
Curriculum Vitae

PEDRO GARCIA DUARTE

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EDUCATION

Duke University, Ph.D. in Economics (expected May 2007), Durham NC, USA.

Duke University, M.A. in Economics, Durham NC, USA, Fall 2004.

Pontifical Catholic University (PUC-Rio), M.A. in Economics, Rio de Janeiro, Brazil, May 2001.
Dissertation title: “Credit, Money and Rational Expectations: theory and simulations with a model *a la* Wicksell”; Dissertation Supervisor: Dionísio Dias Carneiro (Professor of Economics, PUC-Rio; M. A. Vanderbilt University); Committee: Dionísio Dias Carneiro, Eduardo Loyo (Professor of Economics, PUC-Rio; Ph.D. Princeton University), Fábio Kanczuk (Professor of Economics, FEA-USP/SP; Ph.D. UCLA)

University of São Paulo (FEA-USP), B.A. in Economics, São Paulo, Brazil, December 1998.
Undergraduate dissertation: “Neutrality of Money: from the Quantity Theory to the New Classical Economics”. Dissertation supervisor: Sílvia Schor (Professor of Economics, FEA-USP/SP; Ph.D. FEA-USP)

FIELDS

Primary: Monetary and International Economics, History of Economic Thought
Secondary: Econometrics

RESEARCH INTERESTS

Optimal monetary policy, history of twentieth century macroeconomics, exchange rate determination.

PUBLICATIONS AND WORKING PAPERS

(I) “A Feasible and Objective Concept of Optimality: the quadratic loss function and U.S. monetary policy in the 1960s and the 1970s”, Duke University, Nov. 2006. Job Market Paper.

(II) “Visiting Frank P. Ramsey: the Public Finance Concept of Optimal Monetary Policy”, Duke University, Dec. 2006.

(III) "Review of Mark Skousen, *Vienna and Chicago, Friends or Foes? A Tale of Two Schools of Free-Market Economics*" (Washington: Capital Press, 2005), Book Review for the Economic History Services, Mar. 1, 2006, URL: <http://www.eh.net/bookreviews/library/1050.shtml>

(IV) "A History of Time in Economics: Does It Matter?", Duke University, June 2004.

(V) "Interest Rate Inertia and Taylor Rules – exploring impulse response functions in a general equilibrium model calibrated to the Brazilian economy", joint with Dionísio Dias Carneiro. *Discussion Paper 450*, Department of Economics, PUC-Rio, 2001 (Brazil). [in portuguese]

CONFERENCE AND SEMINAR PRESENTATIONS

- Jun. 2006 *III STOREP (Associazione Italiana per la Storia dell'Economia Politica) Annual Conference*, Lecce, Italy **(I)**
IX AISPE (Associazione Italiana per la Storia del Pensiero Economico) Conference, Padova, Italy **(I)**
33rd HES (History of Economics Society) Annual Meeting, Grinnell, USA **(I)**
- Dec. 2005 *XXXIII Brazilian National Economics Meeting (Anpec)*, Natal, Brazil **(I)**
- Jun. 2004 *History of Economic Society (HES)*, Victoria University, Toronto, CA – Young Scholar Session **(IV)**
- Mar. 2002 *Instituto de Pesquisa Econômica Aplicada (IPEA) – Seminários Dimac (Diretoria de Estudos Macroeconômicos) no. 93*, Rio de Janeiro, Brazil **(V)**
- Dec. 2001 *XXIX Brazilian National Economics Meeting (Anpec)*, Salvador, Brazil **(V)**

TEACHING AND RESEARCH EXPERIENCES

- Fall 2006 Department of Economics, Duke University, Durham NC, USA:
Teaching Assistant, History of Economic Thought (undergraduate/graduate course, ECON 148/248), Professor Craufurd Goodwin
- Oct. 2004 – Feb.2005
Research Assistant, Rare Book, Manuscript, and Special Collections Library, The Economists' Paper Project: Franco Modigliani Papers.
- Summer 2004 Department of Economics, Duke University, Durham NC, USA
Research Assistant for Professor Stephanie Schmitt-Grohé
- Fall 2004 Department of Economics, Duke University, Durham NC, USA:
Teaching Assistant, Stochastic Macroeconomics (graduate course, ECON 326), Professors Craig Burnside and Árpád Ábrahám
- Summer 2003 Department of Economics, Duke University, Durham NC, USA
Research Assistant for Professor Barbara Rossi

- Spring 2002 Department of Economics, PUC-Rio, Rio de Janeiro, Brazil:
 (a) *Instructor*, National Accounting (undergraduate introductory macro course)
 (b) *Teaching Assistant*, Macroeconomics IV (graduate course),
 Professor Eduardo Loyo
- Fall 2001 Department of Economics, PUC-Rio, Rio de Janeiro, Brazil:
 (a) *Instructor*, Macroeconomic Theory I (undergraduate course)
 (b) *Teaching Assistant*, Macroeconomics IV (graduate course),
 Professor Eduardo Loyo (2nd half of the semester)
- Spring 2001 Department of Economics, PUC-Rio, Rio de Janeiro, Brazil:
Instructor, National Accounting (undergraduate introductory macro course)
- 2001 – 2002 Galanto Pesquisas Econômicas, research assistant (economics research consultancy firm run by Professor Dionísio Dias Carneiro), Rio de Janeiro, Brazil.
- Fall 2000 Department of Economics, PUC-Rio, Rio de Janeiro, Brazil:
 (a) *Instructor*, National Accounting (undergraduate introductory macro course)
 (b) *Teaching Assistant*, Macroeconomics III (graduate course),
 Professor: Eduardo Loyo (3rd quarter)
 (c) *Teaching Assistant*, Macroeconomics II (graduate course),
 Professors Márcio G. P. Garcia (Ph.D. Stanford University) and Francisco Ferreira (Ph.D. London School of Economics).
- Spring 2000 Department of Economics, PUC-Rio, Rio de Janeiro, Brazil:
Teaching Assistant, Macroeconomics I (graduate course),
 Professors Gustavo Gonzaga (Ph.D. University of California, Berkeley) and Ilan Goldfajn (Ph.D. MIT)

ACADEMIC HONORS AND AWARDS

- June 2006 Bresciani Turróni–AISPE Prize for the best paper presented by a scholar under 35 years old at the AISPE Conference, 2006 (Padova, Italy) – shared with Sebastiano Nerozzi (University of Florence)
- Summer 2006 Graduate School, Duke University, Durham NC, USA
 Summer Research Fellowship
- April 2005 *Student's Choice Award for Outstanding Graduate Teaching Assistant*, (TA for ECON 326) Department of Economics, Duke University
- Summer 2005 Department of Economics, Duke University, Durham NC, USA
 Summer Research Fellowship

Aug. 2002 – Aug. 2006

Department of Economics, Duke University, Durham NC, USA
Coordenação de Aperfeiçoamento de Pessoal de Nível Superior (CAPES, Brazil)
Ph. D. Fellowship

1999 – 2001

Department of Economics, PUC-Rio, Rio de Janeiro RJ, Brazil
Conselho Nacional de Desenvolvimento Científico e Tecnológico (CNPq)
Master's Fellowship

1995 – 1998

Department of Economics, University of São Paulo (USP), São Paulo SP, Brazil
Conselho Nacional de Desenvolvimento Científico e Tecnológico (CNPq)
Fellowship for junior scientists

REFEREEING

History of Political Economy (HOPE)

PROFESSIONAL AFFILIATION

History of Economics Society (HES): 2004 – present

RELEVANT POSITIONS HELD

May 04 – April 06

President, Economics Graduate Student Committee

Oct. 2004 – Mar.2005

Member of the Student Advisory Committee for Duke Performances –
Duke Institute of Arts

SKILLS AND OTHER INFORMATION

Computer: Matlab, C++, Eviews, LaTeX, MS Office

Languages: English (proficient), Portuguese (native), Spanish (basic), Italian (basic)

(Last Update: December 2006)

REFERENCES

E. Roy Weintraub (*chair of thesis committee*)
Professor of Economics, Duke University
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Kevin D. Hoover (*co-chair of thesis committee*)
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Craufurd Goodwin, James B. Duke Professor of Economics, Duke University
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312 Social Sciences Building, Duke University, Durham NC 27708
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Craig Burnside, Professor of Economics, Duke University
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DISSERTATION SYNOPSIS

My dissertation provides a historical analysis of different notions of optimal monetary policy that emerged in the United States in the post-World War II period. The main goal of this work is to understand how monetary economists constructed their knowledge about optimal policies and, in doing so, how they borrowed new mathematical tools and methods from other sciences as well as from other economic sub-disciplines. The two main chapters of the dissertation are summarized below.

“A Feasible and Objective Concept of Optimality: the quadratic loss function and the U.S. monetary policy in the 1960s and the 1970s” (Job Market Paper): The use of a quadratic loss function to characterize the behavior of a central bank has gained prominence in monetary economics since the 1970s, in the United States. Most of the first papers in this field applied that mathematical tool to the problem of determining the optimal instrument a policymaker should use to guide monetary policy. Some papers argued that the optimal instrument was a monetary aggregate, others maintained that it was a money market indicator as the interest rate, while still others argued that both previously mentioned instruments could be optimally combined. Together these papers constitute the “instrument problem” literature.

Before it was used in monetary economics, the quadratic loss function had been widely used to simplify problems in operations research and management science, mainly during World War II. The main advantage of this function was that it made the solutions to those problems feasible, i.e., easily obtainable by the computers available at the time. Thus, the first part of the

paper deals with the use of the quadratic loss function outside monetary economics, mainly by two important groups of scientists: those at the Graduate School of Carnegie Mellon (Herbert Simon, Franco Modigliani, and John Muth, among others) and those at the Central Planning Bureau of the Netherlands (mostly Henri Theil, who partially followed Jan Tinbergen's research agenda).

Monetary economists generally share the understanding that the quadratic loss function became popular in their field simply because it provided simple and computable solutions to complex problems. It is my central argument that this is only part of the explanation for the popularity of that tool in monetary economics.

This paper analyzes how the quadratic loss function crossed boundaries of disciplines and came to play a central role in monetary economics by shaping a particular notion of optimal policy: that of minimizing the loss function of the central bank. By investigating not only published papers but also archival materials of leading figures of the monetary debate about the "instrument problem" in the late 1960s and the 1970s, I uncover an intricate network in which these economists operated. In it, the quadratic loss function was used to support different arguments about the optimal instrument and monetary policy. I then support my main thesis: that this function not only provided economists feasible solutions, but it also inaugurated an objective or uniform way of talking about optimal monetary policy. This is an example in which a tool stabilized the discourse in a sub-field of economics, an idea explored by Weintraub in his 1991 book *Stabilizing Dynamics*. Therefore, I elaborate on the idea that the concept of optimality provided by a quadratic loss function was not only feasible for the computers of the time but it was also objective, in the sense of providing a way of exchanging knowledge free of individual (or group) idiosyncrasies, thus narrowing the possibilities for disagreements among members of a scientific community.

"Visiting Frank P. Ramsey: the Public Finance Concept of Optimal Monetary Policy": The quadratic loss function was not the only way by which monetary economists derived an optimal policy in the United States after World War II. Another way to determine if a monetary policy is optimal was by the degree that it maximized social welfare. This paper explores how the welfare approach evolved. It is worth emphasizing that both the quadratic loss function and the "welfare approach" are normative characterizations of the monetary policy. However, they differ because while the former can, in principle, be associated with social welfare, the latter was explicitly based on the welfare of economic agents. In the 1960s and the 1970s monetary economists considered these two approaches as distinct: the loss function was mainly used to characterize short run policies while the welfare approach centered more on long run optimal policies.

The welfare approach to monetary policy, in which inflation is seen as a tax on money-holdings, has Milton Friedman and Martin Bailey as its forerunners. In the 1970s, this literature borrowed tools from the public finance literature on optimal taxation to characterize the second best policy. Nowadays, economists specify optimal policies by solving the so-called "Ramsey problem."

Besides exploring the origins of the welfare approach, this paper analyzes how monetary economists not only borrowed tools from the sub-discipline of public finance to frame their problems, but also took as one of their luminaries a Cambridge mathematician who published a paper on optimal taxation: Frank P. Ramsey. The paper starts with a sketch of Ramsey's life and work and then discusses how his work on optimal taxation was rediscovered by public finance economists in the 1970s, forty years after its publication. Finally, the paper discusses how monetary economists, like Edmund Phelps, among others, came to know Ramsey's contribution by visiting the public finance literature of the 1970s.