

BERKELEY'S NOBEL WINNER



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UC BERKELEY professor Daniel McFadden speaks at a news conference Wednesday on the campus to discuss his Nobel Prize in economics, shared with a University of Chicago professor.

UC professor shares economics prize

By Sonia Krishnan
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A BERKELEY UC BERKELEY professor was awarded a share of the Nobel Prize in economics on Wednesday for his groundbreaking research on the choices people make — information put to good use by the BART system.

Daniel McFadden, 63, split the honor with his friend James Heckman, an economist at the University of Chicago. They were recognized for their work in microeconometrics, the fusion of economics and statistics.

Each will receive half of the \$915,000 prize money.

McFadden is the 17th UC Berkeley faculty member to receive the award.

For McFadden, the news came as a shock.

He awoke at 2:30 a.m. on Wednesday to an overseas telephone call telling him he had won.

"I was sound asleep," McFadden said. "Beverlee (his wife) was jumping on the bed.

"It took awhile for it to register." The Royal Swedish Academy of



McFADDEN'S WORK in microeconometrics helped BART predict how availability would affect ridership and where people would live.

Sciences in Stockholm praised McFadden and Heckman for developing statistical models that integrated people's choices and the economic impact of their decisions.

The award is a departure from the often obscure theoretical research that traditionally lands the prize. The

academy made a conscious choice this year to grant the award for more practical economic theory.

Some questions McFadden and Heckman have tackled include: How do economic incentives affect people's

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choices about education, occupation and where to live? What are the effects of different educational programs on income and employment?

McFadden helped create a statistical model in the 1970s to predict BART ridership and how the availability of the system would affect where people lived and worked.

Heckman is best known for his studies of labor patterns, such as those of married women.

McFadden's methodologies have been used to evaluate changes in communications systems and examine housing choices for the elderly.

"The statistical methods developed by McFadden have transformed empirical research," the academy said in its citation.

Devising empirical data is not the kind of work that makes someone accustomed to being in the spotlight. So it's no surprise that, standing in front of a throng of reporters on Wednesday morning, the soft-spoken McFadden appeared a bit self-conscious.

"Am I supposed to make some remarks?" he joked.

McFadden, who was raised on a farm in North Carolina, humbly thanked his colleagues and predecessors in the field of microeconometrics.

"No scientist works alone," he said.

Growing up, McFadden was a bookworm. He entered college at 16 and joined the faculty at UC Berkeley fresh out of his doctoral program at the University of Minnesota in 1963. He was 26.

He attributed his intellectual hunger to his parents.

"I grew up in a house where there was a lot of book reading going on and not much else to distract you," he said.

But he never dreamed his life's work would earn him one of the world's most prestigious honors.

"My childhood ambition was to be a farm agent or a novelist," he said, smiling. "I did not expect this.

"I've gotten more than I dreamed."

Heckman is the 21st scholar who has worked or studied at the University of Chicago to win the economics prize since its creation in 1968.

The Nobel in economics practically belongs to the University of Chicago. Among the biggest names to win the prize at the university are Milton Friedman and George Stigler.

"I'll tell you one thing. I feel relieved to get a Nobel Prize because this tradition can be quite oppressive," Heckman said, drawing laughter from his colleagues.

The prize comes with a special perk for McFadden: a lifetime parking spot at UC Berkeley.

"I know of no other campus in America that holds a press conference to announce that a faculty member has been awarded a lifetime parking space," said Berkeley Chancellor Robert Berdahl.

The Nobel prizes in medicine, physics and chemistry were announced earlier this week. The award for literature is to be announced today, and the peace prize will be announced Friday.

The prizes are presented on Dec. 10, the anniversary of Nobel's death in 1896.

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