



Heller-Hurwicz Economics Institute

SHATTERING
EXPECTATIONS
The Campaign for Liberal Arts

Heller-Hurwicz Economics Institute

Putting Theory into Practice

The world's most critical public policy challenges demand visionary solutions firmly rooted in rigorous, non-partisan research. Pressing global issues such as financial regulation, health care delivery, international trade, and climate change require new data-driven, frontier-pushing economic theories.

For more than 50 years, such policy-informing research has been the cornerstone of the University of Minnesota's world-renowned Department of Economics, producing nine Nobel Prize-winning faculty and alumni along the way.

In 2010, the University launched the Heller-Hurwicz Economics Institute as a renewed commitment to supporting synergy among economic knowledge, policy influence, and the communication channels required to solve real-world problems. As a global initiative, we elevate the University's world-class economic research and draw upon its interdisciplinary strengths in areas such as business, public health, public affairs, child development, and mass communications.

We are an intellectual powerhouse driven to address the most critical socioeconomic problems of our time.

Building a Bridge Between Research and Policy

Named after two University of Minnesota giants who represent the best in economic theory and policy, the Institute builds upon the legacy of Nobel Prize-winning economist Leo Hurwicz, who created the theory of mechanism design, and internationally acclaimed Walter Heller, who chaired the Council of Economic Advisers for Presidents Kennedy and Johnson.

Today, we conduct research in several key areas.

- ▶ Examine the optimal design of social safety nets like Medicare, Social Security, and public pension systems.
- ▶ Explore how markets can be organized to protect people against risks such as illness and disability, while providing individuals with incentives and opportunities to be educated, secure jobs, and remain in good physical health.
- ▶ Develop financial regulatory systems that judiciously balance rewards for innovation with safeguards to ensure fundamental stability in the overall financial system.
- ▶ Improve design of policies that align financial incentives and environmental protection, harnessing market forces to address

melting glaciers, flooding, droughts, species extinction, and negative consequences on human health.

Too often in recent history, policy has been the result of a political and piecemeal approach absent from sound economic research and theory. Addressing the world's grand challenges with comprehensive and lasting policy change begins with serious academic inquiry, but it doesn't end there. The Institute exists to support field-shaping economic research, but importantly, also to put it in the hands of policymakers and business leaders to promote the public good.



INVESTMENT OPPORTUNITIES

Research and Innovation

Your support of the Heller-Hurwicz Economics Institute will help continue and expand the work of a powerful team of talented faculty and graduate students. These scholars are committed to finding better solutions to our most demanding public policy problems, and your gifts fuel their research.

Endowed chairs and professorships will enable us to recruit the discipline's most gifted

economists and to retain our faculty in the face of a competitive environment.

Faculty research funds will provide critical seed funding for new and emerging areas of research as well as additional support for distinguished professors to strengthen and accelerate their highest priority projects.

Visiting scholar program support will allow the institute to bring world-renowned economists to Minnesota to engage in and grapple with challenging economic issues in collaboration with our faculty and students.

Student Success

Your investment strengthens the University's vision of nurturing exceptional academic performance that will contribute to real-world outcomes.

Graduate fellowships bring the most outstanding students to the University of Minnesota and create opportunities for students to write their dissertation with complete focus in their final year.

Undergraduate scholarships help support our most promising students and reinforce academic learning with experiential opportunities such as conducting research with a faculty member or

completing an internship at the Federal Reserve Bank of Minneapolis.

Translation, Communication, and Outreach

We are driven to push beyond academic boundaries to put our findings to work in the real world. By increasing awareness for pressing problems and working directly with policymakers on solutions, we can influence change more quickly.

We conduct outreach through roundtables, public forums, and policymaker workshops to raise the visibility of frontier economic research and spark dialogue across sectors.

We translate important academic findings into key policy insights to make them more accessible to a broad audience.



Ellen McGrattan,
professor of economics
and director,
Heller-Hurwicz
Economics Institute

The Heller-Hurwicz Economics Institute is developing a comprehensive research-based approach to public pension policy design. The project aims to use the tools of quantitative economic analysis to create a framework, language, and applications for evaluating policy tradeoffs that all stakeholders can understand and support. Working with faculty across the University, the project will take into consideration legal, political, and market-based barriers in order to make meaningful policy change.

At a minimum, the US has \$1.2 trillion in unfunded state and local pension liabilities. Without reform, individuals will lose out on a secure retirement and taxpayers will be left holding the bill.

Thanks to the generous seed funding provided by the Laura and John Arnold Foundation, we have already begun mapping the path to a more stable public pension system and are working with policymakers to influence change in Minnesota. Ultimately, the best practices from Minnesota's transition will be promoted as a working model that can be replicated state-by-state to influence national change.

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The Heller-Hurwicz Economics Institute hosted a panel featuring three of the original architects of NAFTA, drawing attention to the challenges and opportunities related to renegotiating the agreement. Carla Hills, former US trade representative; Jaime Serra Puche, former secretary of trade and industry of Mexico; and John Weekes, former chief NAFTA negotiator for Canada, participated in a panel discussion moderated by Tim Kehoe, professor of economics. They shared lessons learned and suggestions for moving forward with an engaged audience of policymakers, business executives, community leaders, academics, and students.



Pictured left to right: John Weekes, Carla Hills, Jaime Serra Puche, Tim Kehoe

While the panelists were in agreement on the benefits of free trade and the significant progress NAFTA paved, they recognized that there is an ongoing debate among politicians and the general public. Ambassador Hills proposed that the answer lies in events like those hosted by the Institute. “We need to get facts out on the table. We need to have universities, think tanks, business groups, and individual employers educate their workers on how important trade is outside our borders.”



Rishabh Kirpalani, former Hutcheson-Lilly Dissertation Fellowship recipient and current assistant professor at Pennsylvania State University

“In the final years of my PhD program in economics at the University of Minnesota, the Hutcheson-Lilly Dissertation Fellowship allowed me to completely focus on research, an opportunity for which I’m extremely grateful and thankful.

“My research interests are in macroeconomics and understanding the interaction between financial markets and the aggregate economy. In particular, my work tries to understand the underlying causes of financial crises and how these affect GDP, investments and employment. In related work, I am trying to understand what kinds of policies can help mitigate such crises.”