

Willard E. Witte

Associate Professor of Economics; Co-Director of the Indiana Center for Econometric Model Research

Bill Witte came to economics both early and a little late. The early interest was familial: his paternal grandfather was a professor of economics at the University of Wisconsin (UW), and during the 1930s he had been the principal architect of Social Security. But when Bill attended UW in the early 1960s, he chose to major in political science, and then went on to graduate school at Yale in that field. Once there he realized his mistake, and, after a four-year delay involving service in the U.S. Navy, he moved to economics. Ironically, part of the reason for this decision was his feeling that economists were more engaged in work that was relevant to real-world problems. But these days, such work is more often done in public policy schools than in economics departments.

In graduate school back at UW, he quickly concluded that his main interest was in macroeconomics. But he chose to concentrate in international economics because he felt that any realistic approach to policy would require an international (as opposed to a single-country) approach. Again somewhat ironically, in the three decades since he finished his graduate work, macroeconomic research has become more, not less, closed-economy in its orientation.

Upon completion of his Ph.D. in 1975, Witte took a position at The Pennsylvania State University, where he remained for five years, teaching and doing research mainly in the area of international finance. In 1980 he was approached by Indiana University. In addition to a vastly superior program in basketball, IU offered an opportunity to refocus more on pure macroeconomics, which he did.

Bill has been very active in undergraduate teaching and department service, along with his involvement in the Center for Econometric Model Research (CEMR). He has been an important contributor to the department in teaching large lecture sections of introductory macroeconomics and coordinating the multiple sections of this course. He has been a dedicated teacher, who takes seriously the idea of linking his classes to relevant economics policy.

Bill Witte joined the CEMR in 1988. The center is a joint effort of the College of Arts and Sciences and the Kelley School of Business. It was founded in 1979 to support research in the development of econometric models and to foster their use for forecasting and policy analysis for both private business and government agencies.

Bill brought his interest in and expertise about macroeconomics, monetary theory and policy, and international economics to the construction of macro models. His imprint has been all over the CEMR models ever since. One of the most interesting and important innovations to the CEMR developed by Bill was the incorporation of so-called "reaction functions," which model the policy behavior of the Federal Reserve. These functions have

been very valuable in predicting how the Federal Reserve has reacted and will react to developments in inflation and real economic variables. Bill built several versions of the U.S. macro model, participated in the national model comparison seminar funded by the National Bureau of Economic Research, and took over as co-director of the CEMR in 2005.

The CEMR has supported more than 30 Ph.D. students over the last 28 years, and Bill has been an effective mentor to more than one generation of these students. He has stimulated their interest in many areas of economics and served as the chair or a member on many of their dissertation committees. It is not surprising that the placement record of Ph.D. graduates who worked at the CEMR is so good.

Bill has also participated in the annual Business Outlook Tour for many years. Indiana University economists and business professors tour the state each November, talking about the likely course of the national and regional economy for the coming year. The story the panelists tell is a consensus forecast that begins with the model-based forecasts produced by Bill at the CEMR. The Outlook tour is one of the most successful outreach programs IU has, and Bill's insights and humor have contributed greatly to its success.

The center uses large computer models to produce forecasts of the U.S. and Indiana economies. Subscribers in both the public and private sectors support the center. Another user of the center's forecasts is the State Utility Forecasting Group at Purdue. For them the center makes projections that run 20 years into the future. Bill intends to continue his association with the CEMR in retirement.

He also plans to pursue several other research projects, including one relating to possible reforms of Social Security. Beyond that, he will be spending more time in the woods of southern Lawrence County where he and his wife, Victoria, purchased some property a few years ago.