

# Special Issue 2008

## Foreword

This issue of *Tímarit um viðskipti og efnahagsmál* is entirely dedicated to celebrating Professor Gudmundur Magnusson as he retires from his official duties as teacher, scholar and administrator at the University of Iceland.

The contributors are either collaborators of Gudmundur or former students, or both. All the contributors presented a version of their papers at a conference given in Gudmundur's honour in November 2007. The conference was organized by the Faculty of Economics and Business Administration in collaboration with the University of Iceland and Gudmundur's numerous friends in and out of academia. Other sponsors of the conference include the Ministry of Finance, the Ministry of Business Affairs, the Federation of Icelandic Industries and the University of Iceland Lottery. Needless to say, Gudmundur's efforts and lifetime contributions have had profound influence on the conditions under which these institutions work. Gudmundur's work in his capacity as Rector and administrator in academia is well accounted for in this volume. But Gudmundur is a man of many talents. One of his first tasks as economist after finishing his Ph.D. was to analyse the potential effects of Iceland's accession to the European Free Trade Association (EFTA). Almost single-handedly, and armed only with a simple desk calculator, Gudmundur estimated econometric models and applied formal and informal economic theories and through his efforts convinced politicians and the business community that joining EFTA would be beneficial for Iceland. This work was initiated by the then Minister of Industry, Jóhann Hafstein. The accession to EFTA changed the day-to-day work at the Ministries of Business Affairs and Finance and the Federation of Icelandic Industries. The FII was keen supporter of the accession to EFTA. That stance evolved into outspoken support of Icelandic membership of the EU and the Euro-zone. Hence the experience of membership in the EFTA shaped the policy of the Federation of Icelandic Industries up to this day. One of Gudmundur's favourite teaching subjects was public economics. Through his teaching of the theories of optimal taxation and public spending to students that later became officials in the Ministry of Finance and related agencies, Gudmundur raised the quality of work in public finance. He also served as member of the supervisory board at the Central Bank of Iceland and the board of directors at the Nordic Investment Bank. Needless to say Gudmundur was also frequently consulted at home and abroad on economic policy and other practical matters. In his capacity as Rector of the University of Iceland, Gudmundur was also chairman of the Board of the University of Iceland Lottery. The interested reader can get a quick overview over Gudmundur's writings by consulting the List of Publications accompanying the web-version of this volume (see <http://www.efnahagsmal.hi.is>).

The thematic allocation of the contributions to this volume is revealing in its own way. Two of the papers, the ones by Professor Thorolfur Thorlindsson and Rector Kristin Ingolfsdottir, deal primarily with Gudmundur's achievements and efforts as academic administrator. The other five papers involve research projects that Gudmundur was directly involved in, were inspired by him or are otherwise connected to his current and past research interests. He soon showed himself to be a gifted administrator. In academia such persons do not grow on trees and Gudmundur was early on required to take on duties that consumed considerable part of his time. But he knew how to combine research and scholarship with his administrative agenda. He understood that a university cannot prosper without teachers that are active in

research and worked actively, both as Rector of the University and as chairman of the Professors' Union to design incentive structures that foster and reward research.

A young Icelandic student of economics at the University of Oslo once came to share a table with Professor Leif Johansen at a formal dinner. Professor Johansen asked the student if he knew who Gudmundur Magnusson was. The student could proudly proclaim to know about Gudmundur's book, *Production under Risk*. Professor Johansen then said that in his opinion that book contained a handful of conclusions that other scholars had later stumbled across and claimed as their own in published papers.

It was not only in his Ph.D. dissertation that Gudmundur was ahead of the flock. We who worked closely with him, at one time or another during his career, often admired his ability to see and act in the games of life and academia long before the other actors knew their moves.

Reykjavik, 30 August 2008

Thorolfur G. Matthiasson