

# The Econ Exchange

NEWS AND NOTES FROM THE DEPARTMENT OF ECONOMICS

VOLUME FIVE, NUMBER 2

FALL 2002

## THE ECON CENTENNIAL CELEBRATION MARKS 100+ YEARS OF ECONOMICS AT CAL

by  
**Richard J. Gilbert, Chair**



This is a very special year for the Department of Economics as we celebrate 100 years of the Department of Economics at the University of California. Before 1902, economics, if it was taught at all at Cal, was taught in the Department of History and Political Science. What is now the Department of Economics began with a single faculty member, Bernard Moses. Today, the Department has more than 35 full time faculty, serves over 800 undergraduate majors and 177 graduate students, and offers courses for thousands of other students at Berkeley.

We marked our Centennial with an all-day celebration on November 8th of last year. More than 200 alumnae, students, faculty, and friends of the Department attended.

It was a wonderful opportunity to review the history of economics at Cal and to see how the Department has influenced the economics profession as we know it today. Roy Radner, a noted economic theorist and former Berkeley professor, summed it up when he said that "a large fraction of the world's great economists either now teach at Berkeley or have passed through the Berkeley Economics Department at one time or another." This was a day when the Department reflected on its accomplishments, thought about the future, and shared experiences with its alumnae. It was indeed a day to rejoice.

The Centennial Celebration featured presentations by more than fifteen



*Photo top left: New Approaches to Economic Theory and Experimentation panel: Professor David Wise (Harvard and NBER), Professor Hal Varian '73 (Berkeley), Professor Daniel McFadden, and Professor Charles Manski (Northwestern). Above: Audience reaction to Hal Varian's "Berkeley Economics in the 70's".*

distinguished economists with close connections to our Department. Vice-Provost and Berkeley Econ professor Jan DeVries, Provost Paul Gray, and Dean George Breslauer kicked off the festivities. Some of the day's events showcased economic policy debates at the highest levels of government. Janet Yellen, Mike Boskin, and Bob Hall presented their perspectives on macroeconomic policy. Janet Yellen is a member of our department and was Chair of the Council of Economic Advisors in the Clinton Administration. Mike Boskin ('67 B.A., '71 Ph.D.) was Chair of the Council in the first Bush Administration, and Bob Hall ('64) directs the research program on economic fluctuations and growth of the National Bureau of Economic Research.

Predictably, our panelists did not entirely agree on the precise mix of policies to stimulate growth and balance inflation and unemployment. But they did agree that Berkeley gave them the academic preparation and intellectual stimulation that allowed them to excel in both research and in government.

Other presentations offered different perspectives on economics and Cal. Bill Dudley ('82 Ph.D.), Chief Economist of Goldman Sachs and a Berkeley

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# ALUMNI EXCHANGE

## THANK YOU TO OUR FRIENDS

The Department of Economics gratefully acknowledges the alumni, friends, and organizations who made donations to the Economics Annual Fund and Centennial Fund from May 2002 through February 2003:

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Professor Hal Varian '73  
Mr. Stephan A. Weiler '94  
Professor and Mrs. Oliver Williamson

## **ALUMNI UPDATES**

Editor's Note: Below are the first of what we hope will be many alumni updates. Please send your submissions c/o Editor to: [alumni@econ.berkeley.edu](mailto:alumni@econ.berkeley.edu).

**Eric Emch '99** reports that he is spending the 2002-03 academic year as a Victor Kramer Fellow at the University of Chicago Law School. He can be reached at [emch@law.uchicago.edu](mailto:emch@law.uchicago.edu).

2002 Economics Nobel Laureate **Daniel Kahneman** is a behavioral economist who completed his Ph.D. at Cal in Psychology in 1961 and then taught in that department from 1986-1994, when he became Eugene Higgins Professor of Psychology and Professor of Public Affairs at Princeton University.

**Mark Kamlet '80** is Professor of Economics and Public Policy at Carnegie Mellon University. He also currently holds the position of Provost, having previously been Dean of H. John Heinz School of Public Policy and Management, Associate Dean of

*ALUMNI, continued on page 5*

# DONORS RECOGNIZED AT CENTENNIAL CELEBRATION

This list of donors appeared in the Econ Centennial Celebration program. Our benefactors during the past ten years were invited to join us as guests for the event and dinner afterwards. Those who attended were recognized at an awards ceremony following the symposium. They include (photos from top to bottom): Warren and Erna Clifford, Richard and Elisabeth Jay, Sherman and Ellen Shapiro, and Don Vial (who accepted on behalf of Michael Peevey, as well). Not shown: Professor Michael Boskin. The Department of Economics thanks all of its friends who have helped—and who continue to help—us to reach our goal to continue to provide a world-class teaching and research environment for current and future economists.



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**The Family of Daniel E. Koshland, Sr.**  
*Koshland Distinguished Professorship in Economics*

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*Peevey/Vial Chair in Labor Economics*

**John M. Quigley, Professor of Economics**

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*Yousef Family Endowment for Labor Economics*



*Note: Every effort has been made to avoid errors, and we apologize for any that may have appeared. Please report corrections to the Office of College Relations: 510-643-1964.*

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# A LETTER FROM DEPARTMENT CHAIR RICHARD J. GILBERT

Dear Friend of the Department of Economics:

Our Economics Centennial Celebration on November 8, 2002 was a huge success, bringing together an enthusiastic mix of more than two hundred alumni, current and former faculty and staff, and friends! The presentations covered topics ranging from the natural rate of unemployment to new directions in economics teaching and research. The impressive collection of speakers was a dramatic illustration of the impact Berkeley's Department of Economics has had on the careers of so many distinguished people. For our alumni, the conference provided a terrific opportunity to reminisce and to see what is different—and also the same—about the Department today.

At the conference I was pleased to be able to share with several of you the Department's plan to create a "Centennial Fund" to recognize the 100<sup>th</sup> year of Berkeley's Department of Economics and to enhance the undergraduate and graduate teaching programs at Berkeley for the next century. I was delighted to receive tremendous encouragement from many of our alumni and friends. Now I have some exciting news that will transform the Centennial Fund from a mere possibility to a reality. Two of our most treasured faculty, George Akerlof and Janet Yellen, have launched the Centennial Fund with a gift of \$100,000!

The terrific offer from George and Janet, along with the promise of support of other interested major donors, provides the momentum for our launch of the Economics Centennial Fund. Extraordinary scholars, teachers, and friends, George and Janet once again have demonstrated through this grant their affection for the Economics

Department and their dedication to the Department's outstanding students and faculty. While Janet was serving as a Governor of the Federal Reserve Board and then Chair of the Council of Economic Advisors in Washington, D.C., George commuted back to Berkeley so that he could continue to teach his macroeconomics class. George easily could have joined the celebrity circuit after he received the 2001 Nobel Prize in Economic Sciences, but instead he quickly returned to the department to meet with his students and colleagues. Janet, who is in constant demand to talk about economic policy, always manages to make time to contribute to teaching, research, and even administration at Cal. I cannot imagine any two people who better represent the ideals of Berkeley than George Akerlof and Janet Yellen.



*Janet Yellen, Eugene E. Catherine M. Trefethen Professor of Business Administration, and George Akerlof, Koshland Distinguished Professor of Economics.*

With this generous initial gift from George and Janet and the interest expressed by other key donors, I am confident that we can raise \$500,000 for the new Centennial Fund by the end of 2003. The fund will provide support for a host of department activities and programs to enhance teaching and research. Some examples include:

- Endowment for the Department's econometrics laboratory, which has been a tremendous resource for graduate and undergraduate teaching and research.
- Funds to help launch a new laboratory for experiments in behavioral economics. The laboratory will help put

Berkeley at the center of an exciting new field that combines economics, psychology, and political science to examine the ways that people make economic decisions in complex environments.

- Support for extraordinary visitors to supplement undergraduate teaching.
- Support for undergraduate and graduate student research and scholarships.
- Funds for conferences, such as the wonderful Centennial conference that we enjoyed on November 8.

Dan McFadden, recipient of the year 2000 Nobel Prize in Economic Sciences, emphasized at the Centennial Celebration that economics is undergoing profound changes. An exciting development is the field of behavioral economics, which challenges the assumption that people are rational actors and instead tries to understand how economics is shaped by uncertainty, culture, and concerns for fairness and equity. The econometrics and behavioral sciences laboratories are essential teaching and research components for this new field. With sufficient resources, economics will become a truly applied and laboratory-based science at Berkeley. The Centennial Fund will help secure the future of behavioral economics research and teaching at Cal.

The Economics Department has enjoyed spectacular success. We are very proud of our four Nobel laureates, our Clark medalists, our exceptional faculty and students, and our dedicated staff. Economics teaching and research have always been exceptionally strong at Cal and have even improved over the years. But we cannot rest on past accomplishments. We must strive not just to maintain, but also to improve Berkeley's extraordinary record in research and to make Berkeley a bastion for economics education at both the undergraduate and graduate levels. We cannot do this without your help.

Private giving is what allows us to offer the enhancements to teaching and research that can make the difference between a very good economics program

at Berkeley and the premier economics department in the world. In this difficult State budget environment, your contribution becomes all the more important to enable the Department to compete for the best faculty and students. This is why I am writing to many of you with the news about the Centennial Fund and the extraordinary gift from George Akerlof and Janet Yellen. I invite you to join me in honoring George and Janet by becoming a founding member of the new Centennial Fund.

I encourage you to get in touch with me to discuss any thoughts and suggestions you might have about the future of our Department. Feel free to call me at (510) 642-1507 or e-mail me at gilbert@econ.berkeley.edu.

*CHAIR, continued from first page*

graduate, discussed the U.S. financial outlook and had everyone thinking about their portfolios. Former Berkeley professor and Department Chair Albert Fishlow identified the challenges for sustained economic growth in Latin America. Berkeley professors Alan Auerbach and John Quigley discussed the likelihood for change in the federal tax code, and Larry Katz ('81 B.A.) described trends in the return to higher education. Drew Fudenberg, George Akerlof, and Kenneth Arrow talked about Berkeley's contribution to the evolution of economic theory, and Dan McFadden and Hal Varian did the same for developments in quantitative methods for economic analysis. A special panel convened by Professor Emeritus and former Chair George Break highlighted the achievements of past Department faculty who left a deep impression on the Department and the field of economics. Lloyd Ulman reflected

on the career of Clark Kerr, former University President and Emeritus Professor of Economics at Berkeley. Jack Letiche read a memorial about Emily Huntington, a noted social economist who for many years was the only woman faculty member in the Department. Gregory Grossman spoke about Jessica Peixotto, whose many years of teaching defined a new field of endeavor at Cal and led directly to the establishment of the School of Social Welfare in the early 1940s. Gregory also affectionately remembered Carlo Cipolla, Bent Hansen, and other faculty who are no longer with us. Earlier in the day, Janet Yellen had begun her talk on macroeconomic policy by arguing that "the field of macroeconomics was invented at Berkeley 100 years ago" by Wesley Clair Mitchell, who joined Cal's Department of Economics in 1903. Mitchell, who undertook groundbreaking research on business cycles, would later go on to found the National Bureau of Economic Research.

It was a great day and it made us all very proud to see the imprint that the Berkeley Department has made on the economics profession. Our Department has four Nobel Laureates, most recently George Akerlof (2001) and Dan



*Professors Michael Boskin ('67, '71), Daniel McFadden and Chair Richard Gilbert confer.*

McFadden (2000), and many other decorated colleagues. Berkeley continues to be a central force in economics

and we are determined to keep it that way. We inaugurated the Centennial Fund to help assure the Department's success in these challenging times. The Centennial Fund started with a gift of \$100,000 from two of our most treasured faculty, George Akerlof and Janet Yellen. We set a goal to raise \$500,000 and we are well on our way. Steve Sidener ('82 B.A.) and Mike Traynor ('55 B.A.) deserve special thanks for their support. Mike's donation is in memory of Barbara Nachtrieb Armstrong, who earned a degree in law from Boalt Hall in 1915 and held a joint appointment at Berkeley in Law and Economics until her retirement in 1961.

The Centennial allowed us to thank the Department's many friends and supporters and to spend some time together doing what we like—economics! We hope to continue the trend and involve our community of alumnae, students, faculty, and friends in more Department activities. We'll keep you posted.

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the College of Humanities and Social Sciences, and Head of the Department of Social and Decision Sciences, all positions at Carnegie Mellon.

**William True '50** and his son Deryck have just finished collaborating on a book about True's World War II experiences entitled *The Cow Spoke French* (Bennington, VT: Merriam Press, 2002). From his arrival via parachute in Normandy on D-Day, then-Sergeant True recalls his participation in the battle campaigns of the 101<sup>st</sup> Airborne Division. For more information go to [merriam-press.com](http://merriam-press.com).

**Stephan Weiler '94** is Associate Professor of Economics at Colorado State University, specializing in Urban and Regional Economics. He is also co-director of the Center for Research on the Colorado Economy at CSU.

# SCENES FROM THE ECON CENTENNIAL CELEBRATION...



**Steve Sidener, '82: "The Centennial event was a fantastic success...what really impressed me was the Department's continuing commitment to being the leading trendsetter in the development of new economic thought and policy. Clearly, the message I took away from the event was that as the Department begins its second [century], the best is yet to come!"**



*Counterclockwise from top right: Professor Drew Fudenberg (Harvard), Professor Emeritus George Break, Lisa Cook (Ph.D. '97), Professor Gérard Roland; our illustrious emeriti+ 1: Professors John Letiche, Michael Reich, Lloyd Ulman, and Gregory Grossman; Haas Professor Emeritus Frederick Balderston, Nobel Laureate Kenneth Arrow (Stanford), Professor Roy Radner (NYU), 1<sup>st</sup> year Economics graduate student Yong Zhang, Rick McMichael '64, 1<sup>st</sup> year David Albouy, Professor Janet Yellen; Who in this photo did not win the Nobel Prize in Economic Sciences? Steve Sidener '82 with Nobel Laureates Professors Daniel McFadden and George Akerlof.*





**Richard Jay, '53: "The...Centennial Celebration...was a real draw for me. In part, because of what it celebrated and the distinguished people whose ideas were sure to stimulate, but also because I was curious to know how many people would be present and vertical from the time in 1947 when I first arrived wide-eyed from Texas to begin graduate studies."**

*Clockwise from top left: Professor Robert Hall (Stanford) and Michael Traynor '55; Professor Emeritus Tom Rothenberg, Professor Roy Radner, Professor David Wise (Harvard and NBER), Mrs. Madeline Wise, Mrs. Beverlee McFadden; Professor Daniel McFadden with birthday cake; Professor Janet Yellen and William Dudley (Ph.D. '82) of Goldman Sachs; 1<sup>st</sup> year Yong Zhang, Professor George Akerlof, Professor Lawrence Katz (B.A. '81) of Harvard, Professor Lovell (Tu) Jarvis (UC Davis).*



*(All photographs by Peg Skorpinski.)*

UNIVERSITY OF CALIFORNIA, BERKELEY

## *The Econ Exchange*

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*The Econ Exchange* is published semiannually for alumni and friends of the Department of Economics, University of California, Berkeley.

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*Econ Centennial Celebration participant and donor dinner in the Great Hall, The Faculty Club. (Photographs by Peg Skorpinski)*

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