



**A Celebration of  
Lawrence R. Klein**

**Students and Colleagues**

# A Celebration of Lawrence R. Klein

This book is dedicated to Dr. Lawrence R. Klein,  
from his students and colleagues.

Dr. Klein has influenced our lives in many different  
ways. For most of us, Dr. Klein's willingness to help  
has been truly remarkable.

Over the years, Dr. Klein has been our professor,  
dissertation supervisor, colleague, and co-author,  
but, more importantly, he has been a friend one can  
always rely on for intelligent and unbiased advice.

In his very unique and humble way, Dr. Klein has  
shaped our research foundation, which helps us  
throughout our professional lives.

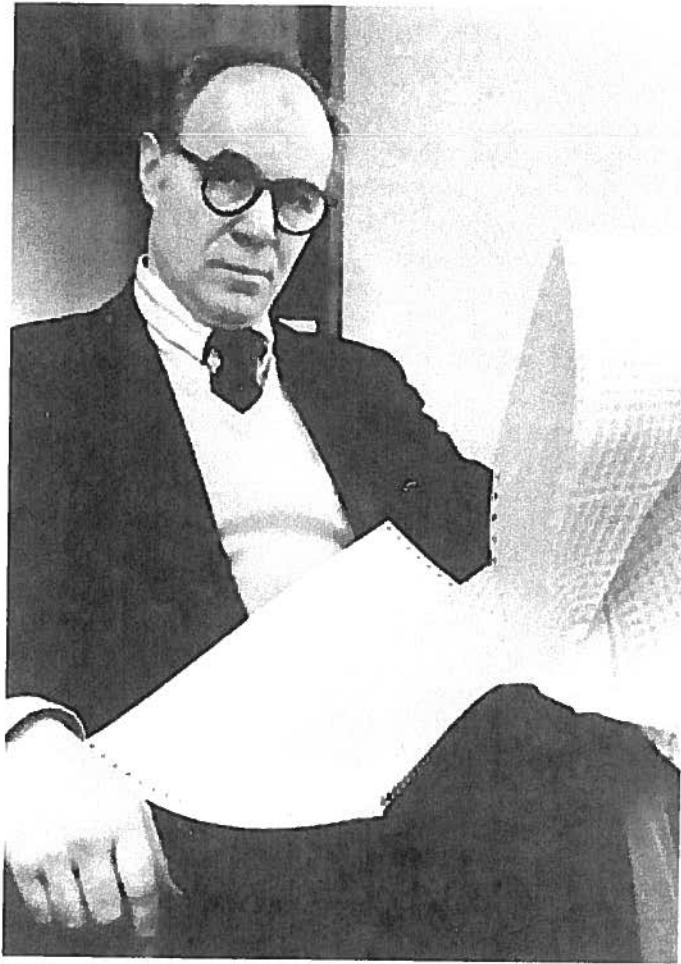
We are forever grateful to Dr. Klein for the research  
vector he has instilled in us at the early stages of our  
careers.

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“...few, if any, research workers in the empirical field of economic science have had so many successors and such a large impact as Lawrence Klein.”

1980 Alfred Nobel Memorial Prize in Economic Sciences,  
Press Release, October 15<sup>th</sup> 1980 ([www.nobelprize.org](http://www.nobelprize.org))

**My Words to Lawrence R. Klein (1980 Nobel Laureate)**

By Alfredo Coutiño, Ph.D.

Moody's Analytics

July 2012

*"Economists are not musicians to tune up econometric models  
as if they were musical instruments"*

- L.R. Klein (1999)

It was 1984, I was finishing my BA in economics at the National University of Mexico, when during one of my seminars on econometrics I read about this American professor who was called something like "the father of applied econometric models" since he was one of the pioneers of building a system of equations to represent the U.S. economy. At that moment, it came to me the idea of doing something similar for my country. Months later, when working on my dissertation research, I realized –through a long interview published in a Mexican magazine– that this professor was leading a successful research project on econometric modeling at the University of Pennsylvania in Philadelphia. That project was mainly focused on developed economies and, for a particular reason, Mexico was included. A Mexican student at the university was in charge of developing and maintaining the model for Mexico. From that interview I discovered that this professor was a Nobel Laureate and that he was particularly interested in the Mexican economy. Later on I met another Mexican student who was back in Mexico with a Ph.D. degree from the University of Pennsylvania and whose dissertation was supervised by this Nobel winner. I took his research as a model for my BA dissertation and he talked to me about the graduate program at UPenn. Through him I made contact with the economist in charge of the Mexican project in Philadelphia, for whom I started working five years later and for a long decade. Working for the Center of Econometric Research on Mexico (Ciemex-WEFA, based in Philadelphia) gave me the extraordinary privilege of meeting in person the already famous 1980 Nobel Laureate in Economics, Lawrence R. Klein, who later became not only my best inspiration as an economist but also my mentor and supervisor of dissertation.

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During my years as a BA student in Mexico, I never thought I was going to be one of the very few Mexicans with the privilege of having both a Nobel Laureate as my supervisor of dissertation and the great honor of publishing papers with him. His extraordinary brilliantness, enormous patience, great comprehension, ability to easily explain the complex problems, and his passion for economics and econometrics have really marked and guided my career as an economist. Lawrence Klein has been more than my mentor and private teacher, the one that spent hours and hours explaining to me how to build equations and models, the way to make clean and pure forecasts, the one who taught me to be responsible and respectful with the profession.

My first professional contact with Larry Klein was at the beginning of the "peso crisis" of 1995. I was already working for Ciemex and at that time, Dr. Klein was seeking for an economist to support him in a new research on the prospects of the ongoing Mexican crisis. I submitted my application and days later he called me and asked for my credentials, transcripts and recommendations. Few days later, I got the privilege of meeting him for a personal interview. I got the job as his assistant in that research on Mexico, and with that months and months of intense research, heavy work, and long discussions in his office at the University of Pennsylvania. I estimated each equation several times and we exhausted all the possibilities until he arrived to the final model. Working extra hours, on weekends and holidays, was never exhausting for someone who has the honor of being the assistant of a Nobel Laureate, and particularly when one has the privilege of working on a research about his own country. What professor Klein taught me during those five months of intense research and work surpassed by much what I learned during the five years of my BA and the two years of my MA in Mexico. The reward for me was double when he told me that the final research was going to be published, and that my name was going to be next to his in a very well-known journal of economics with circulation in the most prestigious universities around the world.

At that point, my delayed goal of getting a Ph.D. degree was already compensated by the privilege of being co-author with Lawrence Klein. However, he strongly and persistently encouraged me to go back to school and obtain the largely-desired degree. During my graduate studies in Philadelphia, Dr. Klein was my mentor and generously made the offer to be my supervisor of dissertation of my Ph.D. thesis on Mexico, which dealt with the application of a new econometric methodology that he developed at the University of Pennsylvania and called "High Frequency Forecasting Model" (HFFM). The responsibility and reputation behind a

**Coutiño, Alfredo**

Nobel Laureate implied hours and hours of intense and sophisticated research work to me. Long discussions and debates between the teacher and the student became usual but never a routine. Every day I left his office with new ideas but also with new challenges. It took to me two long years to complete my dissertation research with him, but not that long compared with the four years it took to the first Mexican student to finish his research with Dr. Klein almost thirty years before.

I have learned a lot from Larry Klein, not only as an economist but also as a person and friend. One of his best virtues is his pulchritude and responsibility as a professional of economics. The best lesson I have gotten from him was precisely in that direction. One day after a long discussion on the advantages of structural models –in the sense of fine tuning the model to shape the forecast with qualitative information, as opposed to the purely econometric HFFM– he directly responded to me that “economists are not musicians to tune up econometric models as if they were musical instruments”. To me that response represented one of the best examples of Klein’s commitments with the scientific nature he always puts in all his econometric contributions. His call to others has always been to avoid the manipulation that sometimes is done to force the model to tell what the economist wants to say.

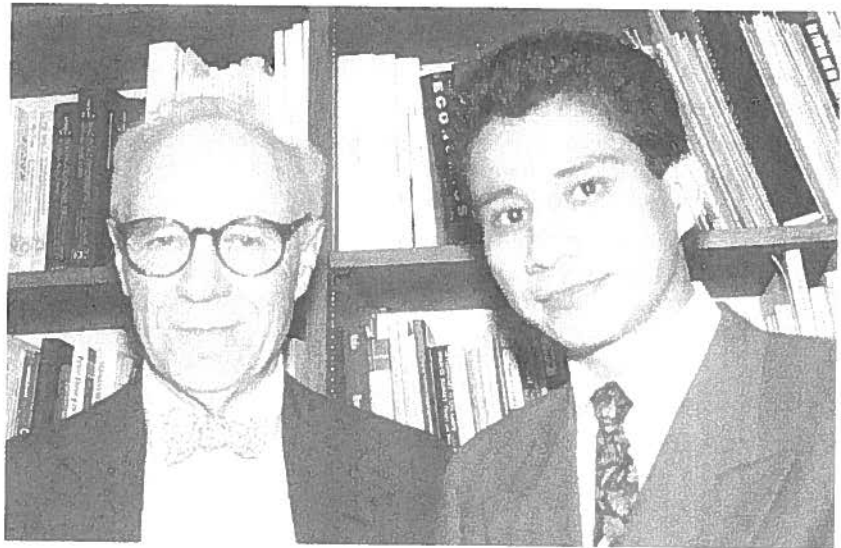
To Lawrence Klein I owe my discipline as a student, my formation as an economist, and my strong responsibility as a professional, but overall, my commitment and passion for economics. Professor Klein will always be my guide, my model, and my best source of inspiration to contribute with my efforts as an economist to the improvement of my country: Mexico.

Many thanks Dr. Klein.

I am deeply thankful with you.

Alfredo Coutiño.

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L.R. Klein and A. Coutiño during the presentation of the High Frequency Forecasting Methodology for Mexico at the National Institute of Statistics, Geography and Informatics (INEGI) in Mexico (1999)

Source: Alfredo Coutiño