



IN MEMORIAM

James L. Pierce
Professor of Economics, Emeritus
UC Berkeley
1937 – 2009

James L. Pierce had a long and rich life story that was intricately woven into the University of California, Berkeley's history. Born in Berkeley on September 24, 1937, Pierce grew up in the San Joaquin Valley farming town of Dos Palos, where his father was partner in a car dealership. He attended UC Berkeley and won the coveted Departmental Citation as the best undergraduate economics student in 1959. He earned the Ph.D. in economics here in 1964. The previous year he had secured a prized job as an assistant professor at Yale University. Jim came back to Berkeley as a professor of economics in 1976 and stayed until he retired in 2001.

Former colleague Jim Friedman recalled that in the summer of 1966, he, Pierce and Don Hester — all then assistant professors of economics at Yale — traveled to Jackson, Mississippi, having been recruited by the civil rights activist and Yale chaplain William Sloan Coffin Jr. Friedman stated, "We thought instead of just going to register voters, we should use our expertise in economics in some especially helpful way. Our notion was that black businessmen in the South probably had no access to banks for credit and that, if black businessmen in a community could band together and form a bank, then that bank could be a source of financial support."

Jim Pierce loved applied economic policy and he was very good at it. He left Yale in 1966 and came to the Board of Governors of the Federal Reserve System. In 10 years he rapidly rose from research economist to assistant director of research. Pierce championed the building of a large econometric model. He convinced policymakers to use the predictions and policy simulations from the model as an input to policy decisions. In the late 1960s this was unprecedented. Now all central banks, and many large businesses, use econometric models when making decisions.

Professor Pierce frequently testified before Congress, and consulted and advised various government agencies both in the United States and abroad. He left the Federal Reserve System in 1975 to direct the Financial Institutions and Nation's Economy (FINE) study for the U.S. House of Representatives Banking Committee. He always maintained that if the Congress had adopted their recommendations, the savings and loan debacle never would have happened. Pierce liked to play on a big stage, and he had the ability and courage to pull it off.

In 1976, Pierce returned to Berkeley as a professor of economics. He taught graduate and undergraduate courses in macroeconomics, monetary and financial economics, and economic policy, and also taught the principles of economics to beginning undergraduates.

Professor Pierce published extensively in the areas of macroeconomics, monetary economics, and banking, with emphasis on public policy issues in these areas. His publications included the book *The Future of*

Banking (1991), and “Origins and Causes of the S&L Debacle: A Blueprint for Reform” (1993), written for the National Commission of Financial Institution Reform, Recovery and Enforcement, for which he served as executive director. He also contributed a chapter about integrating banking with other financial services to the 1988 book, *Regulating the New Financial Services Industry*. In another book, *Bank Management and Portfolio Behavior* (1973), he and coauthor Donald Hester of Yale presented the first econometric analysis of commercial bank and mutual savings bank behavior based on individual bank data.

Pierce was a voracious reader, enjoyed cooking, and loved to visit the Northern California coastal community of Mendocino. Before his death, he had been writing a computer program for an interactive tutorial in economics that he envisioned could easily be used for other topics as well.

He died peacefully at Alta Bates Hospital in Berkeley on February 15, 2009, at the age of 71. The cause of death was lung disease.

He is survived by his wife, Suzanne Pierce, and three children, Jonathan Pierce of Lafayette, Susan Pierce of Rancho Palos Verdes, and Sam Pierce of Berkeley. He is also survived by his sister Carol Delacruz of Benicia, two nephews, and three grandchildren.

Roger

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