

ECONOMICS

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AT NORTHWESTERN

Editor: Maryann Semer

This edition covers events and publications involving economists at Northwestern for the period of January 1 through September 30, 1989. Additional copies are available from the editor in Andersen Hall, G-174.

APPOINTMENTS, HONORS, AND GRANTS

LAWRENCE AUSUBEL has received a grant from the Lynde and Harry Bradley Foundation to research "Insider Trading and Economic Efficiency." The funding enables him to take a sabbatical from his teaching responsibilities during the first half of the 1989-90 academic year.

KYLE BAGWELL received a grant from the NSF to study "Coordination Issues in Industrial Organization."

LAURIE SIMON BAGWELL and Doug Bernheim received a grant from the NSF to study "Dividends and Corporate Financial Policy."

CHARLES CALOMIRIS received a grant (with Charles Kahn) from the Prochnow Foundation to investigate "The Private Regulation of Banking by Banks."

ROBERT COEN was a Scholar-in-Residence at the Rockefeller Foundation's Bellagio Study and Conference Center during July 1989.

IAN DOMOWITZ has been appointed Household International Research Professor of Economics.

ROBERT EISNER received a two year grant from the NSF for "Collaborative Research on Adjusted and Extended Measures of Government Budgets, the Balance of Payments, Saving, Investment and Capital."

ROBERT J. GORDON received a two-year grant from the NSF to study "New Data Sources in Macroeconomics." He has been reappointed as a Senior Adviser to the Brookings Panel on Economic Activity and as a Research Associate of the Center for Economic Policy Research, London.

STUART GREENBAUM, as Director of the Banking Research Center, was granted an ARCB grant for a 1990 conference to be held at the Allen Center on banking empowerments and government guarantees of the financial system.

BRUCE MEYER was a Visiting Assistant Professor at Princeton University during the 1988-89 year. He received a grant from the National Science Foundation entitled "Unemployment Insurance, Recall, and Econometric Duration Models."

JOEL MOKYR was elected this year as a trustee of the Economic History Association. He has completed eight years as member of the editorial board of *The Journal of Economic History* and *Explorations in Economic History*. He continues as a member of the editorial board of *Historical Methods*. He also serves as member of the program committee in charge of economic history for the Social Science History.

LEON N. MOSES received a \$30,000 research grant from the University of Michigan Transportation Research Institute to carry out studies of "Safety and Regulation in the Motor Carrier Industry".

IAN SAVAGE returned to the faculty of the economics department in September following a year at the University of British Columbia. In addition to research and teaching, he is the department's new Assistant Chairperson.

MARK W. WATSON was appointed Co-Editor of the *Journal of Applied Econometrics*, Associate Editor of *Econometrica*, Associate Editor of the *Journal of Monetary Economics*, Professor of Economics at Northwestern University and Visiting Professor at the University of Chicago. He received an NSF grant to study various topics in macroeconometrics.

TRAVELS

DEBRA ARON presented "Corporate Spinoffs in an Agency Framework" at the University of Rochester in May and at the Western Finance Association Meetings in Seattle in June.

LAWRENCE AUSUBEL presented "The Failure of Competition in the Credit Card Market" at the NBER's Economic Fluctuations Research Meeting in Cambridge in July. He also gave this paper at Northwestern's Summer Industrial Organization Conference in August, at the Econometric Society Summer Meeting in Ann Arbor in June, and at a seminar at Princeton University. He presented "Efficient Sequential Bargaining" (with Raymond Deneckere) at the Econometric Society Meetings and at a seminar at MIT. He presented "Insider Trading in a Rational Expectations Economy" at the Midwest Mathematical Economics Meetings in April.

KYLE BAGWELL presented papers at the Winter and Summer Econometric Society Meetings and Purdue University.

LAURIE SIMON BAGWELL presented "Transaction Costs and Corporate Control" (with Ken Judd) at the summer meetings of the Western Finance Association, June 1989 in Napa.

RON BRAEUTIGAM presented papers at the following meetings: (1) The Second Annual Conference of the Advanced Workshop in Regulation and Public Utility Economics in Monterey, California, July 5-7; (2) European Regional Meeting of the International Telecommunications Society in Budapest, Hungary on August 29-30; (3) The Annual Meeting of the European Association for Research in Industrial Economics, in Budapest, Hungary, August 30 to September 1; (4) The Fourth Annual Congress of the European Economic Association, University of Augsburg, West Germany, September 2-4; (5) The Annual European Meetings of the Econometric Society, University of Munich, West Germany, September 4-9. In July Ron gave invited presentations at the Mid America Regulatory Commissioners' 1989 Summer Conference in Chicago, and at the First Annual Midwest Regional Business and Economics Utilities Conference in Chicago in September.

CHARLES CALOMIRIS was on leave from January through June at the Stanford University economics department, and from June through September, at the Chicago Federal Reserve Bank. He presented "The Panic of 1857: Origins and Regional Responses" (with Larry Schweikart) at Stanford University, U.C. Berkeley, and the University of British Columbia; "Deposit Insurance: Lessons from the Record" at Stanford, Berkeley, the annual meetings of the Economic History Association in Washington, the annual Chicago Federal Reserve Bank Conference on Bank Structure and Regulation, and the Western Economic Association meetings in Lake Tahoe; "Do Vulnerable Economies Need Deposit Insurance?: Lessons from the U.S. Agricultural Boom and Bust of the 1920s" at the University of Illinois-Urbana and Rutgers University; "Price Flexibility, Credit Availability, and Economic Fluctuations" (with R. Glenn Hubbard) at the all-University of California annual meetings in San Diego; "The Role of Demandable Debt in Structuring Optimal Banking Arrangements" (with Charles M. Kahn) at the Econometric Society meetings in Ann Arbor; "Corporate Taxation, Internal Finance, and Investment: Evidence from the Undistributed Profits Tax of 1936-1938" at the NBER Summer Institute on the Development of the American Economy. He also attended the macroeconomic history meetings at the NBER in May, and an organizational meeting of the same group in Berkeley in March.

ROBERT COEN presented a paper entitled "Macroeconomic Policy and Unemployment in a Disequilibrium Model" at the annual meeting of Project LINK, in late August in Paris.

PETER M. DE MARZO presented "Corporate Financial Hedging with Proprietary Information" at the 1989 Bonn Workshop at the University of Bonn, West Germany.

RAYMOND J. DENECKERE was a week-long guest speaker at the Department of Economics of the University of Western Ontario, in March. During this visit, he presented "Efficient Sequential Bargaining" (with Lawrence Ausubel) and "Price Leadership" (with Dan Kovenock). In April, he participated in the Midwest Mathematical Economics

Conference, held at Purdue University, with the paper "Capacity Constrained Price Competition when Unit Costs Differ" (with Dan Kovenock). In June, he traveled to the Netherlands, where he attended the Sixth European Meeting on Information Economics, which took place at Tilburg University. At this conference, he presented "Efficient Sequential Bargaining" (with Lawrence Ausubel). Finally, he gave various papers at seminars at Texas A&M University and the University of Texas at Austin.

ROBERT EISNER gave a luncheon talk and lecture at the University of Miami in Florida and presented "Government Saving: Managing the Trust Fund Portfolio" at an AARP conference in Washington in February. He also lectured at the University of Paris-I on "The Total Incomes System of Accounts" and "Real Budget Deficits" and lectured on the latter as well at the École des Sciences Politiques in February. He spoke at a conference at Brookings and participated in the American Economic Association Executive Committee meetings in Washington in March and also gave the dinner address at the inaugural celebration conference of the Jerome Levy Economics Institute at Bard College in upstate New York. He spoke on "The Budget Deficit and the U.S. Economy" at a Conference of the Aspen Institute in Maryland in April. He participated in the conference of the Institute for East-West Security Studies Working Group on International Economic Change, Restructuring and East-West Security, in Moscow, in March. He spoke at a conference of Grant's Interest Rate Observer in New York and gave a lecture and seminar at the University of Miami in Ohio and seminars at the University of Hawaii in April. He spoke on "The Deficit: How Does It Matter?" to the Investors Diversified Services Advisory Group and testified on "Tax Credits and Other Measures to Support Research and Technology" to the Committee on Science, Space and Technology of the House of Representatives, in Washington in May. He presented "Budget Deficit Simulations" to a LINK conference in Paris at the end of August, and gave a seminar at the Observatoire Français des Conjonctures Économiques, and testified on "Les Issues aux Déséquilibres en Europe" before the Finance Committee of the French National Assembly in September. He also addressed a conference of the American Public Power Association in Chicago in September.

ROBERT J. GORDON participated in the NBER Economic Fluctuations meeting at Stanford in February and in March traveled to London, where he presented "Deflation in History: Has There Ever Been a Phillips Curve?" at the CEPR and "Does Accelerating Inflation Doom Worldwide Expansion?" at the annual London Outlook Conference of Boston Company Economic Advisers. Later in March he participated in the annual NBER Macroeconomics conference and presented the Plenary Address at the Southwestern Economics Association Meeting, "What is Exciting About New-Keynesian Economics?" The same talk was presented as the Keynote Address of the Omicron Delta Epsilon Society at the University of Oklahoma in April. Also in April he discussed a paper by Matthew Shapiro on capacity utilization at the Brookings Panel in Washington and presented "The Phillips Curve Now and Then" at the Robert Solow 65th Birthday Conference in Cambridge. He presented "Hysteresis and the Natural Rate: Findings for the Past Century in Five Industrial Nations" at UBC in Vancouver in May and at Washington University in St. Louis in September. In June he presented "Measurement Issues and the Productivity

Slowdown in Five Industrialized Countries" at the OECD in Paris and later that month co-organized the International Seminar on Macroeconomics in Paris. In September he attended the Executive Committee meeting of the Econometric Society in Munich and the Brookings Panel in Washington.

STUART GREENBAUM presented a speech, "The Outlook for the Thrift Industry," at the February meeting of the California League of Savings Institutions. He spoke before the Northwestern University Alumni Association of Mexico in Mexico City, in March; the Bankers Club of Chicago, in April; and the Wisconsin League of Savings Institutions, in September. He appeared as a panelist on *Chicago Tonight*, hosted by John Callaway in February and was a panelist during the October sessions at the Garn Institute Symposium in Snowbird, Utah.

ROBERT J. HODRICK was on academic leave during 1988-89 at the Department of Economics of the University of Chicago. In February, he attended an NBER conference held at Stanford University where Deborah Lucas presented their paper that is joint with Narayana Kocherlakota and is entitled "The Variability of Velocity in Cash-in-Advance Models." He presented the same paper at Columbia University in April. In August he attended a conference on International Perspectives on Debt, Growth and Business Cycles held at the Minneapolis Federal Reserve Bank, and he spent a week at the NBER Summer Institute in Cambridge, MA. In September he attended the European Finance Association meetings in Stockholm, participated in a conference at Marstrand, Sweden on European monetary integration, and lectured at the University of Gothenberg.

BO HONORÉ presented "Trimmed LAD and Least Squares Estimation of Truncated and Censored Regression Models with Fixed Effects" at the University of Chicago.

MATHEW JACKSON presented "Implementation in Undominated Strategies" at the NBER Conference on General Equilibrium Theory held in Philadelphia in June. He presented the same paper at the UIMP Seminar on Social Choice and Welfare held in Valencia, Spain in July. He attended the Japan-US Center Technical Conference at NYU in April, where he presented "Equilibrium, Price Formation and the Value of Private Information."

EHUD KALAI presented lectures on subgame perfection and complexity in game theory at the University of Illinois at Urbana and the University of Texas at Austin. In the Third Symposium on Complexity of Approximately Solved Problems, held at Columbia University in April, he presented a survey of "Complexity in Game Theory." He also presented such a survey in May at Cornell University at the NSF-sponsored Conference on Supercomputations. At the Midwestern Mathematical Economics Meetings held at Purdue University, West Lafayette, in April, he presented "The Strength of a Little Perfection." In June, he participated in the Marseille-Luminy Conference on Rational Behavior in Games, where he presented "Partial Perfection and Complexity Costs." At the Social Science and Welfare Conference held in UIMP, Valencia, Spain, in July, he presented "Unifying Nash,

Kalai-Smorodinsky and the Egalitarian Axioms." Also in July he participated in the I.M.S.S.S. Summer Workshop of Stanford University where he presented "Perfection and Complexity in Repeated Games."

MICHAEL MARRESE presented "Future Developments in the CMEA: Likely Winners and Losers" at the University of Texas, the University of Maryland, the conference on "RGW Reform--Stand und Aussichten" in Munich, and the Institute of the Economics of the World Socialist System in Moscow. In May, he gave the paper "Incorporating Foreign Trade into Soviet GNP" at the conference "Measuring Soviet GNP: Problems and Solutions" in Washington, D.C., and participated in the conference "East European GNPs," also in Washington, D.C. In July, he held a seminar on "Soviet Implicit Trade Subsidization of Eastern Europe" at the Institute of Economics and Industrial Engineering in Novosibirsk, and presented "Modeling Soviet Perestroika: Views from the Nether World" at the Central Economics Mathematics Institute, Moscow.

BRUCE MEYER presented "An Event Study Approach to the Effects of Unemployment Insurance," at the Universities Research Conference on Social Insurance in Cambridge in April, the Sloan Foundation Conference on Longitudinal Analysis of Labor Market Interventions at Yale in June, the NBER State and Local Meetings in August, and the University of British Columbia in September. He presented "Unemployment Insurance and Unemployment Spells," at Columbia University in January. He presented "Semiparametric Estimation of Hazard Models," at the conference on "Heterogeneity in Econometrics" in Paris in June. He presented "Implications of the Illinois Reemployment Bonus Experiments for Theories of Unemployment and Policy Design," at the Summer Meetings of the Econometric Society at the University of Michigan in June.

JOEL MOKYR presented papers at the University of Illinois, the University of Western Ontario, and the University of Toronto. He presented a paper at a special celebration in honor of William Parker at Yale University in June 1989, and a paper entitled "Evolutionary Biology, Technological Change, and Economic History" at the British Cliometric Conference in Hull, England, in September 1989.

IAN SAVAGE organized the safety sessions at the World Conference on Transport Research at Yokohama, Japan in July where he presented a paper on the "Economic Underpinning of Transportation Safety Controls." Earlier in the year he presented a paper "Aviation Deregulation and Safety: Theory and Evidence" at the Universite de Montreal.

DAN VINCENT presented "Principals and Partners" at the Summer Meetings of the Econometric Society. He presented "Bilateral Monopoly, Non-durable Goods and Dynamic Trading Relations" at the University of Michigan, the University of Montreal and the University of Quebec at Montreal.

MARK W. WATSON presented "New Indices of Leading and Coincident Economic Indicators" at UC San Diego, UCLA, UC Berkeley, Arizona State University, NBER Annual Macroeconomics Conference, and the Federal Reserve Bank of St. Louis. He

presented "Estimation of Cointegrating Vectors in General Integrated Systems" at the NBER Summer Institute.

PAPERS AND PUBLICATIONS

Center for Mathematical Studies in Economics and Management Sciences (CMSEMS) discussion papers may be obtained by writing to the Math Center, 3-014 Leverone Hall, Northwestern University, Evanston, IL 60208. Banking Research Center (BRC) discussion papers are available from the Banking Research Center, 5-209 Leverone Hall. National Bureau of Economic Research (NBER) working papers and reprints may be obtained by writing to Publications Department, NBER, 1050 Massachusetts Avenue, Cambridge, MA 02138. For working papers not in these series contact the author directly.

LAWRENCE AUSUBEL published "Reputation in Bargaining and Durable Goods Monopoly" (with Raymond Deneckere) as the lead article of the May 1989 issue of *Econometrica*, and "A Direct Mechanism Characterization of Sequential Bargaining with One-Sided Incomplete Information" (with Raymond Deneckere) as the first paper in the Symposium on Noncooperative Bargaining in the June 1989 issue of the *Journal of Economic Theory*. His empirical research on the credit card market was written up in *Business Week* (August 7, 1989, p. 14). He completed two new papers: "Insider Trading in a Rational Expectations Economy" (BRC Working Paper No. 165); and "Bargaining and the Right to Remain Silent" (with Raymond Deneckere), available as CMSEMS Working Paper No. 856.

KYLE BAGWELL's new papers are "Oligopoly Limit Pricing" (with Garey Ramey), available as CMSEMS No. 829, and "The Sensitivity of R and D Policy to Market Conditions" (with Robert Staiger), available from the author.

LAURIE SIMON BAGWELL'S new papers are "Share Repurchase and Takeover Deterrence", available as Northwestern Finance Dept. No. 53; "Transaction Costs and Corporate Control" (with Ken Judd), available as Northwestern Finance Dept. No. 67; and "Dutch Auction Repurchases: An Analysis of Shareholder Heterogeneity."

RON BRAEUTIGAM and Jay Hillman have coauthored *Price Level Regulation for Diversified Public Utilities*, published in August by Kluwer Academic Publishers. Ron Braeutigam's "Optimal Policies for Natural Monopolies" appeared in August in the *Handbook of Industrial Organization*, ed. Richard Schmalensee and Robert Willig (North Holland). His article, "Natural Monopoly Measures and Regulatory Policy: Comment," appeared this summer in *Public Utility Regulation: The Social Control of Industry*, ed. K. Nowotny, D. Smith, and H. Trebing, Kluwer Academic Publishers.

CHARLES CALOMIRIS has published: "Price and Exchange Rate Determination During the Greenback Standard," *Oxford Economic Papers* (December 1988); "Asset

Substitution, Money Demand, and the Inflation Process in Brazil" (with Ian Domowitz), *Journal of Money, Credit and Banking* (February 1989); "The Motivations for Loan Commitments Backing Commercial Paper," *Journal of Banking and Finance* (March 1989); "Deposit Insurance: Lessons from the Record," *Economic Perspectives*, Chicago Federal Reserve Bank (May/June 1989); "Price Flexibility, Credit Availability, and Economic Fluctuations: Evidence from the United States, 1894-1909" (with R. Glenn Hubbard), *Quarterly Journal of Economics* (August 1989); "Demandable Debt as the Optimal Banking Contract" (with Charles M. Kahn), *Proceedings: Symposium on Deposit Insurance*, Garn Institute of Finance, University of Utah, 1989; and review of Raymond Goldsmith's *Premodern Financial Systems*, in the *Journal of Economic Literature* (March 1989). Working papers or papers under revision currently include: "The Motives of U.S. Debt-Management Policy, 1790-1880: Efficient Discrimination and Time Consistency;" "The Role of Demandable Debt in Structuring Optimal Banking Arrangements" (with Charles M. Kahn); "Interbank Monitoring as Seignorage Sharing" (with Charles M. Kahn); "The Panic of 1857: Origins and Regional Responses" (with Larry Schweikart); "Was the South Backward?: North-South Differences in Bank Structure and Performance" (with Larry Schweikart); "Optimal Contingent Bank Liquidation under Moral Hazard" (with Charles M. Kahn and Stefan Krasa); "Corporate Taxation, Internal Finance, and Investment: Evidence from the Undistributed Profits Tax of 1936-1938" (with R. Glenn Hubbard).

RAYMOND J. DENECKERE has published two papers: "Reputation in Bargaining and Durable Goods Monopoly" (with L. Ausubel), which was featured as the lead article in the May issue of *Econometrica*, and "A Direct Mechanism Characterization of Sequential Bargaining with One-Sided Incomplete Information" (also with L. Ausubel), which appeared in the June issue of the *Journal of Economic Theory*. He also completed a new bargaining paper (with L. Ausubel): "Bargaining and the Right to Remain Silent" (CMSEMS Discussion Paper No. 856).

IAN DOMOWITZ recently published "Likelihood Inference in the Nonlinear Regression Model with Explosive Linear Dynamics" (with Lars Muus), in *Dynamic Economic Modeling*; Proceedings of the Third International Symposium in Economic Theory and Econometrics, edited by W.A. Barnett, E. Berndt, and H. White, Cambridge University Press; and "Asset Substitution, Money Demand, and the Inflation Process in Brazil," (with Charles Calomiris), *Journal of Money, Credit, and Banking* February, 1989. New working papers available from the author include "Automated Trade Execution Systems" (with Wayne Gardner), "When is a Marketplace a Market? Automated Trade Execution in the Futures Market," "Contractionary Effects of Expansionary Fiscal Policy: Theory and Tests" (with Pekka Ahtiala), and "Testing for Ergodicity in Stationary Markov Models" (with Mahmoud El-Gamal).

ROBERT EISNER's "Employer Approaches to Reducing Unemployment" was published in *Rethinking Competition and Employment*, D. Lee Bawden and Felicity Skidmore, eds., Urban Institute Press, Washington, D.C., 1989, pp. 59-80. "Challenges of Macro Policy in the Open U.S. Economy," appeared in *Contemporary Policy*, January 1989, pp. 1-12. "Debt and Deficit and Other Illusions," appeared in *The Economics of Imperfect*

Competition and Employment, George R. Feiwel, ed., London: Macmillan, 1989, pp. 709-20. "Budget Deficits: Rhetoric and Reality," was published in *The Journal of Economic Perspectives*, Spring 1989, pp. 73-93; a French version, "Les Déficit Budgetaires: De La Rhétorique à la Réalité," appeared in *Économie Appliquée*, 1989, nos. 1-2, pp. 135-59. A chapter on "Fiscal Policy" (with Nancy Barrett) was published in *America's Transition: Blueprints for the 1990s*, Mark Green and Mark Pinsky, eds., New York: Democracy Project, 1989, pp. 8-27. Eisner's presidential address to the American Economic Association, "Divergences of Measurement and Theory and some Implications for Economic Policy," was published in *The American Economic Review*, March 1989, pp. 1-13; a French version, "Divergences entre empirisme et théorie. Implications pour la politique économique," appeared in *Revue Française d'Économie*, Winter 1989, pp. 39-64. A comment on a paper by Boskin, Robinson, and Huber, "Government Saving, Capital Formation, and Wealth in the United States, 1947-85," was published in *The Measurement of Saving, Investment, and Wealth*, Lipsey and Tice, eds., University of Chicago Press, 1989, pp. 353-356. "Inflation-Adjusted Government Budget Deficits and Real Economic Activity: Rejoinder" (with Paul J. Pieper) was published in *Annales d'Économie et de Statistique*, January-March 1989, pp. 139-147. "On Keynesian Underemployment, Prices, and Wealth Effects of Government Debt," was published in *Money, Credit and Prices in Keynesian Perspective*, Alain Barrère, ed., Macmillan Press, London, 1989, pp. 162-169. "The Budget Deficit? Which Deficit?" appeared in the *Chicago Tribune*, January 3, 1989, and "The Great Deficit Debate: Liberal Keynesian," in *National Review*, January 27, 1989. New papers include "Real Budget Deficits" (with Sang-In Hwang), "Fiscal Policy" for a new encyclopedia on business cycles, and "The Index of Sustainable Economic Welfare: Comment."

ROBERT J. GORDON published "The Estimation of Prewar GNP: Methodology and New Results" (with Nathan Balke), *Journal of Political Economy*, February 1989; "Measurement Issues, the Productivity Slowdown, and the Explosion of Computer Power" (with Martin N. Baily), *Brookings Papers on Economic Activity*, 1988, no. 2; "Fresh Water, Salt Water, and other Macroeconomic Elixirs," *Economic Record*, June 1989, and "Hysteresis in History: Was There Ever a Phillips Curve?" *AEA Papers and Proceedings*, May 1989; discussion of N. Roubini and J. Sachs, "Political and Economic Determinants of Budget Deficits," *European Economic Review*, June 1989; discussion of Matthew Shapiro, "Assessing the Federal Reserve's Measures of Capacity and Utilization," *Brookings Papers on Economic Activity*, 1989, no. 1.

STUART GREENBAUM has recently published: "Bank Reserve Requirements as an Impediment to Signaling" (with A.V. Thakor), *Economic Inquiry*, Vol. 27, January 1989, pp. 75-91; and "Is Fairly Priced Deposit Insurance Possible?" (with Y.S. Chan and A.V. Thakor) in *Proceedings Symposium on Deposit Insurance*, Garn Institute of Finance, University of Utah, 1989, pp. 57-62.

ROBERT J. HODRICK's recent publications include: "Risk, Uncertainty, and Exchange Rates," in *Journal of Monetary Economics* Vol. 23, May 1989; and "U.S. International Capital Flows: Perspectives from Rational Maximizing Models," in Karl Brunner and Allan H. Meltzer, eds., *Carnegie-Rochester Conference Series on Public Policy*,

Vol. 30, August 1989. His new working papers include "The Variability of Velocity in Cash-in-Advance Models" (with Narayana Kocherlakota and Deborah Lucas), which is available as NBER Working Paper No. 2891, March 1989; "Testable Implications of Indeterminacies in Models with Rational Expectations" (with Robert P. Flood), which is NBER Working Paper No. 2903, March 1989; and "Dividend Yields and Expected Stock Returns: Alternative Procedures for Inference and Measurement" (with Lars Peter Hansen), Northwestern University Working Paper, September 1989.

BO HONORÉ's paper "The Identifiability of the Competing Risks Model" (with Jim Heckman) appeared in *Biometrika* (Vol. 76, No. 2, pp. 325-330). The working papers "Trimmed LAD and Least Squares Estimation of Truncated and Censored Regression Models with Fixed Effects," and "Using Orthonormal Polynomials to Estimate Mixing Distributions" are available from the author.

MATHEW JACKSON wrote "Implementation in Undominated Strategies: A Look at Bounded Mechanisms" which is available as CMSEMS Discussion Paper No. 833.

EHUD KALAI's editorial on *Games and Economic Behavior* appeared in the Volume 1, Issue 1 of this journal. With I. Gilboa and E. Zemel, Kalai has written "The Complexity of Eliminating Dominated Strategies," Discussion Paper No. 853 of the Center for Mathematical Studies in Economics and Management Science. "The Strength of a Little Perfection" (with A. Neme), has appeared as Discussion Paper No. 858 of the Center for Mathematical Studies in Economics and Management Science.

MICHAEL MARRESE's "The Content and Controversy of Soviet Trade Relations with Eastern Europe, 1970-84" (with Jan Vanous), in J.C. Brada, E.A. Hewett, and T.A. Wolf eds., *Economic Adjustment and Reform in Eastern Europe and the Soviet Union*, Durham: Duke University Press, pp. 185-220. He published "The Separability of Hungarian Foreign Trade with Respect to the Soviet Union, the Rest of the CMEA, and the West," *Comparative Economic Studies*, XXI, No. 2, pp. 1-41; "A Sikertelen Reformok és a Magyar Külkereskedelem" (Hungarian Foreign Trade: Failure to Reform) in *Külgazdaság*, XXXIII, No. 4, pp. 24-48; and two book reviews, one in *Slavic Review* and the other in *Journal of Economic Literature*. He also completed two working papers: "Future Developments in the CMEA: Likely Winners and Losers," and "Implicit Trade Subsidies Within the CMEA: A Hungarian Perspective" (with Lauren Wittenberg).

BRUCE MEYER has completed the paper "A Quasi-Experimental Approach to the Effects of Unemployment Insurance." Copies are available from the author.

JOEL MOKYR's review of Amartya Sen's *The Standard of Living* appeared in the *Journal of Economic Behavior and Control*, and his reviews of Hollis Chenery et al., *Industrialization and Growth* and Alexander Field, ed., *The Future of Economic History*, appeared in the *Journal of Economic Literature*. His review of Gunnar Persson's *Pre-Industrial Economic Growth* appeared in *The Journal of Economic History*.

LEON N. MOSES and Ian Savage published *Transportation Safety in an Age of Economic Deregulation*, Oxford Press, 1989, pp. 348. Also with Ian Savage he published "The Effect of Airline Pilot Characteristics on Perceptions of Job Safety Risks", *Journal of Risk and Uncertainty*, Vol. 2(4), pp. 335-351.

PIERRE REGIBEAU published "Standardization Markets and Entry" (with Carmen Matutes) in the *Journal of Industrial Economics*, June 1989.

IAN SAVAGE and Leon Moses had their book *Transportation Safety in an Age of Deregulation* published by the Oxford University Press. This edited volume arises from a conference held at Northwestern in 1987. John Panzar and former faculty member Kip Viscusi also contributed to the volume.

NANCY STOKEY's book *Recursive Methods in Economic Dynamics* (with Robert Lucas and Edward Prescott), has been published by Harvard University Press.

MARK WATSON wrote "New Indices of Leading and Coincident Economic Indicators" (with Jim Stock), *Macroeconomics Annual*, Vol. 4, 1989, M.I.T. Press; and "Estimation of Cointegrating Vectors in General Integrated Systems." Copies are available from the author.

VISITING SPEAKERS

JOSHUA D. ANGRIST, Princeton University, "Lifetime Earnings and the Vietnam Era Draft Lottery: Evidence from Social Security Administrative Records"

VADIM ARKIN, CEMI, Moscow, "Economic Dynamics Models with Innovations"

ABHIJIT BANERJEE, Princeton University, "Economics of Rumors"

ROBERT BARRO, Harvard University, "A Cross-Country Study of Growth, Saving, and Government" and "Government Spending in a Simple Model of Endogenous Growth"

ELI BARTOV, University of California at Berkeley, "Changes in Firm Financial Policy as Signals for Future Earnings: An Empirical Investigation of Unsystematic Stock Repurchases"

DWAYNE BENJAMIN, Princeton University, "Household Composition and Labor Demand"

DAN BERKOWITZ, University of Wisconsin, "Traditional Technologies and the Process of Modernization"

- JENNIFER BETHEL, University of California-Los Angeles, "Capital Rationing in Firms: A Theoretical and Empirical Investigation Policy and Environment"
- SUDIPTO BHATTACHARYA, University of Michigan, "Motivating the Sharing of Knowledge in R&D Ventures: First-Best Implementation"
- FRANCINE BLAU, University of Illinois, "Black-White Earnings Trends over the 1970s: Why Did Women Fare Better than Men"
- OLEG T. BOGOMOLOV, Institute of Economics of the World Socialist System, "Soviet Economic Reform and the Reform Experience of Other Socialist Countries"
- JAMES BRANDER, University of British Columbia, "Coordination of Financial and Product Market Decisions: An Example of the Agency Theory Approach to Business Strategy"
- MICHAEL BRENNAN, University of California-Los Angeles, "Dividend Policy and Shareholder Preferences"
- PAULA-ANN CECH, University of Arizona, "Removal of Regulatory Barriers to Entry"
- THOMAS CHEMMANUR, New York University, "The Pricing of Initial Public Offerings: A Dynamic Model with Information Production"
- JOHN COCHRANE, University of Chicago, "Explaining the Variance of the Price Dividend Ratio"
- STEPHEN COSSLETT, Ohio State University, "Probabilistic Choice over a Continuous Range: An Econometric Model Based on Extreme-Value Stochastic Processes"
- LEE CRAIG, Indiana University-Bloomington, "The Value and Sources of Capital Gains in Ante-Bellum Northern Agriculture"
- MARIA CSANADI, Hungarian Research Institute for the Social Sciences, "Party-State Interlocking Directorates: Economic and Political Decision Making in Hungary"
- LANCE DAVIS, California Institute of Technology, "The Impact of the Entrepreneur on Profits and Productivity in Whaling"
- DARRELL DUFFIE, Stanford University, "Simulated Moments Estimation of Markov Models of Asset Prices"
- JONATHAN ECKSTEIN, Massachusetts Institute of Technology, "Splitting Methods for Monotone Operators with Applications to Parallel Optimization"

RONALD EHRENBERG, Cornell University, "Do Tournaments Have Incentive Effects?"

NEIL ERICSSON, Board of Governors, Federal Reserve Bank, "Finite Sample Properties of Statistics for Testing Nested and Non-Nested Hypotheses"

CHARLES L. EVANS, University of South Carolina, "Productivity Shocks and Real Business Cycles"

PRICE FISHBACK, University of Texas-Austin, "Dig 16 Tons and What Do You Get? Wage and Earnings in Bituminous Coal During the Hand Loading Era"

ROBERT FLOOD, International Monetary Fund, "The Linkage Between Speculative Attack and Target Zone Models of Exchange Rates"

RICHARD FREEMAN, Harvard University, "Crumbling Pillar: Declining Union Density in Japan"

CAROL A. FROST, University of Michigan, "Intro-Industry Information Transfer: An Analysis of Research Methods, and Additional Evidence"

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ROBERT GERTNER, University of Chicago, "Sources of Inefficiency in Three-Person Bargaining"

PANKAJ GHEMAWAT, Harvard University, "Market Dominance Without Differential Efficiency"

TOM GRESIK, Washington University, "Ex Post Individually Rational Trade"

GENE GROSSMAN, Princeton University, "Comparative Advantage and Long-Run Growth"

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HUA HE, MIT, "Consumption and Portfolio Policies with Incomplete Markets and Short-Sale Constraints: The Infinite Dimensional Case"

JOHN HEATON, University of Chicago, "An Empirical Investigation of Nonseparable Preference Specifications"

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P.J. HILL, Wheaton College, "The Race for Property Rights: Nineteenth Century U.S. Land Policy"

SVEND HYLLEBERG, University of Aarhus, "Seasonal Integration and Cointegration"

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KEN JUDD, Hoover Institute, "Cournot v. Bertrand - A Dynamic Resolution"

MICHIHIRO KANDORI, Stanford University, "Social Norms and Community Enforcement"

RICHARD KEEHN, University of Wisconsin-Parkside "Reactions of Small Businesses to World War II Government Controls"

JOHN KENNAN, University of Iowa, "Strategic Bargaining Models and the Interpretation of Strike Data"

OLIVER KIM, Wharton School, University of Pennsylvania, "Trading Volume of Price Reactions to Public Announcements"

SAMBHAVI LAKSHMINARAYANAN, University of Texas-Dallas, "Rounding Algorithms for Integer Programs and Connection to Hilbert Basis"

MARK LANG, University of Chicago, "Time Varying Stock Price Response to Earnings Induced by Uncertainty about the Time Series Process of Earnings"

BRUCE N. LEHMANN, Columbia University, "Residual Risk Revisited"

THOMAS LEMIEUX, Princeton University, "Estimating and Testing a Model of Labor Supply to the Underground Economy"

MARVIN LIEBERMAN, Stanford University, "Divestment in Declining Industries: Shakeout or Stakeout"

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BORIS MIRONOV, USSR Academy of Sciences, "The Contribution of Education to Tsarist and Soviet Economic Growth"

JAMES MONTGOMERY, MIT, "Social Networks and Labor Market Outcomes: Toward an Economic Analysis"

THOMAS MROZ, University of Chicago, "Measuring Macroeconomic Trends in Wages Cohort Specifications"

BARRY NALEBUFF, Princeton University, "After Hotelling: Existence of Equilibrium for an Imperfectly Competitive Market"

TANYA NAUMOVA, Bashkir State University and Ufa Aviation Engineering Institute, "Changes in the Academic World under Gorbachev"

WHITNEY NEWEY, Princeton University and University of Wisconsin, "Non-Parametric Instrumental Variables"

ANDREW NEWMAN, Harvard University, "A Re-examination of the Neoclassical Theory of Distribution and Growth"

VICTOR K. NG, University of California-San Diego, "The Valuation of Derivative Assets in Discrete Time Models"

GABOR OBLATH, Institute of Economic and Market Research, Budapest, "U.S. Economic Policy: Demand Management and Monetary Policy"

SHARON OSTER, Yale University School of Management, "The Evolution of Strategic Planning Groups"

JOE OSTROY, University of California-Los Angeles, "Competitiveness in Assignment Models"

EDWARD W. PACKEL, Lake Forest College, "Information-Based Complexity"

ROCH PARAYRE, University of British Columbia, "Modeling the Sunk Cost Phenomenon, Its Causes and Some Strategic Implications"

MICHAEL PENN, University of British Columbia, "On Seymour's and Lomonosov's Plane Integral Two Commodity Flow Results"

ANDREW POSTLEWAITE, University of Pennsylvania, "Asymptotic Efficiency in Large Exchange Economies with Asymmetric Information"

ANE QUADE, Ripon College, "Family Migration and Rural Industry in England, 1750-75"

MADHAV RAJAN, Carnegie Mellon University, "Cost Allocation in Multi-Agent Settings"

GITA R. RAO, University of Rochester, "The Relation Between Stock Returns and Earnings: A Study of Newly-Public Firms"

VICTOR RIOS-RULL, University of Minnesota, "Working in the Market, Home Production and the Acquisition of Skills: A General Equilibrium Approach"

KENNETH ROGOFF, University of Wisconsin, "Sovereign Debt Repurchases: No Cure for Overhang"

PAUL M. ROMER, University of Chicago and University of Rochester, "Endogenous Technological Change"

URI RONNEN, Stanford University, "Regulatory Effects on the Quality of Auditing, "

ROBERT ROSENTHAL, Boston University, "Sovereign-Debt Renegotiations Revisited"

ALDO RUSTICHINI, Bell Labs, "Design and Performance of Sharing Rules in Continuous Time"

LARRY SAMUELSON, Penn State University, "Dominated Strategies and Common Knowledge"

GENE SAVIN, University of Iowa, "The Nonmonotonicity of the Power Function of the Wald Test in Nonlinear Models"

DONALD SCHAEFER, Washington State University, "Locational Choice in the Antebellum South"

EDUARDO S. SCHWARTZ, University of California-Los Angeles, "Portfolio Insurance and Financial Market Equilibrium"

RICHARD SELTEN, University of Bonn, "Duopoly Strategies Programmed by Experienced Players," and "Evolution, Learning and Economic Behavior"

AVNER SHAKED, London School of Economics, "Experiments in Bargaining"

CARL SHAPIRO, Princeton University, "Horizontal Mergers: An Equilibrium Analysis"

KARL SHELL, Cornell University, "Contracts, Lotteries, Indivisibilities and Sunspot Equilibria"

ANDREI SHLEIFFER, University of Chicago, "Building Blocks of Market Clearing Business Cycle Models"

HABIR SINGH, Wharton School, University of Pennsylvania, "Characteristics of Diverted Lines of Business"

GENE SMILEY, Marquette University, "Reactions of Small Businesses to World War II Government Controls"

WILLIAM SMIRNOV, Soviet political scientist, Visiting at the University of Chicago, "Political Participation in the Soviet Union"

RICHARD SPADY, Bellcore, "Asymptotic Expansions of the Information Matrix Test"

BARBARA SPENCER, University of British Columbia, "Vertical Foreclosure and International Trade Policy"

KATHRYN SPIER, MIT, "The Resolution of Dispute: Enforcement in a Multiperiod Bargaining Model with Asymmetric Information"

FRANS SPINNEWYN, C.O.R.E., "On The Funding of Unemployment Insurance"

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RICHARD SZOSTAK, University of Alberta, "The Depression Revisited: A Microeconomic View"

GUIDO TABELLINI, UCLA, CEPR, and NBER, "Seignorage and Political Instability"

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TIMOTHY VANZANDT, University of Pennsylvania, "Information, Measurability, and Continuous Behavior"

ROBERT W. VISHNY, University of Chicago, "Do Managerial Objectives Drive Bad Acquisitions?"

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KEN WOLPIN, University of Minnesota, "Search, Layoffs, Quits and Endogenous Wage Growth"

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