



NORTHWESTERN UNIVERSITY
Department of Economics

Annual Update for Alums

November 23, 1994

To: Graduate Alums

From: Robert J. Gordon, Chair

This *Update* is the second in what has now become an annual institution for the Department of Economics (Hereafter DoE). As in last year's *Update*, I'll provide information on our move and remodeling, faculty comings and goings, and a few of the honors won thus far this year by faculty members.

Move Back into Remodeled Quarters

As I reported last year, during the academic year 1993-94 the DoE was required to move out of Andersen Hall (AAH) to make way for a major reconstruction project that involves substantial expansion of the Kellogg Graduate School of Management (KGSM), together with a relocation and remodeling of DoE office space. A new "connector" building has been constructed in front of the old AAH, and all five floors in AAH are now connected directly to their counterparts in Leverone.

Our move back to AAH from our temporary quarters at 820 Davis was successfully completed in early August, 1994. While we have returned to AAH, we are no longer occupying the ground ("garden") floor as in the past. Common department functions, including the main office, lounge, copy room, chair's office, departmental assistant, graduate secretary, and seminar room are located in the north wing of the first floor. Faculty and graduate student offices, a small conference room, and the computer lab are located on the second and third floors. The math center remains in its traditional location on the third floor of Leverone.

Everyone seems delighted to be in the newly remodeled space, with fresh paint and new blinds, light fixtures, and carpeting. While we have not gained any extra square feet, our new space is more efficiently arranged than before. Unlike the highly unequal sizes of offices in the old AAH layout, now all faculty offices come in two uniform sizes, one for tenured

faculty and a somewhat smaller standard size for nontenured faculty. The grouping of all central departmental functions on the first floor seems to be working well. Having both a large seminar room and a small conference room allows us to run two workshops simultaneously. The lounge, which is now next to the mailroom, is used constantly, provides free coffee, and has a nice collection of back issues of journals, as well as copies of current newspapers, the *Economist*, and *Business Week*.

Department Stature

Objective evidence on the quality of the DoE continues to accumulate. The most striking ranking was assembled by a team at the University of Texas on the ranking of departments of economics on the basis of journal publications. This is a particularly important study, because the team made a special effort to include only faculty members who were at a given university on a given date. For publications in the ten most prestigious journals over the period 1987-91, ranked as the average of total pages and total pages per faculty member, Northwestern ranked *second* (behind only Princeton), and ahead of MIT, Harvard, Yale, Chicago, and Stanford.

A study for an earlier period (1985-90) published in the June, 1994, *Journal of Economic Literature* had our DoE ranked sixth on the basis of total page count, ahead of Penn, Berkeley, and Yale. For 1988-92, the DoE ranked second on the basis of total pages published in the *American Economic Review*. On the basis of these and other rankings, it seems clear that Northwestern's DoE has broken out of its traditional second-tier status, where we were formerly regarded as tied with such schools as Penn, Minnesota, and Columbia, and is nearing first-tier status.

The department has benefitted greatly from the establishment of the Nemmers Prize in Economics. This prize of \$100,000 was established by a gift to the university by Erwin Plein Nemmers and will be given every other year to outstanding economists who have not yet won the Nobel Prize. It is intended as an award of high prestige and visibility to economists of the highest rank who are in the age cohort midway between the Clark Medal and the Nobel Prize. The first winner, announced in April 1994, is Peter Diamond of MIT.

The department benefits from the prize in two ways. First, the external members of the selection committee, Robert Hall and Robert Solow, participated in a debate on the current state of macroeconomics in Coon Forum on April 11, 1994, to the delight of a large audience of undergraduates, graduate students, and faculty. Second, a condition of the prize is that the winner spend most of a quarter here at Northwestern, and we will benefit in Spring 1995 from the presence of Peter Diamond, who among other activities will teach an advanced graduate course on modern public finance.

Faculty Comings and Goings

Our new tenured faculty arrival this year is Faruk Gul, who comes to us from the Stanford Business School. He, along with last year's new arrival Eddie Dekel, work in game theory and the foundations of microeconomic theory. Both are among the very best young people working in these fields.

Also welcome this year are two new assistant professors, Alberto Trejos (whose Ph.D. is from Penn) and Judy Hellerstein (whose Ph.D. is from Harvard). Also joining us on a two-year visiting appointment is Judy's husband Phil Swagel, who comes from the Federal Reserve Board of Governors after receiving a Ph.D. from Harvard.

Our first tenured faculty loss in six years occurred last year, when Princeton lured Bo Honoré, then an associate professor, away from us.

Several faculty members are on full-year or partial-year leaves this year. Becky Blank is on leave for the first half of the year, with support from the Rockefeller Foundation and the Russell Sage Foundation. Marty Eichenbaum is on leave for the fall quarter while remaining in residence. Steve Matthews is on leave for the winter quarter, which he will spend in at the University of Tel Aviv. Bruce Meyer is on leave for the winter quarter while remaining in residence. Rob Porter is on leave for the fall quarter while remaining in residence.

Visiting us from MIT in the spring quarter of 1995 will be Peter Diamond, winner of the first Nemmers Prize in Economics. Completing a visit during calendar year 1994 is David Schmeidler of Tel-Aviv University. Visiting us in the fall of 1994 is Tryphon Kollintzas of the National University of Athens.

Faculty Honors

Here is some of the news on faculty honors and awards that has crossed my desk in recent months. It is quite an impressive list, and I've probably left something out.

Rebecca Blank has just been elected to the Executive Committee of the American Economics Association. In 1995 she will also begin a term as a co-editor of the *Journal of Human Resources*. She has been appointed to the Board of Editors of the *American Economic Review* and was elected to a one-year term as First Vice President of the Midwestern Economics Association.

Lou Cain has been elected trustee of the Economic History Association.

Joseph Ferrie received the Arthur H. Cole award for the best article published in the *Journal of Economic History* in 1994.

Kiminori Matsuyama has been appointed as an associate editor of the *Journal of Economic Theory*. He has also been appointed guest editor of the special issue of the *Journal of the Japanese and International Economies (JJIE)*, which will publish papers at the January 1995 trilateral (NBER-CEPR-TCER) conference in Japan.

Bruce Meyer has received a U. S. Department of Labor grant on "The Incidence of the UI Payroll Tax." He continues in the second year of his Sloan Faculty Research Fellowship and has been named a Research Associate of the NBER.

Joel Mokyr has begun his service as editor of the *Journal of Economic History*.

John Panzar received Carleton College's Distinguished Alumni Achievement Award, June 1994.

Robert Porter has joined the Board of Editors of the *American Economic Review*. He was a Ford Foundation Visiting Professor of Economics at the University of Chicago during the spring quarter of 1994.

Ian Savage has received a new grant from the U. S. Department of Transportation on "Scale Economies in Rail Transit Systems." He has also been elected Vice-President and Treasurer of the (Chicago) Metropolitan Conference on Public Transportation Research.

Alan Taylor has been appointed as a Faculty Research Fellow of the NBER.

Chris Udry will be giving an invited lecture on "Recent Advances in Empirical Development Economics" at the AEA meetings in January, 1995.

Burton Weisbrod received a three-year grant from the Andrew Mellon Foundation for research on the growing commercialism of nonprofit organizations.

In addition, the following faculty members have NSF grants covering all or part of the academic year 1994-95: **Rebecca Blank, Lawrence Christiano, Martin Eichenbaum, Robert Gordon, Rosa Matzkin, Bruce Meyer, Joel Mokyr, James Montgomery, Dale Mortensen, Stanley Reiter, and Christopher Udry.**