1993 Nobel Prize Winner Douglass North Visits IU

On November 11, Douglass C. North of Washington University in St. Louis, winner of the 1993 Nobel Prize in Economics, visited Indiana University. While on campus he presented a paper entitled "the Historical Evolution of Politics" to a standing room audience at the Economic History Workshop and attended a reception given in his honor by the Economics Department. IU has the distinction of being the only university to host North between the October 12th announcement of the Nobel Prize and his trip to Sweden to accept the honor on December 9.

North and co-winner Robert Fogel of the University of Chicago were cited by the Royal Swedish Academy of Science for "applying economic theory and quantitative methods" to historical puzzles. North is a pioneer of this approach, called cliometrics, which has revolutionized economic history in the last quarter century.

North is most famous for his research on the role of institutions in economic performance. The question that motivates his work is "why are some nations rich and other nations poor?" While he has not offered a complete answer to this question, he argues that the answer lies in the relation of economic to political change -- on institutions, property rights, and the role of the state. That is, he believes it is necessary to move beyond standard neoclassical theory to the broader approach of political economy. In the last few years North has used the insights of his work to advise governments in the transitional economies of Eastern Europe about institutional and legal structures that aid rather than hinder economic development.

Awards Presented to Graduate Students

Christopher Waller, director of graduate studies, awards graduate students, Baoline Chen, with the 1993 Henry M. Oliver Award for best economic theorist, and Krishna Srinivasan with the Taulman Miller Award for outstanding international student. Srinivasan, Chen and Waller are pictured left, below.

Phillip Saunders, coordinator of the principles of economics program, awards graduate student, Kirsten Long, the Outstanding Associate Instructor award. Long and Saunders are pictured right, above.

IU Economics Department Alumni Party

at the AEA Meetings in Boston

Tuesday, January 4, 1994
5:30 - 7:30 p.m.

Westin Hotel Copley Place
Parliament Room

ALL ARE WELCOME

Greet former classmates and Faculty
Message from the Chair - John D. Wilson

The Economics Department continued to move forward on several fronts during the past year. First, our recruiting efforts successfully concluded with the hiring of four new assistant professors in the fields of macroeconomics, international trade, and game theory (see New Faces, p.3). These new hires will fill important holes in our programs, while providing the department with the enthusiasm of youth.

Our undergraduate program received special attention last year. The undergraduate studies committee, consisting of Professors James Walker, Willard Witte, and Arlington Williams, coordinated an extensive review of the program, resulting in a complete overhaul of the undergraduate bulletin. Several seldom-offered courses were dropped, others were renumbered to better reflect their contents, and several new courses were added. We now have a course at the 300-level completely devoted to game theory, and a new course at the 400-level that uses laboratory experimental methods to study the behavior analyzed in game theory and microeconomics.

We also added a course fully devoted international trade, which supplements the survey course in international economics and the course on international monetary economics. The NAFTA debate has demonstrated how important a good understanding of international economics is for informed discussion of some of the most important policy issues facing the U.S. today. Rudy Professor George von Furstenberg has admirably performed the public service of extending our role as educators on NAFTA from the classroom to several public forums, including debates both within the IU community and around the state.

Our part in increasing economic literacy now extends beyond the nation's boundaries, with Phillip Saunders' visit to Russia last summer as part of a continuing project to provide training in the teaching of economics.

Our graduate program also received special attention. The graduate studies committee, consisting of Christopher Waller, Edward Buffie, and Thomas Knieser, recently completed an extensive curriculum review for the graduate program. Again, many courses have been added and many have been dropped. These changes include the addition of new courses in international trade and industrial organization. This summer, Chris Waller will complete a very successful two-year term as the Director of Graduate Studies and take his first sabbatical since arriving at Indiana as a new assistant professor in 1985.

On the negative side, the Department has had to contend with a sizable drop in the number of undergraduate majors in economics. A survey of the Big-11 universities has shown this problem to be a common phenomenon, perhaps as a result of fewer job opportunities in business. An important task before us will be to attract more students to the major.

Two other developments also interrupted an otherwise upbeat year. First, the state government put a hold on funding for Wylie Hall, thereby prolonging our space problems in Ballantine Hall. Only Roy Gardner's sabbatical in Germany managed to free up the extra office needed to insure that none of our new assistant professors would be meeting with students and conducting research out in the hallways. We still look forward to moving into Wylie Hall, but the timetable has probably been delayed by a year or two.

Second, David Wildasin resigned his professorship at IU to accept a position on the faculty of the Economics Department at Vanderbilt University. David spent much of his academic career at IU, rising from the rank of assistant professor to full professor. With his international reputation as a specialist in public economics, he was a major intellectual force in the department, and his presence here was an important factor in my own decision to accept a tenured position at IU several years ago. While it has been said that, "Good departments lose good people," the trick will be to successfully attract and retain good people with the limited resources available to us. In the coming year, we will continue our recruiting efforts in several fields.

Two other personnel changes represent real milestones for the department. First, Robert Campbell will be retiring from his position as Distinguished Professor at the end of 1993. A leading specialist on the economy of the former Soviet Union, he plans start his "retirement" with an extended stay in Uzbekistan as a senior economic advisor. We will look forward to his continuing presence in the department upon his return in about a year. Fortunately, Bob made sure that we could continue our strong program in Soviet-type economies (now more aptly called "economics in transition") by playing an instrumental role in attracting Professor Michael Alexeev to the department a couple of years ago.

The other milestone was Harriet Pfister's retirement after many years of service as the undergraduate advisor and chair's assistant. I personally found her help to be invaluable during my first year as Chair and was disappointed to learn of her decision to retire. She plans to devote more time to traveling with her husband, Dick, and to "wean" herself from the department, a task we hope is not entirely successful.

Last year, I enjoyed meeting many of you at the alumni gathering in Anaheim, California. The support and encouragement of loyal alumni has been a real pleasure during my term as chair. I hope that as many of you as possible will be able to attend this year's gathering, which will be held at the professional meetings in Boston, in January 1994.

Gardner Tours Europe

Since July 1, Professor Roy Gardner has been trying to pack a full year's worth of sabbatical activity into 6 months. During this period, he wrote Games for Business and Economics (John D. Wiley & Sons), which should be out next spring. He has conducted research under grants from the United States Department of Agriculture (on global change) and the Federal Trade Commission (on merger policy). He has also traveled extensively throughout Europe, giving talks at the University of Amsterdam, the University of Bonn, the University of Mannheim, the University of Constance, the European University (Florence), the University of Frankfurt, and the University of Dortmund. Even though Gardner's sabbatical officially ends December 31, his hectic pace will continue with two presentations and two discussions at the national meetings in Boston, January 2 through January 5. When asked if he might be overdoing it, Gardner answers, "I spent 3 years on crutches when I didn't get around much at all, and another 3 years with stress fractures every time I traveled. Now that I'm back on my feet, I have a lot of lost time to make up."
New Faces Among the Faculty

This last year was marked with several significant recruiting successes for the Department of Economics. We were able to bring four new faces aboard, complementing our existing programs and adding new diversity to our course offerings.

Our two new macroeconomists are Clark Burdieck and Peter Pedroni. Both are originally from the Midwest but did their graduate work on opposite ends of the continent. Clark comes to us from Stanford University. While working on his Ph.D. thesis, "Essays in Computational Macroeconomic Dynamics and Econometrics," he managed to pick up an M.S. degree in statistics and also serve as a research assistant for the noted macroeconomist, Thomas Sargent. With the retirement last year of Elmus R. (Wick) Wicker [see *Trendline*, 1992], Clark has arrived just in time to help maintain strength in our popular undergraduate and graduate programs in money and banking.

Peter Pedroni did his graduate work at Columbia University. Between taking courses and writing his Ph.D. thesis, he completed a valuable two-year stint at the World Bank, in Washington, D.C. His Ph.D. thesis is titled, "Endogenous Growth, Cointegration and Human Capital," and his current research interests involve using econometric techniques to study growth and business cycle issues in a multi-country setting. He will be teaching macroeconomics at both the undergraduate and graduate levels.

On the microeconomics side, we hired David Schmidt and Horst Raff. David is a proud alumnus of our own department, having received a B.A. in Economics and Mathematics. He did his graduate work at Cal Tech and wrote a Ph.D. thesis titled, "Equilibrium with Rational but Imperfect Economic Agents." Among other things, this research seeks to answer questions about data from an experimental analysis of lender-borrower behavior, such as why bankers continue to lend to borrowers who have already defaulted. David's main teaching and research interests lie in game theory and microeconomic theory, and his particular interests in analyzing experimental data complement our strong program in experimental economics.

Horst Raff distinguishes himself from the others in two ways: He is not from the Midwest, and IU is not his first faculty position. Rather, he grew up in Germany, received his Ph.D. from the University of Western Ontario, and was an assistant professor for two years at Laval University in Quebec. His acceptance of our job offer completed a multi-year search for an international trade specialist, but we also gained a faculty member with research and teaching interests in industrial organization. Horst's research on multinational enterprises combines elements of both of these fields, and this year he is teaching courses in both fields.

These week-long consultations generated a comprehensive protocol of insights gained, points further to be clarified, and leads to be followed up. Drawing on this experience, von Furstenberg, Waller and Witte were able to write a timely grant proposal. The trip was also a valuable experience for a doctoral student who assisted the team, David P. Teolis.

What's ahead? With some luck, and guidance from former Economics faculty colleague Jeff Green and others, von Furstenberg hopes to establish a Center for the Study of North American Economic Integration at IU. With Teolis (who is now at the Hudson Institute), von Furstenberg has two forthcoming papers on monetary aspects of this process, and he has organized a session at the January 1994 ASSA meetings in Boston. This session is designed in part to facilitate relations with economists from the International Monetary Fund, the World Bank, Goldman, Sachs & Co., and the Bank of Canada, all of whom are working on North American integration issues.

With the NAFTA now a reality, economists at IU are already looking far beyond, aiming to analyze and monitor the convergence process of the low-productivity economy of Mexico to that of its Northern neighbors. Pervasive economic experiments of this degree of interest and innovation do not happen very often. For instance, such experiments have not been started with the same commitment and energy level in East Central Europe. Thus there is a sense of excitement over the plentiful research opportunities being provided by this pivotal policy move.

IU Profs Investigate NAFTA

NAFTA, the North American Free Trade Agreement, was ratified by the U.S. Congress this fall. In preparation for a multi-year research program dealing particularly with Capital Mobility and Financial Integration in North America, four members of the faculty spent a week in Washington this July. George von Furstenberg, Sang-Won Lee, Christopher Waller and Willard Witte thus made the ageing Dupont Plaza Hotel in Washington, D.C. their base for doing business during the July heatwave.

These IU economists conferred mostly with government executives closely involved with the NAFTA. They started their week off by consulting with the number-3 official at the Office of the U.S. Trade Representative, who was central to the NAFTA. Then they conferred with key individuals at two other executive-office agencies (the Office of Management and Budget and the President's Council of Economic Advisers), before making the rounds of the key Departments (State, Commerce, Treasury, and Labor). In addition, they touched base with policy analysts on Capitol Hill and elsewhere, focusing on the effects of the agreement with respect to Mexico and the United States.
Students in the Economics Department were surprised and saddened to learn when they returned to Bloomington for the Fall semester that their counselor and friend, Harriet Pfister, had retired July 1, 1993. Her familiar face and cheerful disposition was missed immediately.

Harriet's arrival in the Department in 1970 was the beginning of a new era. Counselling of students before Harriet's time had been undertaken by individual faculty members, whose knowledge and enthusiasm for the task left something to be desired. It was not uncommon for students to learn, much to their chagrin, that their faculty adviser had added their credits incorrectly and they would not be able to graduate as planned! For the first time, students would have a professional counselor who would always be available, would listen sympathetically to their problems, and could be trusted to get things right.

Her responsibilities increased steadily over time, as the number of economics majors multiplied several times before she retired. She acted also as assistant to the chair, performing with great skill and finesse those chores requiring exceptional tact, such as preparing budget presentations.

Harriet's office was always a clearing house of ideas. She was a great listener in the Department, and there were always plenty of faculty talkers looking for a sympathetic ear. To acquire the confidence of all the faculty and students required a combination of virtues: fair dealing, compassion, sympathy, tact, understanding and a professional bearing that commanded universal loyalty and respect. She continues to be known for her cheerfulness and optimism.

Harriet's contribution to departmental alumni relations is one of her many permanent legacies. She kept track of a great many of our former students, and they kept in touch with her. She knew where they were, and what they were doing. Whenever they returned to IU, Harriet's office was their first stop before visiting the faculty, and it still is. An era in the Department's history has passed with Harriet's retirement.

**Outstanding Undergraduates Honored**

On Tuesday, April 13, 1993, the Department of Economics honored several of its outstanding students. Co-winners of the James Moffat Award for outstanding senior major in economics are Kalpana Mehrotra and Paul Rahe. Also honored was Colleen Cross, recipient of the Carroll Christenson Prize. All three are pictured left below, from left: Mehrotra, Rahe, John D. Wilson (Chair) and Cross.

Also honored were the winners of the James Moffat Senior Book Awards for outstanding academic achievement. Pictured above right with Roy Gardner, honors adviser, are Alan Trager, Julie Wozniczka, Marc Quigley, Judson Brooks and Rob Reed. Missing are Marc Denner and Jennifer Smith.

**Gurmu Awarded for Dissertation**

Shiferaw Gurmu, Ph.D. 1992, was honored with the Esther Kinsley Ph.D. Dissertation Award for his dissertation titled "Estimation and Testing in some Econometric Models of Counts." His dissertation was chaired by Pravin K. Trivedi, senior econometrician with the Department. This is not the first award for Gurmu; he was the recipient of the Henry Oliver Award for best economic theorist in 1990, and in the same year he received the Taullmann Miller Award for best international graduate student.

Gurmu had a busy graduate school career. He was on a Fulbright Scholarship from 1987 to 1990, worked as an intern at the World Bank in the Summer of 1991, and also taught Introductory Statistics for the Department during his stay in Bloomington. He has several publications, including a 1991 article in the Journal of Business and Economic Statistics, and two joint publications with Trivedi, one in the Journal of Econometrics (1992), and one in Econometric Theory (1993). In 1992, Gurmu joined the faculty at the University of Virginia as an assistant professor after completing his Ph.D. here at IU.
Before 1970

Tom Van Arsdale, BA'65, and Dick Van Arsdale, BA'65, are highlighted in Two of a Kind: The Tom and Dick Van Arsdale Story, written by Kerry D. Marshall, reveals the lives of twin basketball greats. Tom is president of Van Arsdale Properties Inc., Phoenix, and Dick is vice-president of the Phoenix Suns NBA professional basketball team.

Kenneth T. Cann, MA'60, PhD'67, retired on July 1, 1991, after teaching 30 years. He spent the last 23 years teaching at Western Kentucky University, serving as economic department chair and director of the Center for Latin American Studies. He and his wife, Maria Nilda, MA'60, PhD'67, live in Bowling Green, Kentucky, where he is self-employed as an economic consultant in forensics.

Paul Devens, BA'54, was awarded “The Order of the Sacred Treasure, Gold Rays with Neck Ribbon” by the government of Japan on April 29, 1993. The award is for Devens’ outstanding service and achievements in strengthening the bonds of friendship between Japan and the U.S.

Pete Fortune, BA'67, professor at Tufts University, Medford, Mass., was appointed chair of the economics department.

Roger H. Goldberg, MA'69, PhD'81, taught economics at Ohio Northern University, Ada, for 23 years before being named assistant vice president for academic affairs in July 1992. He previously served on various committees in the university’s governance system and the George W. Patton Chair of Economics. He and his wife, Lee, have two children and live in Ada, Ohio.

Lyle E. Gramley, MA'52, PhD'56, LLDB'84, consulting economist with Mortgage Bankers Association of America, Washington, D.C., was appointed to the board of directors of Countrywide Mortgage Investments. Previously, he was one of seven governors of the Federal Reserve Board and served on the President’s Council of Economic Advisors.

Robert C. Grayson, BA'68, was named August 5, 1993 to the Board of Directors of the Tommy Hilfiger Corporation, a company which designs, sources and markets men’s and boys’ sportswear. Grayson served as Chief Executive Officer of Lerner, a division of The Limited, Inc. from 1993 until his retirement in 1992. He began his career in retail apparel in 1970 as a store manager for The Limited.

Margaret Hill, BA'44, retired after 20 years as a member of the Republican National Committee. She lives in Bloomington and is finishing her work on a six-year fund raising drive for the Boys and Girls Club.

Jay B. Kennedy, BA'54, MA'57, PhD'62, president of J. Kennedy and Associates, Atlanta, an economics and finance consulting firm, recently sold his interest in the firm.

Alice Yee Lee Meil, MA'51, worked with the Institute of Economics at the Chinese Academy of Social Science as an associate researcher before retiring in 1988. She lives in Beijing and still conducts economic research in the areas of development, welfare, and socialism.

Wendell C. Philippi, BA'40, Retired Managing Editor of Indianapolis Newspapers, published Dear Ike, a fictional book on World War II. Based on historical facts about General Dwight Eisenhower, his army commanders, and other allied leaders, the book details major battles in Europe and the personalities who fought them. Philippi and his wife, Barbara Caniff, BA'50, live in Indianapolis.

Moeen A. Qureshi, Ph.D.'53, served as interim prime minister of Pakistan for several months prior to the recent election of Benazir Bhutto, Pakistan’s first woman prime minister. Qureshi worked for the World Bank for 21 years, including time served as vice president. While acting as prime minister, Qureshi launched a vigorous reform program, successfully removing land-grant powers from the prime minister’s office, forbade politicians from running for office if they had bad loans from the national bank, and raised taxes on gas, oil and electricity to help fight Pakistan’s growing budget deficit.

1970-85

Deborah P. Arcoleo, BA'80, associate with the management consulting firm McKinsey & Co., was elected northeastern region national director of Financial Women International, an association committed to empowering women in financial services industry. Arcoleo has been with FWI since 1983, serving in various leadership positions.


Gregory A. Ballard, BA'78, currently with Marine Aircraft Group 26, New River, N.C., was promoted to major in the United States Marine Corps in 1991. His recent tours have included stints in Panama and southwest Asia during both Desert Shield and Desert Storm.

J. Alfred Broadus Jr., MA'70, PhD'72, has served the Federal Reserve Bank of Richmond, Va., for 23 years in the positions of economist, assistant vice president, vice president, and now president. He is a former chair of United Way Services and currently serves as vice chair of the board of trustees of Health Corporation of Virginia. He and his family live in Richmond, Va.

(continued on page 6)

We need your input!

Pass along the latest about yourself to the Economics alumni newsletter, Indiana University Alumni Association, P.O. Box 4822, Bloomington, IN 47402-4822. Please use this form for address correction.

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IU degree(s)/date(s)
ALUMNI TRENDS
(continued from page 5)

H.G. "Carey" Carrington, Jr., BA'77, was named Senior Vice President and Chief Financial Officer for Spaghetti Warehouse, Inc. in August 1993. Carrington has been a director for the firm since 1990, and he has been engaged in investment banking for more than 13 years, most recently as Senior Vice President and Director of Corporate Finance for NationsBank Investment Banking. Carrington resides in Dallas with his wife, Ricki, and son, Mark.

Peter C. Johnson, BA'81, is senior manager of operations and new business development for Compus Service Corp., Washington, D.C. Johnson lives in Bethesda, Md., and works out of the firm's Rockville, Md., office.

Jerome K. Laurent, MA'63, Ph.D.'73, professor of Economics at the University of Wisconsin-Whitewater, was selected to receive the University's 1993 Faculty Service Award for his exemplary contributions of professional and public service.

Bruce D. Mann, MA'74, PhD'76, chairs the economics department at the University of Puget Sound, Tacoma, Wa. He focuses his research and publications on the Pacific Northwest's economic conditions and housing markets, and is a member of the Council of Economic Advisors for Tacoma's daily newspaper, The Morning News Tribune. In June, he was named to a one-year term on the board of directors of Holly Residential Properties.

Mark C. Reichenbacher, BA'75, of Cherry Hill, N.J., serves as a program management officer in food safety and inspection service with the U.S. Department of Agriculture. He manages safety and health, employees training, and labor-management relations for a region of 1260 employees. The administrator of the USDA awarded him a certificate of merit for excellence in recruiting and assisting in employment opportunities.

Robert L. Sartain, BA'84, is employed by ABT Associates Inc. as an economist. Sartain spends much of his time evaluating the economic impacts of proposed EPA pollution regulations. He and his wife recently purchased a home in Arlington, Virginia.

Alice Rivlin, SCD'76, former director of the Congressional Budget Office, now serves on President Clinton's economic team as deputy director of the Office of Management and Budget, Washington, D.C.

Frank A. Violli, BA'80, was recently announced as having accepted the position of Vice President of Sales and Marketing for Graphic Arts Center in Portland Oregon.

Elizabeth Theobald Young, BA'79, JD'83, with the Indianapolis law firm Bose McKinney & Evans since 1988, was recently named partner to the firm, specializing in real estate. She and her husband, William E. Young, BS'84, JD'87, live in Indianapolis.

1985-1993

Brian S. Boilek, BA'90, accepted a position as an economist for the law firm Laner, Muchin, Dombrow, Becker, Levin and Tominberg in June, 1992.

Chris M. Caniff, BA'89, joined INB National Bank, Northwest, as a management trainee in 1990 and was recently named a commercial loan officer. He and his wife, Kristen Haggard, BS'89, live in Carmel, In.

Christina Lynn Jakue, BA'90, is employed by Northern Trust Company as a Financial Analyst. Her position falls under the Commercial Banking Division of Northern, and is located in Chicago, Illinois.

David Lawrence Jegen, BA'89, has recently moved to Buenos Aires, Argentina, to commit himself full-time to the country's privatizations. He has worked with J.P. Morgan's Latin American Mergers & Acquisitions group since 1989, when he received his BS in Accounting from IU.

Art Mullins, BA'89, entered the University of Virginia School of Law in 1992. He has worked for various non-profit organizations, including Amnesty International USA, where he coordinated lobbying efforts against death penalty legislation.

Randall S. Strauss, BA'85, is an attorney with Alagia Day Trautwein & Smith, Louisville, Ky. He recently completed a two-year appointment as law clerk to U.S. District Judge Joseph M. Hood. He lives in Louisville with his wife, Rene Ricci, BA'85.

Patrick J. Sutton, BA'93, has taken the position of Sales Representative for the Business Network, a business magazine and Bloomington Chamber of Commerce newsletter co-published by The Herald-Times and the Greater Bloomington Chamber of Commerce. Sutton has worked for The Herald-Times on special projects since June, 1993.

Fateh Azim Tiwana, BA'92, writes that he has joined Levi Strauss & Co. in Cahore, Pakistan. As merchandising assistant, Tiwana works as a liaison between the Pakistan location and the head office of Levi Strauss in San Francisco.

Stuart Torzewski, BA'88, is national account manager at Techexport, Boston, responsible for setting up distribution channels for high-end computer graphics peripherals throughout Australia, New Zealand, and Canada. He lives in Salem, Ma.