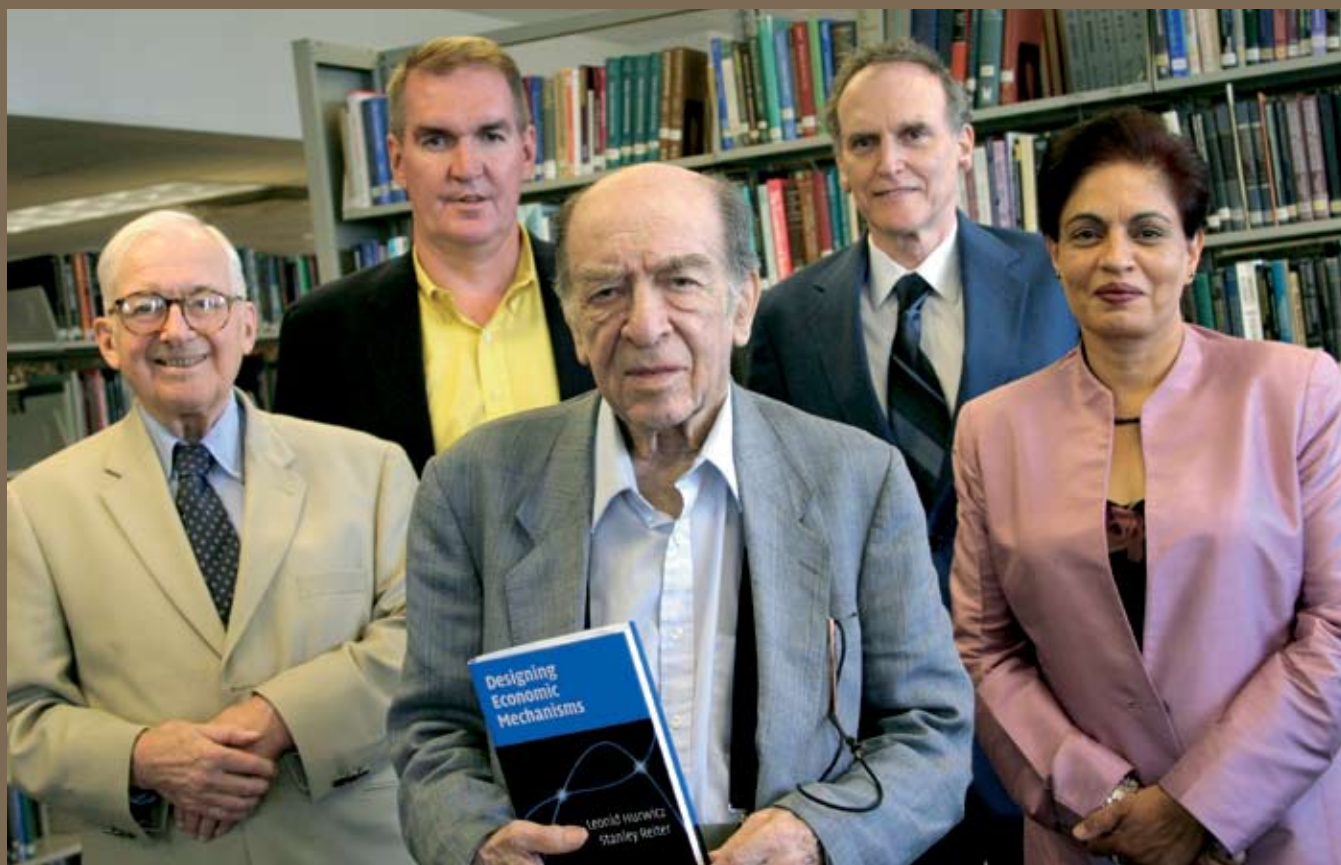
—Kenneth Arrow



Hurwicz receives the National Medal of Science in 1990.

The legal education was his father’s idea; Hurwicz was more interested in astrophysics. So in addition to attending law school, he studied physics and entered the piano conservatory, indulging another of his talents. “I was running like mad,” he recalls. But it was a second-year course in economics, taken while working toward his law degree, that hooked him. After graduation, he was admitted to the London School of Economics. His English was rudimentary, and the classes he understood best were

(CONTINUED ON PAGE 8)



(L to R): John Chipman, Timothy Kehoe, Leonid Hurwicz, Marcel (Ket) Richter, Simran Sahi

“The department’s national standing owes much to Hurwicz. I would say he’s responsible almost single-handedly for its high reputation.”

—John Chipman

(CONTINUED FROM PAGE 7)

taught by a Hungarian economist. “He had a worse accent than I did, but I could understand it, so I took all the courses he was teaching.” The professor: renowned theorist Nicholas Kaldor.

Hurwicz took night classes at LSE as well, and “was able to more or less do two years in one, at least in terms of inhaling knowledge.” In 1939 he went to Geneva for further study, but when Hitler invaded Poland, Hurwicz became a Jewish refugee, and his parents and brother fled Warsaw only to be interned in Soviet labor camps. After several tense months in Switzerland and Portugal, Hurwicz emigrated to the United States, completing his studies at the University of Chicago and Harvard. His family eventually joined Hurwicz in the United States. He taught meteorology at the University of Chicago from 1942 to 1944, and—sight unseen, he claims—hired economics undergraduate Evelyn Jensen, a farm girl from western Wisconsin, as his teaching assistant. He and Evelyn, along with their four children (Sarah, Michael, Ruth and

Maxim), celebrated their sixty-second wedding anniversary in July.

### Shaping the Department

Hurwicz arrived at the University of Minnesota in 1951, recruited by Walter Heller. Heller was the worldly policymaker; Hurwicz, the quintessential mathematical theorist. But the two worked in brilliant concert, creating an independent spirit and identity for economists at the University, recruiting talented young economists, and teaching students the technique and beauty of economics.

The department’s national standing owes much to Hurwicz. “I would say he’s responsible almost single-handedly for its high reputation,” says Chipman.

In his Nobel autobiography, laureate Daniel McFadden points out that when he was a student, it was Hurwicz, along with Chipman, who drew him to economics because of his insight into mathematical models of learning and choice. Other students and colleagues emphasize that

## Friends and colleagues note that at his fiftieth wedding anniversary, no one danced more than Leo Hurwicz.

Hurwicz is both demanding and supportive as a teacher, giving students second, third, fourth and fifth chances to learn skills but accepting nothing less than mastery.

### More than Economics

One expects rigor from a mathematical theorist. More surprising perhaps, is Hurwicz's vigor. Handing a visitor his 39-page curriculum vitae, he notes that it needs updating to include several recent articles, an honorary doctorate from the University of Bielefeld, and a book published in late May, "Designing Economic Mechanisms," written with Stanley Reiter of Northwestern University. Even as an emeritus professor, Hurwicz carries a teaching load. His dining room table is covered with research papers. And his deep knowledge of current controversies in economics and public affairs is astounding. As Arrow observes, "his bubbling sense of enthusiasm and his intellectual curiosity are undiminished by years."

Hurwicz's passions extend well beyond economics. He and Evelyn sponsored a Cuban refugee who came to Minnesota as part of the Mariel boatlift, a parallel to his own life. He's also been deeply active in DFL politics; in 1968 he was a Minnesota delegate for Eugene McCarthy at the Democratic National Convention in Chicago.

Ask him about an unusual word, and he'll tell you its etymology, language-by-language. During international travels, he has often explored archeological sites, in locations as disparate as Northern India and Israel. And friends and colleagues note that at his fiftieth wedding anniversary, no one danced more than Leo Hurwicz.

Hurwicz, then, is a mensch—the kind of intellectual that universities prize, a collaborator sought out by fellow scholars, a teacher feared and then revered by his students, and a citizen with a deep concern for his community.

"Someone asked me recently if I could think of a single individual who might epitomize the University," said Craig Swan, a colleague in the economics department and University vice provost. "They were looking for great figures in our history. And I said 'Leo Hurwicz,' because of his commitment to working with students, his intelligence, and his dedication to pursuit of truth. He has a first-rate mind and he's also a terrific person. He really does epitomize, I think, all of the things that are best about this University."

### Leo Hurwicz's Awards

- Elected fellow of the Econometric Society in 1947 and served as President in 1969.
- Inducted into the American Academy of Arts and Sciences in 1965.
- Named University of Minnesota Regents Professor in 1969.
- Inducted into the National Academy of Sciences in 1974.
- Named Distinguished Fellow of the American Economic Association in 1977.
- Received the National Medal of Science in 1990.
- Received honorary doctorates from Northwestern University in 1980, the University of Chicago in 1993, Universitat Autònoma de Barcelona in 1989, Keio University in 1993, Warsaw School of Economics in 1994 and Universität Bielefeld in 2004.

### Hot Off the Presses

Leo Hurwicz's latest book, "Designing Economic Mechanisms," with Stanley Reiter, was published in June by Cambridge University Press.

## A Golden History

(CONTINUED FROM PAGE 5)

### Inevitable Change

Of course, not all faculty remain. Many gifted faculty members have left Minnesota. But Simler, who has seen more than his share of arrivals and departures, has a veteran's perspective on this churn. "You cannot expect the department, any department, to be peopled by the same people for a very long time," he says.

"You have to expect change." In addition to the natural flux of an academic's career, universities are constantly competing for skilled professionals and making offers that can't be refused.

Ed Foster, outgoing department chair, has witnessed the inevitable changes.

"Our top faculty are every bit the equal of the best of the private universities, but those private schools have very deep pockets, and they have increasingly been willing to spend to keep their own faculty and raid ours," Foster says. "The pressure has been growing, and spreading—spreading to more private schools that have decided that they need to be in the game, spreading to competing for graduate students as well as for faculty. We're being stretched very thin to hold on to our strongest people and to attract replacements."

Though staying at the top of its game is a constant challenge for the department, Simler reminds us that change is not always a negative. "Turnover is not a bad thing," observes Simler. "In a way, I think the department thrives on it. It gets new blood all the time." With new blood comes fresh ideas that bring further growth and reshape the landscape of economic thought.

Minnesota's tradition of "inculcating established principles ... [and presenting] conflicting views," as Folwell put it, leads to increased returns for students, faculty and economics itself. "So it's like the ocean; it just keeps regenerating itself," Simler adds. "The hallmark is change. But excellence remains."

(Due to lack of space, the Economics Department regrets not being able to highlight all of its current and former faculty in this feature.)





Photo courtesy of Stan Waldhauser

# Treasure Hunt

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TOM HOLMES UNEARTHS THE HIDDEN GEMS  
IN HIS ECONOMIC RESEARCH.



By Douglas Clement

**What factors influence the diffusion of Wal-Mart stores?**

**Why is there such a high geographic correlation between nursing-home unionization and coal mines?**

**How important were railroads to the growth of the nation?**



hrough innovative synthesis of economic theory and data, Tom Holmes digs into such questions and unearths truths about how economies arrange themselves: a tradition of economics known as industrial organization.

"I am fundamentally interested in how production is organized," says Holmes, Curtis L. Carlson Professor of Economics. "I'm interested in seeing how big the productive units are and where they are. Do they put everybody in one big plant or lots of little plants scattered around the country?" As he elaborates, the map of his research agenda slowly reveals hidden treasures.

### Unhidden Agenda

Early in their schooling, economists learn that firms grow to the size at which they minimize average production costs. This often results in large production facilities that allow companies to take advantage of economies of scale. But pushing strongly against that tendency is the cost of bringing goods to market. A single huge factory could achieve low costs per unit, but the expense of shipping products to stores across the nation could overwhelm the scale economy savings.

That balance is at the heart of Holmes' research agenda. "If you pile up production in this one little spot, you can have great efficiencies, but how are you going to get it to people?" he asks. "That's really the trade off that drives much of my work: enjoying scale economies versus saving on transportation costs."

A recent Holmes paper published in the "Journal of Political Economy", for example, examines why companies tend to put sales offices in large cities. One potential explanation is that salespeople in large cities have greater access to market information that enables them to match customer needs. But by carefully constructing a model and comparing it to U.S. data, Holmes finds that scale economies and transportation costs may be more persuasive reasons.

### Economics of Density

Similar factors play a role in his Wal-Mart research, which examines the time-path of the corporation's store openings across the country. It might seem that Wal-Mart would have chosen the highest quality locations around the country, one by one, as it expanded its empire. But instead, Holmes concluded, the company pursued economies of density: locating new stores close to older ones in order to save money on deliveries, infrastructure, management and advertising. A short animated movie clip created by Holmes tracks the company's diffusion across the United States from 1962 to 2004 and shows it spreading like a virus—or pollinating like a flower, depending on your point of view.

While scale and transportation costs are critical baseline factors, they alone can't explain why industries locate where they do. Government policies play a significant role, as does labor union activity. "I often look at how avoidance of labor unions or government regulations might tilt company decisions," Holmes says. He uses his benchmark models incorporating scale and transportation to then measure the separate impacts of regulation and union activity.

### Digging Deeper

A unifying theme in Holmes' research is the importance of digging hard for data and comparing those data tightly with theory. Most economists lean toward either theory or econometrics. Not Holmes. "A lot of people do well in this field by just doing the math, sitting in their office with pen and paper," he observes. "And others are really specialists with data. It's just worked well for me to try to play both cards."

So while his papers are filled with high theory and intricate math, they also incorporate gigabytes of data that are meticulously assembled from government databases, industry sources, local phonebooks or online articles. And while he could outsource the data gathering to others, Holmes chooses to do much of it himself. "Yeah, I get dirty," he jokes. "I'll do a lot of the data work; at the very early stages I always need to do it."

For Holmes, a direct relationship with the data is essential. "It's never enough for me to run some regression and just see what pops up," he says. "I look at my data and look at the outliers, and I say, what's their story? You learn a lot by digging. You often learn about something new that you didn't even know existed. If I didn't dig I'd miss out on my best ideas."

### Holmes' Schooling

Holmes's zeal for economics started with his first college seminar. "I went to my first econ class never even having heard the term 'supply and demand.' I had no idea what it was about," he recalls. "And, well, I just fell in love with it. I couldn't believe it. I basically never did anything else."

He majored in math and economics at the University of Pennsylvania. Then he got his Ph.D. at Northwestern University in 1985. After teaching at the University of Wisconsin, he became a Federal Reserve Bank of Minneapolis economist in 1993, joining the University faculty two years later. In 2003 he was awarded the Carlson Chair.

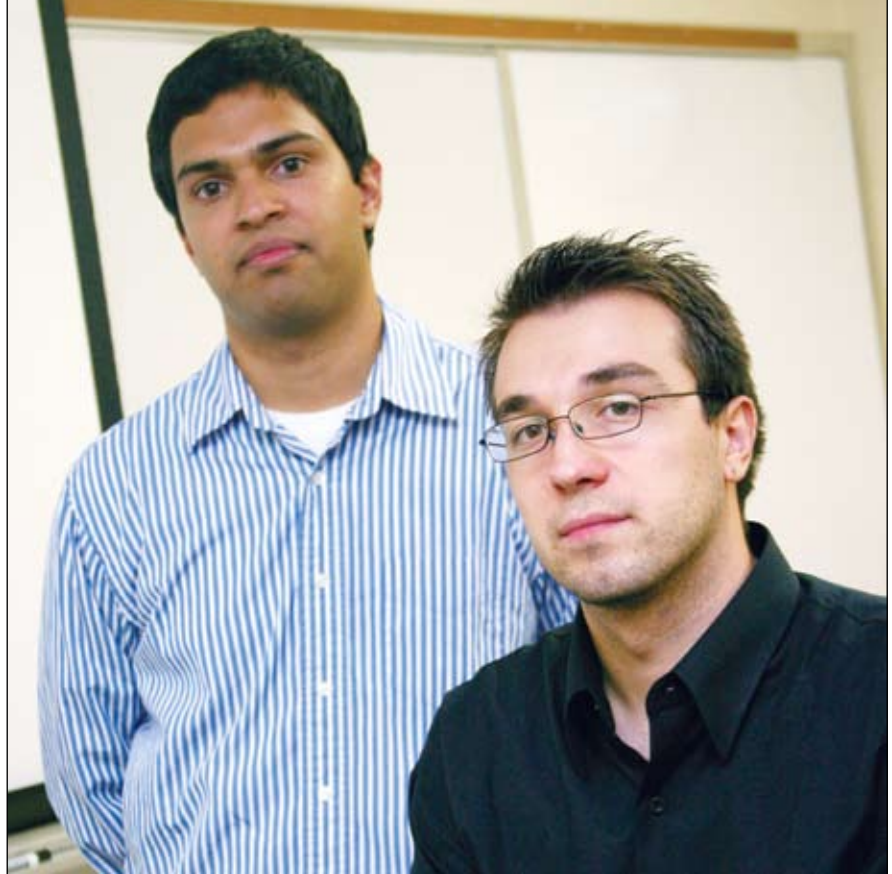
In addition to his research, Holmes teaches both graduate and undergraduate classes at the University. "I really enjoy undergraduate teaching," he says, recalling his own initial classes in the field. But working with graduate students is especially gratifying. "I get the most out of the one-on-one working with students on their theses," he says. "It's really thrilling to see somebody put their research together. One of the most rewarding aspects of this job is to see your grad students grow."

Holmes' enthusiasm about economics begs an obvious question about his own children, the eldest of whom has just started college. Would he predict that any of the three will follow in their father's footsteps? Holmes smiles widely. "That's still to be determined," he responds, always the cautious scholar. "I'm hoping. I don't want to be too pushy. But I think it's the greatest job—and the greatest field—in the world."



Working in collaboration has paid off for graduate students Ananth Ramanarayanan and Costas Arkolakis, whose ongoing research has already received accolades.

By Elizabeth Hilberg



# Putting Their Heads Together

**W**hen Ananth Ramanarayanan and Costas Arkolakis won the Hardy third-year paper competition for their work “Endogenous Specialization, Intermediate Goods, and International Business Cycles,” they knew they were carrying on a tradition of intellectual collaboration as old as the economics department itself.

“There’s a history of collaboration here,” says Ananth. “When we read the research of Minnesota graduates we see their names together and see how they cooperated. And you know these are lifelong collaborations.”

Although the Hardy Award is given to third-year students, the groundwork for this type of collaborative research begins as early as the first year. “We are taught that everything you research should have a similar foundation based on theoretical reasoning and certain principles that are established in the first couple of years in the program,” explains Ananth, who also has a doctoral dissertation fellowship from the Graduate School. “When you share that same foundation, everyone can communicate a lot easier regardless of what the topic is.”

Though English is a second language for Costas, an international student from Athens, he and Ananth found working together to be easy with economics as their common language.

“We didn’t know much about writing a paper when we started,” says Costas, the recipient of the 2006 Heller Dissertation Fellowship. “Sometimes we try working on similar tasks simultaneously, and compare what we find. A lot of the time we interpret the things the other has found.”

Having complementary specialties within the world of international economics also contributes to an effective collaboration. Ananth, a New Jersey native, is working on the effects of imperfect allocation of inputs on the response of the economy to changes in the conditions it faces from abroad. Costas is studying the decisions of firms to export their products and is analyzing new ways of modeling the way they gain access to foreign markets.

Their paper began in their second year as a class project in Tim Kehoe’s International Trade course. “We all had to do a group presentation of an idea that could be a research project, and Costas and I decided to work together,” Ananth explains. “We

were friends beforehand. Really everyone is friends in our class. We all work together, and what little free time we have we also spend together.”

The spirit of collaboration extends beyond students working together. The relationships of students with their advisers provide further opportunities for sharing ideas and receiving valuable criticism.

“Tim Kehoe and Cristina Arellano run a workshop focused on research in international trade and macroeconomics in which students take turns presenting their research every week,” Costas says. “We benefit regularly from their advice and criticism. It’s important for the professors to evaluate your work so you can see if you’re going in the right direction.”

“During these workshops, it’s not just a particular student meeting with a professor,” Ananth explains. “All the students get involved and see what everyone is working on. It gives us ideas. We really try to help each other out a lot.”

“The students here are more cooperative than competitive,” he continues. “People become friends and work together when they’re here. And they work together and maintain friendships long after they’ve left.”



# SENSE SENSIBILITY

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AMY BRATKOVICH MARRIES HER PASSION  
FOR JEWELRY DESIGN WITH HER BACKGROUND  
IN ECONOMICS.

By Elizabeth Hilberg

For some, an undergraduate degree in economics leads to graduate study and a professorship. For others, it's a springboard to a career at the Fed. For Amy Bratkovich, her degree in economics gets her one step closer to launching her own jewelry boutique.

A 2006 graduate with dual degrees in economics and business, Amy didn't start out at the University of Minnesota. She transferred in her sophomore year, drawn in large part to the strength of the Economics Department, a discipline she had first become interested in during high school.

"When I started at the U, I thought economics would be more about understanding how the economy works and being knowledgeable about current events," she says. "I was surprised at the theoretical and mathematical part of it." As the recipient of the Stockman scholarship, however, she obviously took quite well to hypotheticals and equations. But she never forgot what drew her to economics in the first place: "It's important to be aware of current events and how other countries' governments and policies work, even if it's not your focus."

The economic policies and practices of other countries soon evoked her wanderlust. Although the scope of her study of economics reached as far as Africa—her senior paper looked at the economic cost of AIDS throughout Africa—her true passion caught fire while traveling in Italy during a study abroad program in 2005. Milan was

the perfect metropolitan spot to study the European labor market and economic policy, but, in the high-fashion capital, she also found artistic inspiration for her then-fledgling handmade-jewelry business, le parapluie.

Begun in May 2004, le parapluie (French for "umbrella") had become an outlet for Amy's artistic talents. She found time in between finance and economic classes in Milan to create new designs and study the fashion marketplace as "homework" for her side business. And while traveling across the boot in Venice, she discovered the beauty of Murano glass, which has become the foundation for her most successful line of jewelry to date.

Amy's business savvy grew while working with local business owners to negotiate the best prices on materials and purchase the best products abroad to cultivate her jewelry making business. She even returned to Italy after graduation to seek out more materials for jewelry making and reconnect with friends she made during her initial trip.

In a sense, Amy's trip to Italy married her cerebral interest in global economies with her passion to create art. This interdisciplinary approach to developing her career reveals the true benefit of a liberal arts



*Amy Bratkovich transferred in her sophomore year, drawn in large part to the strength of the Economics Department.*

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education. Not content simply to pursue business and economics, her enthusiasm for borderless learning ensures continued intellectual curiosity and, ultimately, great success.

Now working as a financial analyst for Best Buy in Minneapolis, her jewelry business remains a part-time pursuit. "I'm going to work in the corporate world for a while so I can have a stable income," she explains. But she looks ahead to a time when she can turn her passion into her livelihood. In the meantime, she says, "It's great to be able to make a profit on the side while doing something that's so personally enjoyable."



Kurt and Don Winkelmann at the 2006 Davis Cup in Mission Hills, California.

Photo courtesy of Kurt and Don Winkelmann

# Cultural Crossings

From Minneapolis to Mexico, father and son Don and Kurt Winkelmann have used their U of M economics education to gain global perspective.

By Lisa Thiels

WHILE MANY FATHER AND SON DUOS can say they share a passion for sports or antique cars or the great outdoors, few would say that their common interest lies in applied problem solving. And even fewer can tout two generations of Ph.D.s in economics. Don and Kurt Winkelmann claim this distinction, and they share their alma mater as well. Don spent his graduate school years at the University of Minnesota's Department of Economics in the early 1960s, paving the way for his son, Kurt, to follow with his graduate degree in 1987.

Both were drawn to the department's reputation for analytic rigor and the strength of the faculty. "I remember being impressed by the idea that I was being exposed to cutting-edge material practically every day," Kurt says. "Looking back, I have an even deeper appreciation now for the innovative quality of that work."

Though it was a shared interest in applied problem solving that led them both to the University's Department of Economics, their paths diverged when it came to careers. Don, whose thesis focused on agricultural subsidies and labor migration, landed in the academic arena as a professor at Iowa State University before moving to Mexico, where he eventually became director general at CIMMYT (Centro Internacional de Mejoramiento de Maíz y Trigo), an international not-for-profit organization that helps improve corn and wheat technologies for developing-country farmers. Kurt focused on applied econometrics with an emphasis on financial economics and real estate for his dissertation; now he's a managing director for the Investment Management Division at Goldman Sachs in New York.



For both an international perspective played an important role in their future. Don moved his wife and three children to Mexico in 1966 to help build the Iowa State economics department's nascent master's degree program in agricultural economics at Mexico's Colegio de Postgraduados. He expected to return to Ames, Iowa, after 18 months but ended up staying for nearly three decades as he settled into his role at CIMMYT. A significant part of his work involved combining the views of biological sciences with the views of social scientists, in particular economists, to develop improved technology. The broader view made a difference, and the attitudes and tools that emerged took hold in developing-country research programs.

His efforts didn't go unnoticed. For his work with the Colegio de Pos-Graduados and with CIMMYT, he received Mexico's Order of the Aztec Eagle, an award the Mexican government gives to foreigners who have made a significant contribution to the country. He eventually became chair of the technical advisory committee for CGIAR, the Consultative Group on International Agricultural Research.

Retired since 2000 and living in Santa Fe, Don hasn't left economics and his global perspective behind. He is active in Santa Fe's Council on International Relations, follows immigration issues closely and volunteers with Santa Fe's International Folk Art Market. He most enjoys being a Woodrow Wilson Visiting Fellow, which gives him a chance to talk to students at small colleges. "I'm not there teaching economics; I'm talking about my experiences in combining views from various disciplines in solving production and environmental problems."

Kurt lived in Mexico for eight years before leaving for college when he was 18. "The experience in Mexico had a profound influence on me," he says. "The exposure at an early age to a different culture probably made it easier for me to contemplate a career focusing on global clients and global issues." Spending his youth in a foreign country sparked his interest in travel; whether it's for work or pleasure, he travels to South America, Central America and Spain regularly.

Now, after 13 years at Goldman Sachs, Kurt heads the Asset Management Group's Global Investment Strategy group, working

**Both suggest that there are essential skills that came from their economics education that went deeper than theories and mathematics.**

with institutional investors around the world on broad investment policy issues. "There has been a very steady diet of interesting issues to work on at Goldman," he notes. "The issues are, as often as not, raised by clients, with the implication that providing solutions can have important practical consequences."

Don and Kurt see eye to eye on most matters. Both suggest that there are essential skills that came from their economics education that went deeper than theories and mathematics. "In any situation, I try to figure out the core problem," Kurt says. "One of the things that really stuck with me in terms of a lesson was that there are probably discernible economic structures driving what we see empirically."

Don still focuses on basic maxims that went hand in hand with his education: "For me, the little phrases like 'No free lunches,' 'Sooner preferred to later,' 'Think about specialization,' and 'Look at division of labor' had lasting importance. They emerged from theory supported by analysis. I've long since forgotten theory's refinements, and I'm no longer competent with the analysis. But the maxims stayed, and they had a large influence on the last 20 years of my working life, and they still do."

The father and son team know, too, to expect the unexpected. "People should be alert to the many opportunities, beyond those that motivated them initially, that are going to open up along the way," Don says. Kurt agrees, referring to an analogy that's often used at his office: "A career is a marathon, not a sprint. People should keep in mind that they're going to be working for a long time. The Economics Department gives its students a solid foundation of tools that should carry them through a career. And you can never really predict what kind of opportunities might show up."

## A Family Partnership

Although Minnesota and Mexico are many miles apart, Don and Kurt Winkelmann have found a way to shrink the gap. By establishing a fellowship through the University of Minnesota's Department of Economics, they have discovered that they can honor their cultural connections while making an economics education a reality for current students. Don and Kurt, along with Kurt's wife, Janine, hope that students with Latin American ties will have the chance to build a foundation for the future with a solid education at the University.

"The University of Minnesota gave all three of us tools that enriched our lives and careers," Kurt says. "For Dad and me, it was a career in economics. We also wanted to recognize that Mexico had given us some experiences that really broadened and enriched our lives outside of what we were doing professionally."

When Kurt initially approached his father with the idea of the fellowship, Don didn't need to be convinced. "I found it easy to follow Kurt's lead because I found what he was talking about and his motivations very appealing," Don says. "And I just liked the idea of the two of us doing it together."





Photo courtesy of Rebecca Blank

# Making a Difference

**Rebecca Blank's** undergraduate degree in economics from the U of M launched a career dedicated to social change.

By Lisa Thiels

**A**s an undergraduate at the University of Minnesota, Rebecca Blank (B.S. '76) enjoyed the courses she was taking for her English major. But once she tried an economics class, she realized economics could take her life in an entirely different direction, one that could bring about social change.

"Taking economics classes gave me a chance to use math skills I had acquired over the years," she says, "and it gave me a chance to think seriously about social problems and issues I cared about."

If she had any doubts about whether she had made the right choice of major, they were dispelled in Walter Heller's introductory economics class. "He communicated that if you know economics, you can make a difference in the world," she says.

Blank knew she was working with outstanding faculty while she was in the program, but it wasn't until she was on her way to

graduate school that she discovered just how much they cared about their students. After she graduated from the University, Blank was hospitalized for an illness that delayed her graduate school plans for a year. She was quite surprised when department head Jim Simler came to visit her in the hospital. "I still think about it, and I was so touched by it," she says. "He clearly felt connected to the people from his department, even though I was two years out."

Blank, now dean of the University of Michigan's School of Public Policy, has been heeding Heller's call to make a difference in the world. As a graduate student at MIT, Blank was active in community service, volunteering at a local shelter and soup kitchen.

Over the next fifteen years, Blank found her niche in various economics professorships at MIT, Princeton and Northwestern, where she also served for a year as director of the Joint Center for Poverty Research. Blank published and edited numerous books and articles that covered topics such as work and welfare reform, labor market dynamics and poverty trends. Her book, "It Takes A Nation: A New Agenda for Fighting Poverty", has been widely used in classes and received the 1997 Richard A. Lester Prize for Outstanding Book in Labor Economics.

Following major legislative changes in welfare programs in the mid-1990s, her edited volume with Ron Haskins, "The New World of Welfare", provided information to policymakers and researchers about the effects these changes were actually having. In a series of papers, Blank demonstrated that these policy changes led to large increases in work among single mothers and reduced their welfare use. "The U.S. has changed from a monthly cash support system for low-income families to one based on work," Blank says. "This has had many good effects, but it also has created new challenges for mothers who face problems finding adequate child care or who find themselves in unstable jobs. In my work, I've tried to point out the real successes of welfare reform while still recognizing that many single mothers have limited earnings and remain poor."

While most of her career has been spent in the academic arena, she also served on the Council of Economic Advisers, once as a senior staff economist during the first Bush administration in 1989, and later as a President-appointed member during Clinton's second term. While on the council, she advised the White House on such issues as a minimum wage increase, Social Security reform and welfare reform.

Blank, also co-director at the University of Michigan's National Poverty Center, helps initiate research that provides information to advocacy groups and policy analysts. She says that one of the biggest issues right now is the effect of large incarceration rates on low-income families. Many men with a prison record returning to low-income communities have difficulty finding a job. This limits their income and the ways in which they can support their children, who are often raised by single mothers. "We need to focus on jail-to-work efforts and find ways to reintegrate the incarcerated back into the community," she says.

Blank, the 2005 recipient of the University's Outstanding Alumni Achievement Award, tackles tough issues every day and doesn't balk when she's faced head-on with economic and social quandaries. She lives by following her passion and tells others to do the same: "Go out and do something you find deeply engaging."

## Alumni Achievements

**MASAHIKO AOKI (Ph.D. '67)** was voted president-elect of the International Economic Association at the World Council meeting in Morocco in August 2005. He will become president in 2008 for a three-year term.

**REBECCA BLANK (B.A. '76)**, co-director at the University of Michigan's National Poverty Center, is the 2005 recipient of the Outstanding Alumni Achievement Award from the University of Minnesota.

**Geir Haarde (M.A. '77)** became prime minister of Iceland in June 2006. Haarde has served in many governmental positions, including minister of finance and minister of foreign affairs.

**LARS PETER HANSEN (Ph.D. '78)** won the 2006 Erwin Plein Nemmers Prize in Economics. Hansen is the Homer J. Livingston Distinguished Service Professor at the University of Chicago. Widely recognized as one of the most important empirical economists of our day, Hansen has studied dynamic properties of financial markets and how they reflect the uncertainties of the macroeconomic environment by developing and applying rigorous statistical methods.

**JOSÉ MACHINEA (Ph.D. '83)**, former minister of the economy in Argentina (1999–2001), was appointed the executive secretary for the U.N.'s Economic Commission for Latin America and the Caribbean (ECLAC) in 2003. He also served as president of Argentina's Central Bank for five years in the '80s.

**LEN BURMAN (Ph.D. '85)**, senior fellow of the Urban Institute and director of the Urban-Brookings Tax Policy Center, has been a guest twice on PBS's "News Hour with Jim Lehrer" speaking about the alternative minimum tax and tax reform. Len also has been heard recently on National Public Radio as an occasional commentator for "Marketplace."

**OKYU KWON (M.A. '91)** was appointed as Korea's deputy prime minister and minister of finance and economy in July of 2006. Kwon has served in many governmental positions, including ambassador from Korea to the OECD, and as secretary to the president for economic policy.

**LUIS CARRANZA (Ph.D. '96)** is the newly appointed Minister of Economics of Peru in the administration of Peruvian president Alan Garcia. Carranza formerly worked at BBVA as chief economist for Latin American and emerging markets where he oversaw Peru's sale of \$1.5 billion in bonds for early repayment of part of the country's debt.

## Focus on Faculty

**ZVI ECKSTEIN** was appointed by the government of Israel to a four-year position as the Deputy Governor of the Bank of Israel. He participates in setting monetary policy, bank regulation and advising the government.

**NARAYANA KOCHERLAKOTA** was named a fellow of the Econometric Society in December 2005.

**BETH ALLEN** gave the Murat Sertel memorial lecture in October 2005 at the ASSET meeting on Crete.

The symposium proceedings in honor of **MARCEL (KET) RICHTER** were published in "Economic Theory" in August 2005 and also as a book, "Rationality and Equilibrium" (Springer, 2006).

## Conferences

**The North American Summer Meetings of the Econometric Society** were held on campus June 22–25, 2006. Conference organizers were V.V. Chari, Larry Jones and Ellen McGrattan. The Leo Hurwicz Lecture was given by Roger Myerson of Chicago and the Walras-Bowley Lecture was given by former faculty Nobuhiro Kiyotaki.

Larry Jones' annual **Minnesota Macroeconomics Workshop**, held every summer in Minneapolis, received NSF funding for another three years.

The second annual **Minnesota Applied Micro Workshop** was held October 13–14 at the Federal Reserve Bank of Minneapolis, sponsored by CLA and the Fed. Conference organizers were Zvi Eckstein, Tom Holmes and Jim Schmitz. The program featured leading scholars in applied microeconomics, including Nobel laureate James Heckman.

Tim Kehoe is a program co-chair of the **2007 North American Winter Meetings of the Econometric Society**, to be held in Chicago at the AEA annual conference in January. He is also the program chair of the spring 2007 Midwest International Economics and Economic Theory Meetings to be held in Minneapolis April 20–22.

**The Midwest Economics Association** will hold its 71st annual meeting at the Minneapolis Hilton, March 23–25, 2007. More than 300 economists from around the world attend the meeting, which is a primary forum for economists in the Midwest to present their research. Partial financial support is provided by the Department of Economics and the Federal Reserve Bank of Minneapolis. V. V. Chari, the 2006–07 president, will deliver the presidential address.



# Leaving a Legacy

WE ARE ALL CHANGE AGENTS. Some people have the capacity to effect change on a grand scale. If you're a Warren Buffett or a Bill Gates, you can give away billions, and your philanthropy will have a global impact. Most of us, of course, will have to settle for something more modest.

The billionaire philanthropists of the world may get the headlines—but there are countless others, including many friends of the Department of Economics, whose gifts are no less generous as a percentage of their income or assets. And these gifts make a real and lasting difference in people's lives. Take, for instance, the late professors



Bruce Mudgett

**Bruce and Mildred Mudgett.** In May, the University of Minnesota Foundation received a gift of \$342,000 from the Mudgetts' estate to fund graduate fellowships in the

Department of Economics. This gift will be matched by the Graduate School's matching incentive program for newly created endowed fellowships, doubling the bounty of their gift to our students.

This wonderful, visionary gift came as quite a surprise. We didn't even know the Mudgetts. At least I didn't. Who were they? What prompted their remarkable generosity? What was their connection to the department? And equally important, were there any family members we could thank?

A quick Google search yielded some basic information. Bruce D. Mudgett was born

February 10, 1884. He earned a bachelor's degree from Columbia University in 1908. He earned his Ph.D. in 1917 from the University of Pennsylvania. In 1919, he came to the University of Minnesota as a professor in economics, with a specialty in insurance, in the newly established School of Business. His wife, Mildred Mudgett, was also employed by the University in the School of Social Work.

Though not in contact with the department for decades, the Mudgetts must have watched how the department was faring. This gift was no fluke. This couple made a considered decision to leave a particular kind of legacy—one that would provide opportunities for talented rising economists to study at Minnesota.

## GIFTS CAN CREATE SYSTEMATIC CHANGE IN OUR WORLD, ONE STUDENT AT A TIME.

Bruce and Mildred Mudgett must have known that the Department of Economics provides an exceptional educational experience for students, both at the undergraduate and graduate levels. They must have cared about supporting the work of dedicated professors such as those highlighted in this issue. They must have cared deeply about a department that has sent alumni into the world to make their mark in every imaginable sphere of activity—from education to teaching to the Federal Reserve System to the highest reaches of business and government, where



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our graduates are managing the finances of countries and corporations all around the globe.

And most of all, they must have cared about students.

The generous support of people like the Mudgetts can help this phenomenal department sustain its international reputation for generations to come. Their

gifts can create systemic change in our world, one student at a time.

If you are interested in learning more about how you can make a difference for the department and our students, please feel free to e-mail me at donah071@umn.edu or call me at 612-626-7642. If you want to learn more about planned giving opportunities, we can provide illustrations of how a charitable planned gift vehicle might benefit the department and the University and also provide tax advantages for you and your family.

## MINNESOTA Economics

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