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Sophisticated Simplicity
Arnold Zellner, 1927-2010, a pioneer of modern econometrics

Arnold Zellner, a leading economist at the University of Chicago Booth School of Business who pioneered the field of Bayesian econometrics, died Wednesday, August 11, 2010, at his home in the Hyde Park neighborhood of Chicago. He was 83 and suffered a stroke while battling cancer.

Zellner was known for the breadth of his contributions to many different areas of econometrics. His pioneering work in systems of equations, Bayesian statistics and econometrics, or time series analysis would each have earned him worldwide recognition.

In addition to his prodigious theoretical work, Zellner fostered applications in fisheries conservation, production theory, forecasting, and many other fields. In both his theoretical and applied research, Zellner believed that complicated problems can be solved by the application of a few powerful, simplifying concepts, what he called “sophisticated simplicity.”

“Arnold Zellner was one of the pioneers of modern econometrics,” said Eugene Fama, Robert R. McCormick Distinguished Service Professor of Finance at Chicago Booth. “He was one of the original giants in the rise of Chicago Booth to the business school research pinnacle. Arnold was a dedicated, creative, and prolific researcher for more than 50 years. He and his lovely wife Agnes have also been great personal friends,” Fama said.

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Zellner's achievements include founding two major journals, organizing two National Bureau of Economic Research/National Science Foundation seminar series, and supervising more than 30 Ph.D. dissertations in economics, finance, econometrics and statistics.

Zeller retired from teaching in 1996 after 30 years on the Chicago Booth faculty, but he remained active at the school until a few months ago, doing research, publishing papers in academic journals and advising students on how to achieve their career goals.

An award-winning teacher, Zellner published more than 200 scholarly articles and 22 books and monographs, including *An Introduction to Bayesian Inference in Econometrics*, J. Wiley and Sons, Inc., 1971 and *Basic Issues in Econometrics*, University of Chicago Press, 1984.

Bayesian econometrics and statistics uses mathematical and quantitative techniques to analyze economic problems. Zellner founded the International Society of Bayesian Analysis.

In 1962, Zellner published what became one of the most cited articles in econometrics, "An Efficient Method of Estimating Seemingly Unrelated Regressions and Tests for Aggregation Bias," in the *Journal of the American Statistical Association*.

Zellner's commitment and service to the econometrics profession is well-known. What is perhaps less well-known is his commitment to his colleagues and students. In addition to teaching M.B.A. courses in econometrics and Bayesian inference in econometrics, Zellner taught several Ph.D. courses. He was the H.G. B. Alexander Distinguished Service Professor of Economics and Statistics and director of Booth's H.G. B. Alexander Research Foundation.

"Arnold Zellner was a passionate teacher and was very effective in the classroom," said

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John P. Gould, Steven G. Rothmeier Professor and Distinguished Service Professor of Economics at Booth. For many years, Zellner and Gould ran the school's weekly workshop in economics and econometrics for Ph.D. students in collaboration with fellow faculty member B. Peter Pashigian.

“In addition to helping M.B.A. students, Arnold was enormously helpful to Ph.D. students during his 44 years at Chicago Booth as a faculty member and an emeritus faculty member,” Gould said.

Beyond his strong commitment to teaching and research, Zellner was also known for his work to solve social and economic problems such as famine, unemployment, and economic stagnation.

Zellner received the prestigious McKinsey Award for Excellence in Teaching at Booth in 1984 and he established the B. Peter Pashigian Lecture Fund and Lecture Series in 2001. Pashigian was a long-time colleague of Zellner's on the Booth faculty.

Zellner was a fellow of the Econometric Society, and the American Academy of Arts and Sciences, and a distinguished fellow of the American Economic Association.

He also was president and a fellow of the American Statistical Association, and was a fellow of the International Institute of Forecasters and the American Association for the Advancement of Science.

Zellner began his career in 1955 as an assistant professor of economics at the University of Washington, Seattle. In 1961, he joined the faculty of the University of Wisconsin, Madison,

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and then moved to Chicago Booth in 1966.

While at Booth he served as director of the Ph.D. program in 1969 and 1970. He was a consultant to the Federal Reserve Bank of St. Louis, co-editor of the *Journal of Econometrics*, and founding editor of the *ASA Journal of Business and Economic Statistics*. He also was associate editor of *Econometrica* and a member of the editorial board of *the Journal of Economic Literature*.

He was chairman of the American Statistical Association's business and economic statistics section and a director of the National Bureau of Economic Research.

Zellner was honored as the outstanding statistician of the year in 1982 by the Chicago Chapter of the American Statistical Association. The award was in recognition of his accomplishments in both theory and application of statistics and econometrics.

Zellner received an A.B. in physics from Harvard in 1949 and served in the U.S. Army from 1951 to 1953. After his military service, he earned a Ph.D. in economics from the University of California, Berkeley in 1957.

Zellner received honorary doctoral degrees from Erasmus University, Rotterdam, in The Netherlands, University of Kiel in Germany, Universidade Tecnica de Lisboa in Lisbon, Portugal, and Universidad Autonoma de Madrid in Spain.

After retiring from teaching at Chicago Booth in 1996, he spent winters as a visiting professor at the University of California at Berkeley.

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Zellner is survived by his wife of 58 years, Agnes, and their five children, David, Philip (Beth), Samuel (Tena), Daniel (Diane) and Michael (Eugenia), four grandchildren, nieces and nephews, and many close friends, colleagues and former students.

A memorial service will be held on October 18, 2010 at 3:00 p.m. at Bond Chapel at the University of Chicago, 1050 E. 59th Street, Chicago, IL.

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