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**Working Paper**

**Programa Cuyo: A short history**

Serie Documentos de Trabajo, No. 448

**Provided in Cooperation with:**

University of CEMA, Buenos Aires

*Suggested Citation:* Sjaastad, Larry (2011) : Programa Cuyo: A short history, Serie Documentos de Trabajo, No. 448, Universidad del Centro de Estudios Macroeconómicos de Argentina (UCEMA), Buenos Aires

This Version is available at:

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**UNIVERSIDAD DEL CEMA  
Buenos Aires  
Argentina**

Serie  
**DOCUMENTOS DE TRABAJO**

**Área: Economía**

**PROGRAMA CUYO: A SHORT HISTORY**

**Larry Sjaastad**

**Abril 2011  
Nro. 448**

**[www.cema.edu.ar/publicaciones/doc\\_trabajo.html](http://www.cema.edu.ar/publicaciones/doc_trabajo.html)  
UCEMA: Av. Córdoba 374, C1054AAP Buenos Aires, Argentina  
ISSN 1668-4575 (impreso), ISSN 1668-4583 (en línea)  
Editor: Jorge M. Streb; asistente editorial: Valeria Dowding <jae@cema.edu.ar>**



## **PREFACE**

### **PROGRAMA CUYO: A SHORT HISTORY**

**By Larry A. Sjaastad, Professor emeritus, University of Chicago**

The Universidad del Cema, since its origins as a Research Center (CEMA), has maintained close ties with the University of Chicago. During the first year of CEMA's life –1978– most of its researchers had Ph.D.'s from Chicago: Pedro Pou, Roque Fernández, Jorge Márquez, Leonardo Auernheimer and Carlos Rodríguez. Many of the graduates from our Master in Economics program went on to do their Ph.D.'s in Chicago, among whom three subsequently returned to Universidad del Cema as Program Directors: Carola Pessino, Aquiles Almansi and Edgardo Zablotsky.

This connection was not the consequence of any predetermined policy. It was simply due to the excellence of the education offered at Chicago and to the pre-existence of an established network of contacts. Prior to the creation of CEMA, there were already many Chicago graduates in Argentina and the basic ideas of the Chicago school were already widely disseminated among the local academic community.

The relationship between the University of Chicago and Argentina stems from a specific origin: the Programa Cuyo. This was a training program, directed by professors from the University of Chicago at the Universidad Nacional de Cuyo, that started in 1962. Young professor Larry Sjaastad was the Program Director. I thought it convenient, and necessary, to ask my good friend Larry to write for us about his experience with this successful program, something which he kindly accepted to do.

Below, Larry Sjaastad tells us, five decades later, about his memories of the Programa Cuyo.

**Carlos Alfredo Rodríguez**  
**Rector UCEMA**



## **PROGRAMA CUYO: A SHORT HISTORY**

**By Larry A. Sjaastad\***

The terms under which Programa Cuyo would function and its financing were negotiated in late 1961 and the first half of 1962. The parties to that negotiation were representatives of the Economics Department of the University of Chicago (principally Professor Arnold Harberger), the Rector of National University of Cuyo and Alberto Corti Videla, Dean of its Economics Faculty, Albion Patterson of the Buenos Aires office of the United States Agency for International Development (USAID) and representatives of the Argentine Consejo Nacional de Desarrollo (CONADE). Mr. Patterson was very much *the* instigator of Programa Cuyo as he also had been very much so earlier in Chile as head of the Chilean office of the U.S. International Cooperation Administration (now USAID) in connection with the creation of the University of Chicago–Catholic University program in 1955. Indeed, it may well have been the early success of the Chicago–Catholic University program that inspired Mr. Patterson to think that it could be repeated in Argentina. The immediate but narrow purpose of Programa Cuyo was to modernize the Economics Faculty at the National University of Cuyo.<sup>1</sup>

The U.S. dollar costs of Programa Cuyo were paid by USAID, which covered the salaries and other dollar costs associated with the long–term professors and short–term visitors assigned to the program as well as the costs of a substantial number of fellowships for Argentine students to finance their graduate studies in economics at the University of Chicago. The Argentine peso costs were provided by CONADE and covered fellowships for Argentine students who were to be admitted for full–time study in the newly created Economic Research Center at the Economics Faculty of the National University of Cuyo and all other peso costs associated with the program. The National University of Cuyo, of course, provided the physical facilities for the research center.

Programa Cuyo formally began in August, 1962, with the arrival in Mendoza of Professor Arnold Harberger (who was to stay for one month) and me as director of the program at the tender age of 27. Since 1960 I had been an assistant professor of economics at the University of Minnesota before joining Programa Cuyo as an associate professor at the University of Chicago, while on a leave of absence from the University of Minnesota. During the same month two

Chilean professors, Ernesto Fontaine and Raúl Yver, both of whom were on loan from the Catholic University of Chile, arrived. Both Ernesto and Raúl had received their graduate training in economics at the University of Chicago in connection to the above-mentioned program between the University of Chicago and the Catholic University of Chile.

By the time Programa Cuyo was inaugurated, the Dean of the Economics Faculty, Alberto Corti Videla, had been elected Rector of the National University of Cuyo, and Sergio Vernier had been elected as the Dean of that Faculty. As Dean, Vernier was an enthusiastic supporter of Programa Cuyo and helped enormously to get the course program in the Economic Research Center under way, which occurred in March, 1963. That course program covered two years at the master's level and included two price theory courses, one each of macroeconomics, mathematical economics, economic development and one or two courses in econometrics.

In addition to the course program, the Economic Research Center undertook the translation from English to Spanish of a substantial number of key articles from economic journals. Most of the translations were expertly done by Encarnación Abella.

The fellowships for students chosen for the course program attracted a substantial number of students. In addition to many from the Economics Faculty of Cuyo, the program attracted one student from the Agronomy Faculty of Cuyo: Pedro Pou, who later was one of the founders of the Centro de Estudios Macroeconómicos de Argentina (CEMA, the forerunner of Universidad del CEMA). The program also attracted Ricardo Arriazu, Julio César Martínez and Raúl Soria from the National University of Tucumán. Arriazu received further graduate training at the University of Minnesota with a Rockefeller Foundation fellowship and he was to become the right hand man of Adolfo (Vasco) Diz when Adolfo was an executive director of the International Monetary Fund and later when he was president of the Central Bank of Argentina.<sup>2</sup> The program also attracted Aldo Dadone from Córdoba as well as Eusebio Cleto del Rey and Alberto Musalem from Salta.

In 1963 the first students were sent to the University of Chicago for graduate training in economics; none of which came from Cuyo as the training aspect of Programa Cuyo had begun only in March of that year. One of those students was Miguel Sidrauski from the National University of Buenos Aires, where he had studied in the famous seminar run by the Professor Julio Olivera. Sidrauski was a brilliant student at Chicago where he wrote a doctoral thesis that attracted very considerable attention. Upon graduation, he was hired as an assistant professor of

economics by the Massachusetts Institute of Technology; tragically, after a rather short period at MIT, Miguel died of a rare spinal cord cancer. Miguel's death was a great loss for the economics profession.

Beginning in 1964 several of the star students in our training program were awarded fellowships to study economics at the University of Chicago. This group included Ana Maria Caramunt, Aldo Dadone, Edgardo Decarli, Angel Ginestar, Claudio Loser, Miguel Martinez, Alberto Musalem, Eusebio Cleto del Rey, Aldo Scala, Juan Verstaete and Juan Antonio Zapata. Another student in the training program, Jorge Medina, also was a prime candidate for one of those fellowships but he declined in order to pursue other interests. Medina did eventually come to Chicago with an Economics Department fellowship and earned the PhD degree. Three others who did not participate in the training aspect of Programa Cuyo but who were awarded fellowships to study at the University of Chicago were Professors Angel Boccia, Enrique Marin and Sergio Vernier. All three returned the Economics Faculty of Cuyo where Vernier and Marin remained until retirement age. When Sergio Vernier resigned his dean ship to go to Chicago, he was succeeded by Carlos Cid. Dean Cid was also enthusiastic in his support of Programa Cuyo.

Another potential candidate was Nicolás Catena who graduated from the Economics Faculty in December, 1962, with an extraordinarily strong record. Due to a family tragedy, however, Nicolás had to take over the family enterprise, which he has since transformed into the largest producer and exporter of Argentine wine. Catena also played a leading role in the creation of CEMA.

In addition to the three permanent full-time professors in the two year teaching program, there were a number of visiting professors, most of them for a period of two or three months. These included Professor Oswald Brownlee of the Economics Department at the University of Minnesota, Professors Donald V. T. Bear, D. Gale Johnson and Albert Rees of the Economics Department of the University of Chicago. At that time Professor Rees was Chairman of the Economics Department at Chicago. Two professors from the Catholic University of Chile, Mario Albornoz and Alberto Valdés, also visited Programa Cuyo and Professor Harberger was a frequent short term visitor to the program. Most of the visiting professors taught special short courses or gave a lecture series.

The original agreement between the various parties involved provided financing for Programa Cuyo only until through 1964. During 1964 an extension was negotiated with CONADE



and USAID with financing for two additional years. My agreement with the Economics Department at Chicago called for me to be director of the Programa Cuyo only through 1964, at which point I returned to the United States as an associate professor at the University of Chicago and resigned my assistant professorship at the University of Minnesota. I did, however, return to Programa Cuyo as a visitor for six months during the second half of 1965 and again in December, 1966, when the Economics Research Center teaching program formally ended. During 1965–66 the director of Programa Cuyo was Richard Blackhurst of the Economics Department of the University of Chicago. Professors Ernesto Fontaine and Raúl Yver remained with the program for its entire duration. At the end of 1966 both returned to the Catholic University of Chile. Fontaine recently became professor emeritus at that University.

Programa Cuyo had a dramatic effect on the Economics Faculty at the National University of Cuyo. If my memory is correct, at the outset of that program there were only three full-time professors of economics in that faculty: Carlos Becker and Francisco Navarro Vilches, both of whom leaned towards the Austrian school of economics, and Enrique Marin. That has changed radically as a consequence of Programa Cuyo, as many of the graduates of the training aspect of that program and/or the University of Chicago either are or have been professors and/or researchers in the Economics Faculty, most of them full-time. This group included Carlos Abihaggle, Adolfo Anunziata, Ana Maria Claramunt, Alejandro Cerdán, Domingo Diaz Terrado, Edgardo Decarli, Néstor Ferrari, Maria Elena Giner de Lara, Angel Ginestar, Claudio Loser, Miguel Martinez, Pedro Marsonet, Aldo Medawar, Jorge Moravenik, Iris Perlbach de Maradona, Carlos Muñoz, Roberto Ros, Zulema Tomassetti de Piacentini, Juan Vega, Juan Verstraete, and Juan Antonio Zapata. It is quite evident that Programa Cuyo did succeed in modernizing the Economics Faculty of the National University of Cuyo.

Programa Cuyo also had an influence on the Argentine economics profession. The professors in that program were very much impressed by the lack of any communication among the various economics faculties of that country. In an effort to remedy that situation, the three Programa Cuyo professors were instrumental in the establishment of the Annual Meetings of Economists in Argentina in a 1964 meeting in Mendoza that was attended by professors from several Argentine economics faculties. Among others, that group included Adolfo Diz from Tucumán, Adolfo Canitrot of the Di Tella group in Buenos Aires, Aldo Arnaudo of Córdoba and the three Programa Cuyo professors. The first Annual Meeting took place in December, 1964, in

Villavicencio, which is located north of Mendoza and is the source of a widely consumed mineral water in Argentina. The closing ceremony was held in Potrerillos, a resort in the Andes Mountains near Mendoza. The second annual meeting took place in December, 1965, at a hotel in Rio Tercero in the province of Córdoba, and the third annual meeting took place in 1966 in Tucumán, and was organized by Adolfo Diz.

In addition to Professor Arnold Harberger, a key figure in the implementation of Programa Cuyo was Professor H. Gregg Lewis of the Economics Department at the University of Chicago. Gregg handled all administrative actions of the program that had to be done at the Chicago end, and he was a very active advisor to the Programa Cuyo students that were pursuing their studies at the University of Chicago.

Several of the Programa Cuyo graduates have held important positions in Argentina as well as international institutions. Angel Boccia left the National University of Cuyo in the late 1970s and had a long career in Washington, D.C., at the InterAmerican Development Bank (IDB). Claudio Loser and Miguel Martinez both received their PhD degrees in economics at the University of Chicago and returned to teach in the National University of Cuyo only to leave for the United States in the 1970s. Martinez had a long and important career at the World Bank and, at the time of writing this history, he is at the IDB. Loser rose to the position of Director of the Western Hemisphere Division of the International Monetary Fund (IMF) and he is currently with the InterAmerican Dialogue, a Washington, D.C. think tank. Edgardo Dercarli also was employed by the IMF and he currently is in the private sector in the Washington, D.C. area.

After finishing his studies in the Programa Cuyo, Pedro Pou received a fellowship from the Ford Foundation's Programa Pro Economia Agraria which he used to obtain his PhD degree in economics at the University of Chicago. As was mentioned earlier, Pedro was one of the founders of CEMA in the late 1970s, and he later became president of the Banco Central of Argentina during the Carlos Menem administration. Aldo Dadone also received his PhD degree in economics at the University of Chicago and, after a teaching career at the National University of Córdoba, became President of the Banco de la Nación Argentina, which did not end well. Juan Antonio Zapata also received his PhD degree in economics at the University of Chicago in 1970 and returned to the Economics Faculty at the National University of Cuyo, where he is still teaching. In addition, Juan Antonio has held positions in the Argentine Ministries of Foreign Relations, Economics and Interior, the International Food Policy Research Institute in Washing-

ton, D.C. and he currently is a partner in a Mendoza-based consulting firm that has attracted clients in several Latin American countries and in Asia and Africa.

While Programa Cuyo has met with considerable success, it has not had the same impact as did the earlier program between the University of Chicago and the Catholic University of Chile. The Economics Faculty at the Catholic University of Chile enjoys a high level of recognition at both national and international levels which is much less true in the case the Economics Faculty of the National University of Cuyo. This is partly due to the fact that the program at the Catholic University was substantially longer and with many more fellowships and other resources, and partly due to differences between the Chilean and Argentine circumstances. In the first place, as a private university, the Catholic University had somewhat greater autonomy and hence was more susceptible to radical change than was Cuyo, a national university. Secondly, the fact that the junta that replaced President Salvador Allende in Chile became, over time, very amenable to radical changes in economic policy, which gave rise to the famous “Chicago Boys”, most of whom came from the Catholic University and many had received their graduate training at the University of Chicago under the University of Chicago–Catholic University program. As a result, the great Chilean economic boom which followed the deep and pervasive economic policy reforms in Chile during the Pinochet government can be attributed, at least in part, to that program. No remotely similar events occurred in Argentina following Programa Cuyo. Nevertheless, there can be no doubt that the quite modest sums that were invested in Programa Cuyo have had a very high rate of return.

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\* Professor emeritus, Economics Department, the University of Chicago. As I had no access to records, this history is largely based on my memory which may result in unintended omissions and errors. I wish to thank Ana Maria Claramunt for her enormous help in developing this history; without her contributions it would be rather shorter. These views are personal and do not necessarily represent the position of Universidad del Cema.

<sup>1</sup> As an aside, within the U.S. Department of State and USAID, documents referring to Programa Cuyo were identified as "la1". I finally learned that "la1" meant Latin America Number One since Programa Cuyo was the *first* USAID sponsored program in Latin America under President Kennedy's Alliance for Progress.

<sup>2</sup> As another aside, I first knew Vasco Diz in 1957 when I was an undergraduate at the University of Chicago and he was a graduate student in the Economics Department there. We both worked for Professor Gregg Lewis as number crunchers to bring home some bread. I think that Vasco was the first Argentine graduate student in the Economics Department at Chicago. It is notable that Vasco came from the National University of Tucuman, and to be followed by many outstanding students from that same institution such as Rubén Almonacid, Manuel Cordomi, Victor Elias, and Juan Pablo Nicolini, to mention just a few.