

# ECONOMICS



# AT NORTHWESTERN

Winter 1991, No. 21

Editor: Maryann Semer

This edition covers events and publications involving economists at Northwestern for the period of May 1, 1990, through January 31, 1991. Additional copies are available from the editor in Andersen Hall, G-174.

## *APPOINTMENTS, HONORS, AND GRANTS*

LAWRENCE AUSUBEL is serving on the program committee of the North American Summer Meeting of the Econometric Society, scheduled for June 1991 at the University of Pennsylvania.

KYLE BAGWELL was appointed Associate Editor for the *American Economic Review*.

REBECCA BLANK completed a one year appointment as Senior Staff Economist with the Council of Economic Advisors in Washington, D.C., in July 1990. She recently received a grant from the Jerome Levy Economics Institute for research on the project "Why Were Poverty Rates So High in the 1980's?" She has agreed to act as editor and coordinator for the Ford Foundation project entitled "Social Protection versus Economic Flexibility: Is There a Tradeoff?"

LOUIS CAIN was named associate editor of *The Cliometrics Society Newsletter*.

ROBERT COEN has been appointed to a second three-year term as a Director of the Social Science Research Council.

IAN DOMOWITZ has received a grant from the Center for the Study of Futures Markets at Columbia University for the study of automated trade execution in futures markets.

ROBERT EISNER was awarded the Research Experience for Undergraduates Supplement to his NSF grant for "Collaborative Research on Adjusted and Extended Measures of Government Budgets, the Balance of Payments, Saving and Investment." He received the Annual Alumni Award of the College of the City of New York.

# ANNOUNCEMENT

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## Economics At Northwestern, Page 2

TIM FUERST began his appointment at Kellogg in the Fall of 1990. During the fall quarter, he was named to the Kellogg Faculty Honor Roll.

ROBERT J. GORDON has received a two-year grant for the period 1991-93 from the National Science Foundation on "Measurement and Substantive Issues in the Productivity Slowdown." Gordon's research has been supported by the NSF for 22 consecutive years.

BO E. HONORÉ received a two-year grant from the National Science Foundation to study "Limited Dependent Variable Models with Fixed Effects."

JONATHAN HUGHES was appointed the Robert and Emily King Professor and the Kenan Award for Studies of Business Enterprise. On June 2, 1990 he received the Doctor of Social Science, Honorary Degree, from Utah State University.

MICHAEL MARRESE received an appointment in the OECD's Central and East European Division Economics and Statistics Department to work on: the *Soviet Study* for the Houston Summit, the OECD's *Hungary Survey* and the OECD's *Czech and Slovak Survey*. He has also become a member of the Japan-United States Study Group of East-Central Europe.

ROBERT MCDONALD (with Deborah Lucas) received a Smith-Breeden prize from the American Finance Association for "Equity Issues and Stock Price Dynamics" published in September, 1990 *Journal of Finance*.

BRUCE MEYER received a two-year National Science Foundation Grant entitled "Economic Effects of Unemployment Insurance and Workers' Compensation". He also received a Research Experiences for Undergraduates Supplement to his ongoing NSF grant, and a Northwestern University Research Grants Committee grant entitled "Why are there so Few Black Entrepreneurs?" He was appointed as a Faculty Research Fellow in the Taxation group at the National Bureau of Economic Research and a member of the Institute for Research on Poverty Research Working Group on Labor Market Prospects for the Disadvantaged.

JOEL MOKYR was the invited speaker, Biannual Davidson Lecture, Australian Economic History Association, Sydney, August 1990. His *The Lever of Riches* was selected "editor's choice" among recent books of particular interest by *New York Times Book Review*, January 13, 1991. He was elected to the ASG Honor Roll for undergraduate teaching, 1990.

ROBERT PORTER was appointed to the Steering Committee for the newly formed Industrial Organization Program of the National Bureau of Economic Research.

### Economics At Northwestern, Page 3

IAN SAVAGE and Leon N. Moses received a continuation of their grant from the US Department of Transportation to study the effects of safety regulation on the motor carrier industry. Savage was invited to join the program committee of 1992 World Conference on Transport Research in Lyon, France. He will be organizing the sessions on safety analysis and policy.

CHRIS UDRY joined the Economics Department in September, 1990 as an assistant professor. He is also affiliated with the Program of African Studies.

BURTON A. WEISBROD was appointed to the editorial boards of two new journals this year, *Nonprofit and Voluntary Sector Quarterly*, and *Voluntas*.

### TRAVELS

KYLE BAGWELL presented "Advertising and Coordination" (with Garey Ramey) at the University of Texas at Austin, and he presented "Optimal Export Policy for a New-Product Monopoly" at the University of Western Ontario.

LAURIE SIMON BAGWELL presented "Shareholder Heterogeneity: Evidence and Implications" at the American Economic Association Winter Meetings in Washington, D.C. She also presented "Dutch Auction Repurchases: An Analysis of Shareholder Heterogeneity" at the Sixth World Congress of the Econometric Society in Barcelona, Spain, as well as at Chicago, Stanford, Ohio State, Duke and Michigan.

REBECCA BLANK presented papers this fall at the Jerome Levy Economics Institute Conference on the Implications of the Widening Wage Differential at Bard College, and at the National Bureau of Economic Research-Donnor Foundation project on U.S./Canadian Comparative Social Policy in Ottawa, Canada. Over the summer, she attended the Institute for Research on Poverty's Conference on Labor Market Issues in the 1980's, and the National Bureau for Economic Research's summer Labor Studies meetings. In the fall, she presented seminars at Princeton University, the University of Chicago Business School, and the University of Illinois Institute for Industrial Relations.

RONBRAEUTIGAM attended the Eighteenth Annual Telecommunications Policy Research Conference, Airlie House, Warrenton, Virginia, May, 1990 and served as a session chair. He presented a paper at the University of Chicago Conference on "The Future of Utility Regulation: Agenda for the 1990's" December, 1990. He also attended the Micro-BPEA Meeting at the Brookings Institution, December, 1990.

LOUIS CAIN presented "Urbanization and Sanitation in the Progressive Era" (co-authored with Elyce Rotella) to the International Economic History Congress in Leuven,

## Economics At Northwestern, Page 4

Belgium, and to the Economic History Workshops of Indiana University, Northwestern University, and the University of Illinois, Champaign-Urbana. He presented "Sanitation Strategy for a River City" to the International Public Works Congress in St. Louis, Missouri; and "The Demand for Zoos" to the Conference on Quantitative Methods in Canadian Economic History, Kingston, Ontario. Finally, he offered his comments on papers in the session on "Progress and Inertia in Technological Change" at the Conference on Capitalism and Social Progress, Charlottesville, Virginia.

CHARLES W. CALOMIRIS presented "Corporate Taxation, Internal Finance, and Investment: Evidence from the Undistributed Profits Tax of 1936-1938" at the Federal Reserve Board of Governors. He presented "Do Vulnerable Economies Need Deposit Insurance? Evidence from the U.S. Agricultural Boom and Bust of the 1920s" at University of Michigan, Ohio State University and Rutgers University. He presented "The Panic of 1857: Origins, Transmission, and Containment" at the NBER Summer Institute. He presented "The Origins of Banking Panics: Models, Facts, and Bank Regulation" at Stanford University and the Fall Academic Conference, Federal Reserve Bank of San Francisco. "Getting the Incentives Right in the Current Deposit Insurance System: Lessons from Pre-FDIC Successes" was presented at the Stanford Center for Economic Policy Research Conference on Deposit Insurance and Deposit Insurance Reform. At the Cliometric Society meetings, he presented "The Efficiency of Cooperative Interbank Relations: The Suffolk System." He presented "Policy Regimes, the Price Process, and the Phillips Curve: The United States, 1982-1913" at the International Economic History Meetings (Leuven) and at University of California, Berkeley. "Optimal Contingent Bank Liquidation Under Moral Hazard" was presented to the Econometric Society World Congress in Barcelona and the Winter Meetings in Washington, D.C. He presented "Government Policy to Improve Agricultural Capital Markets" in Budapest for the World Bank Conference on Agricultural Reform in East Europe. He commented on "The Performance of the Federal Reserve System in Pursuing International Monetary Objectives" (by Anna J. Schwartz) for the Durrell Foundation Conference on Money and Banking: The American Experience; on "Recent Research on the Great Depression" for the Economic History Association Meetings in Montreal; and on "History of Ownership and Control in New England Banking" (by Naomi Lamoreaux) for the National Bureau of Economic Research Conference on Microeconomic History.

ROBERT COEN presented "Macroeconomic Policy and Unemployment: Implications of the Hickman-Coen Econometric Model of the United States" at a joint US-Soviet Seminar on Macroeconomic Modelling held at Sochi, USSR, June 1990. He also presented a lecture on modeling the natural growth path of an economy at The University of Vienna, Austria, October 1990.

## Economics At Northwestern, Page 5

RAYMOND DENECKERE presented his papers "Bargaining and the Right to Remain Silent" (with Lawrence Ausubel) and "Capacity-Constrained Oligopoly" (with Dan Kovenock) at the Sixth World Congress of the Econometric Society in Barcelona, Spain. He also presented the former in a seminar held at the Katholieke Universiteit Leuven, Belgium in September.

IAN DOMOWITZ presented "The Mechanics of Automated Trade Execution Systems" at the Sixth World Congress of the Econometric Society in August, at the University of Alabama in September, and at the University of Wisconsin-Madison in October. He delivered the paper "Automated Trade Execution Systems" at the 26th Annual Conference on Bank Structure and Competition of the Federal Reserve Bank of Chicago. The paper, "Determinants of the Chapter 7 Consumer Bankruptcy Decision" was presented at the Winter Meetings of the American Economic Association.

ROBERT EISNER presented a lecture to the Northwestern Alumni Group at Rice University in June. In October he presented a lecture and seminar at the University of Tennessee and Illinois State University. In November he spoke to Shearson-Lehman Brothers at a lunch sponsored by the Northwestern Development Office. In June he presented "Self-Correcting Real Deficits" at the International Conference on Debts and Deficits in Amsterdam and he chaired a planning committee meeting of the International Institute for Applied Systems Analysis in Vienna for a conference in Sochi in USSR on statistical measures for economies in transition. In July he testified before the House Committee on the Judiciary, Subcommittee on Economic and Commercial Law. In August he participated in committee meetings on assembling data archives, in Cambridge, Massachusetts. In September, he was a discussant at an OECD conference on statistical measures for Soviet Union and Eastern European countries, in Paris. In October he chaired a session and presented a paper on "Expanded Measures of Output and Investment for Now and the Future" to an international conference in Sochi, USSR. In November he presented a paper on "Capital Formation" at a conference on proposed revisions in the UN System of National Accounts sponsored by Conference on Research in Income and Wealth and the Bureau of Economic Analysis in Washington. In November he also participated with Soviet economists in meetings sponsored by the American Economic Association committee on relations with the Soviet Union, in Princeton. In December he gave a paper on "Macroeconomic Consequences of Disarmament" at a conference of Economists Against the Arms Race, at Notre Dame. In December he also participated in meetings of the American Economic Association Executive Committee and was discussant and chairperson at the ASSA meetings in Washington. Finally, in January he presented a statement to the Senate Committee on Labor and Human Resources Hearings on the Recession and Changing Character of the Workplace.

## Economics At Northwestern, Page 6

TIM FUERST was selected for the *Review of Economic Studies* 1990 European tour and presented portions of his thesis at conferences in London, Barcelona, and Tel Aviv, during May 1990. In November 1990, he was a discussant at the Conference on Price Stability hosted by the Cleveland Federal Reserve Bank.

ROBERT J. GORDON served in June as co-chair of the 13th annual International Seminar on Macroeconomics in Mannheim, Germany. He participated in the World Congress VI of the Econometric Society as Treasurer and as discussant in an invited symposium on macroeconomics. He presented "What Is New Keynesian Economics?" at Columbia University in September. Conference participation included meetings of the NBER Economic Fluctuations program in Cambridge in July and October, the productivity program in July, the Brookings Panel on Economic Activity in Washington in September, and a workshop of the Conference on Research in Income and Wealth on the SNA system of accounts in Washington in November. At the Washington AEA meetings in December he discussed a paper by Alan Blinder on surveying business firms regarding the sources of price stickiness.

ROBERT HODRICK presented "Dividend Yields and Expected Stock Returns: Alternative Procedures for Inference and Measurement" at the Western Finance Association Meetings at Santa Barbara in June. In September he presented the same paper at Queen's University and in October at the University of Chicago, the University of Colorado, the University of Michigan and the University of Illinois. He presented "Characterizing Predictable Components in Excess Returns on Equity and Foreign Exchange Markets" a paper co-authored with Geert Bekaert of the Department of Economics, at the NBER Summer Institute in August, at Carleton University in September, and at the University of Rochester in October. In November Hodrick participated in the Chicago Mercantile Exchange's International Finance Symposium and Workshops in London, England. In December he attended an NBER Conference on Exchange Rates in Cambridge, Massachusetts and the ASSA Meetings in Washington.

BO HONORÉ presented "Trimmed LAD and Least Squares Estimation of Truncated and Censored Regression Models with Fixed Effects" at NYU. He also discussed two papers and chaired a session at the Winter Meetings of the Econometric Society.

JONATHAN HUGHES attended a seminar on US agriculture in Napa Valley, California, July 1990, sponsored by the Pacific Institute.

ALEJANDRO MANELLI presented "Sequential Equilibria and Cheap Talk in Infinite Signaling Games" at the Midwest Mathematical Economics Conference in Bloomington, Indiana; the Game Theory Conference at SUNY, Stony Brook; the World

Congress of the Econometric Society in Spain; the European Economic Association Meetings in Lisbon and at the Universidad Autonoma de Barcelona.

MICHAEL MARRESE presented "Russian Revolution 1990: The Role of Expectations" in May at the University of Pennsylvania's 250th Anniversary Celebration. He served as rapporteur and co-organizer of the OECD's Seminars on the Transformation of Planned Economies, Paris, June 1990. He was a faculty adviser at the Social Science Research Council's 1990 Summer Workshop on Soviet and East European Economics, Pittsburgh, July 1990. He participated in the Federal Reserve Bank of Kansas City's 14th Annual Economic Symposium on "Central Banking Issues in Emerging Market-Oriented Economics" Jackson Hole, Wyoming, August 1990. He gave a seminar on "Agricultural Price Reform: Impact on Real Income and on Inflation" at the conference on "Agricultural Reform in Eastern Europe and the USSR: Dilemmas and Strategies" Budapest, August 29- September 1, 1990; and at the Central Economics Mathematics Institute of the USSR Academy of Sciences, Moscow, December 1990. He was rapporteur and discussant of two papers at the 13th Session of the Workshop on East-West European Economic Interaction entitled "Economics and Politics of Transition" Tubingen, Germany, October 1990. He gave a lecture on "US Economic Activities in Eastern Europe" at the Japan-United States Co-ordinating Study Group East-Central Europe, Meeting 1, Budapest, November 1990. At the conference on "The Transition to a Market Economy in Central and East-Europe" OECD, Paris, November 1990, he gave two talks: "Estimates of Soviet Subsidies to Central-East Europe" and "Creating Conditions for the Development of Competitive Markets in Economics in Transition." He presented "Centrally Planned Economics in Transition: Overview of Selected Issues Strategies" at the Institute of International Economic and Political Research of the USSR Academy of Sciences, Moscow, December 1990. Finally he participated in the conference on "Currency Convertibility in Eastern Europe" Austrian National Bank, Vienna, January 1991.

KIMINORI MATSUYAMA presented "Increasing Returns, Industrialization and the Indeterminacy of Equilibrium" at the Annual Meeting of the Society for Economic Dynamics and Control, Stanford Institute for Theoretical Economics Summer Workshop, University of Southampton, Tilberg University, Queen Mary College, and the London School of Economics. He also presented "Agricultural Productivity, Comparative Advantage, and Economic Growth" at the NBER Summer Institute, Osaka Institute of Social and Economic Research, Japan Development Bank, University of Tokyo, and the Bank of Japan. In September 1990, he visited the Research Institute of the Ministry of International Trade and Industry, and presented "Temporary Policies, Credibility, and MITI." He visited the Centre for Economic Performance at the London School of Economics (LSE), and gave five lectures as a part of Topics in Economic Analysis at the LSE in November 1990.



## Economics At Northwestern, Page 8

STEVEN MATTHEWS presented "Counteractive Advertising Signals of Product Quality" (co-author D. Fertig), at the Games and Market Behavior Conference, University of Western Ontario, May 4-5. He presented "Refining Cheap-Talk Equilibria" (with A. Postlewaite and M. Okuno-Fujiwara) at the University of Pittsburgh, November 1990.

BRUCE MEYER presented "A Longitudinal Analysis of Young Entrepreneurs in Australia and the United States" (joint with David Blanchflower) at the Australian Longitudinal Survey Project Conference in December 1990; "Unemployment Insurance in the United States" at the Fraser Institute Conference on Income Maintenance in Chicago in November 1990; "Layoffs and Unemployment Insurance" at the 1990 NBER Summer Institute in July 1990; "Why Are There So Few Black Entrepreneurs?" at the Institute for Research on Poverty 1990 Summer Workshop in June 1990, the NBER Summer Institute in July 1990, and Rice University in October 1990; "Workers' Compensation and Injury Duration: Evidence from a Natural Experiment" at the Mega Universities Workers' Compensation Conference at Rutgers University in May 1990, and Texas A&M University in October 1990; "An Event Study Approach to the Effects of Unemployment Insurance" at Dartmouth College in May 1990, and Vanderbilt University in October 1990; and "Semiparametric Estimation of Hazard Models" at the Australian National University in December 1990.

JOEL MOKYR was invited Commentator and chairman at the annual Cliometrics Conference, Urbana-Champaign, May 1990. He gave faculty seminars at LaTrobe University, Australian National University, Canberra, and the Flinders University of Australia. In August 1990 he was an invited participant at a special "A" session, World Conference of Economic History, Leuven, Belgium, August 1990. He served as an invited discussant at two sessions at the annual meeting of the Economic History Association, Montreal, September 1990. He presented an invited paper at a special conference on Growth and Economic Progress in Honor of R.M. Hartwell, Charlottesville, VA, October 1990 and spoke at the economic history seminar, Indiana University, in October 1990.

ROBERT PORTER presented papers at the World Congress of the Econometric Society in Barcelona, at the Universities of Illinois, Iowa and Toronto, and at Boston University and Purdue University.

IAN SAVAGE presented papers at the University of California in January. On the Davis campus he spoke on the "Psychological features affecting valuation of life" and at Berkeley, "The effect of airline pilot characteristics on perceptions of job safety risks." These works were also presented at the University of British Columbia. A paper (with Michael Trethewey) entitled "Price discrimination and economies of scope: Are current airline practices socially optimal?" was presented at the Canadian Economics Association

Annual Meeting in Victoria. He spent one month as part of the exchange between NU and the Central Economics-Mathematical Institute of the USSR. He presented a recent work on the modeling of motor carrier safety, the theory of safety controls, and the value of life, to audiences in Moscow, Leningrad and Novosibirsk (Siberia).

CHRIS UDRY presented the paper "Rural Credit in Northern Nigeria: State-Contingent Contracting in a Market for Loans" at the *Review of Economic Studies* European Conferences at the London School of Economics, Universitat Autònoma de Barcelona and Tel Aviv University. He also presented this paper at the World Bank and at Vanderbilt University. He presented "Segmentation, Rationing and Spillover in Credit Markets: The Case of Rural Punjab" at the North-East Development Economics Conference. He presented "Informal Credit Markets in Comparative Perspective" at the University of Pennsylvania.

BURTON A. WEISBROD presented "The Nonprofit Sector: its Role in a Mixed Economy" at the National Association of State Arts Councils in Milwaukee, in October. This was followed by a presentation on "The Interplay of Health Care Insurance and Technological Change" at a Conference on the Economics of Health Care held at Princeton University's Woodrow Wilson School. Weisbrod also chaired a session on Privatization and Nonprofit Organizations at the November meetings of the Association for Public Policy and Management. He was involved in two sessions at the American Economic Association meetings in December, as chair of a session on "The Logic of Collective Action--25 Years Later" and as discussant of a paper on "Collective Bias Against Risky Projects."

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. Finance working papers are available from the Working Paper Coordinator, Department of Finance, KGSM. Center for Urban Affairs and Policy Research (CUAPR) working papers are available from Working Papers CUAPR, 2040 Sheridan Road, Evanston, IL 60208. 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's article, "Insider Trading in a Rational Expectations Economy" appeared in the *American Economic Review*, vol. 80, no. 5, pp. 1022-1041, (December 1990). "A Generalized Theorem of the Maximum" (with Raymond Deneckere), appeared as CMSEMS Discussion Paper No. 899 (June 1990) and is forthcoming in *Economic Theory*.

KYLE BAGWELL published "Informational Product Differentiation as a Barrier to Entry" in the *International Journal of Industrial Organization*, vol. 8, 1990, pp. 207-223. He also published "A Theory of Managed Trade" (with Robert Staiger) in *The American Economic Review*, vol. 80, September 1990, pp. 779-795.

LAURIE SIMON BAGWELL has written "The Sources of Shareholder Heterogeneity" Finance WP #98.

REBECCA BLANK published "Recent Trends in Housing Conditions Among the Urban Poor" in *Research in Urban Economics*, vol. 8, and "Are Part-time Jobs Bad Jobs?" in *A Future of Lousy Jobs?*, a Brookings Institute volume. Her paper (with Maria Hanratty) "Down and Out in North America: Recent Trends in Poverty Rates in the U.S. and Canada" is available as NBER WP 3462.

RON BRAEUTIGAM published "The Potential Benefits and Problems of Price Level Regulation: A More Hopeful Perspective" (with Jordan Jay Hillman) in the winter 1990 issue of the *Northwestern Law Review*.

LOUIS CAIN published "Economic and Business History: One Discipline or Two?" in D. E. Moggridge, editor, *Perspectives on the History of Economic Thought*,

## Economics At Northwestern, Page 11

Volume III, (Aldershot, Hants: Edward Elgar, 1990); and "Hal Williamson: A Remembrance" in *Business and Economic History*, vol. 19, 1990.

CHARLES W. CALOMIRIS published "Cooperative Arrangements for the Regulation of Banking by Banks" (with Charles M. Kahn), *Illinois Business Review*, Summer 1990.

RAYMOND DENECKERE's article "Excess Capacity and Collusion" (with Carl Davidson) appeared in the August 1990 issue of the *International Economic Review*. In addition, the *Journal of Economic Dynamics and Control*, vol. 14, 1990, featured his paper "Sources of Complex Dynamics in Two-Sector Growth Models" (with Michele Boldrin). Finally, the paper "A Generalization of the Theorem of the Maximum" (with Lawrence Ausubel) is available as CMSEMS Discussion Paper No. 861.

IAN DOMOWITZ published "When Is A Marketplace A Market: Automated Trade Execution in the Futures Market" and "How Automated Trade Execution Systems Affect Trading, Price Discovery, and Quantity Determination" in D.R. Siegel, editor, *Innovation and Technology in the Markets: A Reordering of the World's Capital Market System*. His paper, "Automated Trade Execution Systems" appeared in H. Baer, editor, *Bank Structure and Competition: Game Plans for the 90's*. The papers "Price Volatility, Spread Variability, and the Role of Alternative Market Mechanisms" (with T. Bollerslev) and "The Mechanics of Automated Trade Execution Systems" are available as KGSM Finance Working Papers #91 and #90.

ROBERT EISNER's "The World's Greatest Debtor Nation?" (with Paul J. Pieper) was published in *The North American Review of Economics and Finance*, 1(1), 1990, pp. 9-32. His "Reply" to comment on "Extended Accounts for National Income and Product" appeared in the *Journal of Economic Literature*, Volume XXVIII, September 1990, pp. 1180-3. His paper "Deficits and Us and Our Grandchildren" was published in *Debt and the Twin Deficits Debate*, James M. Rock ed., Mountain View, CA: Bristlecone Books/Mayfield, 1991, pp. 81-107. In addition, he published "Debunking the Conventional Wisdom in Economic Policy" in *Challenge*, May-June, 1990, pp. 4-11.

TIMOTHY S. FUERST's working paper "Liquidity, Loanable Funds, and Real Activity" is available in the Math Center (WP#900).

ROBERT J. GORDON's paper "What is New-Keynesian Economics?" was published in the *Journal of Economic Literature*, September 1990, pp. 1115-71. "The Phillips Curve Now and Then" was published in P. Diamond, ed., *Growth, Productivity, Unemployment* (Cambridge: MIT Press, 1990), pp. 207-17. "Notes on Gain Sharing" appeared in Myron Roomkin, ed., *Profit Sharing and Gain Sharing* (London and Metuchen, N.J.: IMLR Press/Rutgers University, 1990), pp. 146-155. A comment on

Laurence Ball and Stephen Cecchetti, "Inflation and Uncertainty at Short and Long Horizons" appeared in *Brookings Papers on Economic Activity*, vol. 21 (1990, no. 1), pp. 246-51.

ROBERT J. HODRICK's paper, "Volatility in the Foreign Exchange and Stock Markets: Is It Excessive?" appeared in *The American Economic Review*, no.2 (May 1990), pp. 186-191. In November he completed "Characterizing Predictable Components in Excess Returns on Equity and Foreign Exchange Markets" a paper co-authored (with Geert Bekaert) of the Department of Economics.

BO HONORÉ's paper "The Empirical Content of the Roy Model" (with James Heckman) appeared in *Econometrica* vol. 58, no. 5, pp. 1121-1149.

ALEJANDRO MANELLI published "Monotonic Preferences and Core Equivalence" in *Econometrica*, January 1991. His paper, "Sequential Equilibria and Cheap Talk in Infinite Signaling Games" (with K. Iorio) is available as CMSEMS No. 915. Also, the paper, "Existence of Equilibria in Infinite Signaling Games" (with K. Iorio) is available from the author.

MICHAEL MARRESE published "Hungarian Agriculture: Lessons for the Soviet Union", in *Comparative Economic Studies* in the Summer 1990. He also published "Incorporating Foreign Trade into Soviet GNP: A Comment" in *Measuring Soviet GNP: Problems and Solutions* in September 1990; "Hungarian Foreign Trade: Failure to Reform" in *The Challenge of Simultaneous Economic Relations with the East and West* edited by Michael Marrese and Sandor Richter, Macmillan Press, 1990; "Economic Transition in Eastern Europe and Soviet Union" *Formations* vol. 6, no. 1, Fall 1990; "Perestroika and Socialist Privatisation: A Comment" in *Comparative Economic Studies*, Fall 1990. In addition, the following working papers are available from the author: "Agricultural Price Reform: Impact on Real Income and on Inflation" "Centrally Planned Issues in Economies in Transition: An Introductory Overview of Selected Issues and Strategies" (with Hans J. Blommestein and Salvatore Zecchini), and "Creating Conditions for the Development of Competitive Markets in Economics in Transition" (with Hans J. Blommestein).

KIMINORI MATSUYAMA published "Perfect Equilibria in a Trade Liberalization Game" in *American Economic Review*, vol. 80, June 1990, pp. 480-492. "Export Subsidies as an Outcome of the Management-Labor Conspiracy" was published in the *Quarterly Journal of Economics*, 105, August 1990, pp. 803-813. He published "On Exchange Rate Stabilization" in the *Journal of Economic Dynamics and Control*, 15, January 1991, pp. 7-26.

ROBERT MCDONALD's paper "Understanding Stock Price Behavior Around the Time of An Equity Issue" (with Robert Korajczyk and Deborah Lucas) was published in *Information, Capital Markets, and Investment*, Glenn Hubbard, ed. (University of Chicago Press, 1990).

BRUCE MEYER published "Unemployment Insurance, Recall Expectations and Unemployment Outcomes" (with Lawrence Katz) in the November 1990 issue of the *Quarterly Journal of Economics*, and "Unemployment Insurance and Unemployment Spells" in the July 1990 issue of *Econometrica*. The following working papers are available: "Workers' Compensation and Injury Duration: Evidence from a Natural Experiment" NBER WP 3494; and "Why Are There So Few Black Entrepreneurs?" NBER WP 3537.

JOEL MOKYR published "Dutch Manufacturing and Trade During the French Period (1795-1814) in a Long-Term Perspective" in Erik Aets and Francois Crouzet, eds., *Economic Effects of the French Revolutionary and Napoleonic Wars*, proceedings of the Tenth International Economic History Congress, Leuven University Press, 1990. His "Is Economic Change Optimal?" appeared as a working paper issued jointly by the Economic History Society of Australia and New Zealand and the Westpac Banking Corporation.

LEON MOSES published (with Ian Savage) the paper "Aviation Deregulation and Safety: Theory and Evidence" in the *Journal of Transport Economics and Policy*, vol. 24, no. 2 pp 171-188.

ROBERT PORTER has written "A Review Essay on the *Handbook of Industrial Organization* by Schmalensee and Willig" which will appear in the *Journal of Economic Literature*. He wrote "Auctions for Oil and Gas Leases with an Informed Bidder and a Random Reservation Price" (with Kenneth Hendricks and Charles Wilson), CMSEMS Discussion Paper #910.

IAN SAVAGE published "The economic underpinnings of transportation safety control" in *Transport Policy, Management and Technology Towards 2001*, vol. 1, pp. 437-451, Tokyo: Western Periodicals. Also he published (with Leon Moses) the paper "Aviation Deregulation and Safety: Theory and Evidence" published in the *Journal of Transport Economics and Policy*, vol. 24, no. 2 pp 171-188.

CHRIS UDRY's paper, "Credit Markets in Northern Nigeria: Credit as Insurance in a Rural Economy" appeared in *World Bank Economic Review*, September 1990.

BURTON A. WEISBROD issued "The Health-Care Quadrilemma: An Essay on Technological Change, Insurance, Quality of Care, and Cost Containment" CUAPR

(WP-90-2); "The Consumer Price Index for Prescription Drugs: Dealing with Technological Change" (with David Cleeton and Valy Goepfrich), CUAPR (WP-90-4); and "Tax Policy Toward Nonprofit Organizations An Eleven-Country Survey" (with Elizabeth Mauser), CUAPR (WP-90-6). Weisbrod's article, "Thoughts on Poverty, Inequality, and Other Distributional Objectives: Access to Health Care" appeared in a Special Issue of *Focus* (Institute for Research on Poverty), University of Wisconsin-Madison, Spring 1990.

*VISITING SPEAKERS*

DILIP ABREU, Princeton University, "Virtual Implementation in Iteratively Undominated Strategies"

HYUNGTAIK AHN, University of Wisconsin, "Nonparametric Two-Stage Estimation of Conditional Choice Probabilities in a Binary Choice Model Under Uncertainty"

TORBEN ANDERSEN, Yale University, "An Econometric Model of Return Volatility and Trading Volume"

PATRICIA ANDERSON, Princeton University, "Linear Adjustment Costs and Seasonal Labor Demand: Unemployment Insurance Experience Rating in Retail Trade"

KATHLEEN BAWN, Stanford University, "Ex Post Vetoes after Multiple Referral: A Case Study of Committee Power in the Post-Reform House"

DAVID A. BESANKO, Indiana University, "Contested Mergers and Equilibrium Antitrust Policy" (with Daniel Spulber)

VITALI BELENKY, Central Economic-Mathematical Institute, USSR National Academy of Sciences, "Some New Aspects of the Von Neumann-Gale Economic Dynamics Model"

GREGORY K. BELL, Harvard University, "Capacity and Exchange Rate Volatility: A Study of the Chemical Processing Industry"

IOANIS BENOPOULOS, Columbia University, "Incentive Limits to Scale: Optimal Span of Control and the Role of Monitoring"

TIM BESLEY, Princeton University, "The Economics of Rotating Savings and Credit Associations"

**Economics At Northwestern, Page 15**

TRUMAN BEWLEY, Yale University, "A Theory of Labor Relations"

MARK BILS, University of Chicago, "Measuring Returns to Scale from Shift Practices in Manufacturing"

DAVE BIZER, Johns Hopkins University and University of Chicago, and PETER DEMARZO, Northwestern University, "Sequential Banking"

MICHAEL BORDO, Rutgers University, "A Tale of Two Currencies: British and French Finance During the Napoleonic Wars"

PHILLIP BRAUN, University of Chicago, "Asset Pricing and Capital Investment: Theory and Evidence"

RICARDO CABALLERO, Columbia University, "Durable Goods: An Explanation for their Slow Adjustment"

JANET CURRIE, UCLA, "Bargaining in the Public Sector"

DAVID CUTLER, MIT, "Empirical Evidence on Hospital Delivery under Prospective Payment"

ALLEN DYE, University of Illinois, "The American Sugar Industry in the Nineteenth Century"

STANLEY ENGERMAN, University of Rochester, "The Economy of Slavery and of its Aftermath: Some Implications of Recent Findings"

JOE FARRELL, University of California at Berkeley, "Choosing the Rules for Formal Standardization"

JOSEPH FERRIE, University of Chicago, "Settlement Patterns, Occupational Mobility, and Wealth Accumulation Among European Immigrants to the U.S., 1840-60"

DAVID GENESOVE, Princeton University, "Adverse Selection in the Wholesale Used Car Market"

MATT GOLDBERG, Institute for Defense Analysis, "Economic Behavior of Military Aircraft Manufacturers"

CAMPBELL HARVEY, Duke University and University of Chicago, "The World Price of Covariance Risk"



DAVID HIRSHLEIFER, UCLA, "Resolution Preference and Project Choice" (with Tarun Chordia)

BURTON HOLLIFIELD, Carnegie Mellon University, "Linear Asset Pricing with Predictable Time-Varying Betas and Risk Premia: A General Equilibrium Approach"

JOEL HOROWITZ, University of Iowa, "A Smoothed Maximum Score Estimator for the Binary Response Model"

GUIDO IMBENS, Harvard University, "Efficient Estimation and Stratified Sampling"

BOYAN JOVANOVIC, New York University, "The Diffusion of Technology and Inequality among Nations"

ALLAN W. KLEIDON, Stanford University, "Arbitrage Nontrading and Stale Prices: October, 1987"

PETER KNEZ, The Wharton School, "An Investigation into the Properties of Money Market Returns"

PER KRUSELL, University of Minnesota, "Dynamic, Firm-Specific Increasing Returns and the Long-Run Performance of Growing Economies"

KEN KUTTNER, Federal Reserve Bank of Chicago, "A New Approach to Non-Inflationary Potential GNP"

NAOMI LAMOUREAUX, Brown University, "European Immigrants in the U.S. 1840-1860"

DAVID LEVINE, UCLA, "Steady State Learning and Self-Confirming Equilibrium"

MICO LORETAN, University of Wisconsin, "Testing Covariance Stationarity under Moment Condition Failure with an Application to Common Stock Returns"

ROBIN LUMSDAINE, Harvard University, "Asymptotic Properties of the Quasi-Maximum Likelihood Estimator in GARCH (1,1) and IGARCH (1,1) Models"

ALBERT MARCET, University of Madrid, "Equilibrium Asset Prices and Savings of Heterogeneous Agents in the Presence of Portfolio Constraints"

**Economics At Northwestern, Page 17**

RICHARD MARSTON, The Wharton School, "Pricing to Market in Japanese Manufacturing"

ANDREU MAS COLELL, Harvard University, "Indeterminacy and Incomplete Market Economies"

JOHN G. MATSUSAKA, University of Chicago, "Takeover Motives During the Conglomerate Merger Wave"

ROSA MATZKIN, Yale University, "Least Concavity and the Distribution-Free Estimation of Nonparametric Concave Functions"

PRESTON MCAFEE, University of Texas, "Mechanism Design by Competing Sellers"

ANITA M. MCGAHAN, Harvard University, "Entry Deterrence in Compact Discs"

KEN MCLAUGHLIN, University of Rochester, "Rigid Wages?"

DAVID MESSICK, University of California at Santa Barbara, "Experiments on the Psychology of Sunk Costs"

MARSHALL W. MEYER, The Wharton School, University of Pennsylvania, "Performance Paradoxes: Why Failure is Easier to Measure than Success"

BOB MILLER, Carnegie Mellon University, "The Incentive Effects of Managerial Compensation" (with Mary M. Margiotta)

STEPHEN MORRIS, Yale University, "When does Information Lead to Trade?"

MIKE MUSSA, University of Chicago, "U.S. Monetary Policy in the 1980's"

DAVID NACHMAN, Georgia Institute of Technology, "Design of Securities under Assymmetric Information"

DAN PELED, Technion University, "Searching for Investment Opportunities: A Microfoundation for Endogenous Growth"

MARTIN K. PERRY, Rutgers University, "Resale Price Maintenance"

JOHN PERSONS, University of Chicago, "Share Repurchases, Dividends, and Asymmetric Information"

Economics At Northwestern, Page 18

JACEK PROKOP, Virginia Polytechnic Institute, "Game Theoretic Investigation of International Debt Overhang"

DEBRAJ RAY, Indian Statistical Institute at New Delhi, "The Functioning of Cooperatives under Renegotiation"

CRAIG RIDDELL, University of British Columbia, "Wages, Employment, and Dispute Resolution in the Canadian Federal Public Service"

JULIO ROTEMBERG, MIT, "Benefits of Narrow Business Strategies" (with Garth Saloner)

T. PAUL SCHULTZ, Yale University, "Testing a Neoclassical Model of Family Supply and Fertility"

ANDREI SHLEIFER, Harvard University, "Asset Liquidity and Debt Capacity" (with Robert W. Vishny)

ALEXANDER SLASTNIKOV, Central Economic -Mathematical Institute, USSR National Academy of Sciences, "Economic Growth Models and Endogenous Changing Technologies: A Stationary Approach"

ALEXANDER SOTSKOV, Central Economic-Mathematical Institute, USSR National Academy of Sciences, "Generalized Convexity: Some Fixed Point Theorems and Applications"

CHESTER SPATT, Carnegie Mellon University, "Optimal Trading Policies and the Pricing of Securities with Personal Taxes" (with Robert Dammon)

LARS STOLE, MIT, "Mechanism Design under Common Agency"

PETER STREUFERT, University of Wisconsin at Madison, "Biconvergence Stochastic Dynamic Programming"

JOHN SUTTON, Harvard Business School, "Sunk Costs and Market Structure"

STEVE STRONGIN, Federal Reserve Bank of Chicago, "Macroeconomic Models and the Term Structure of Interest Rates"

RENÉ STULZ, Ohio State University, "Is There a Global Market for Convertible Bonds?"

**Economics At Northwestern, Page 19**

**NATHAN SUSSMAN**, University of Western Ontario, "French Monetary Policy and Inflation between Agincourt and Joan of Arc"

**SHERIDAN TITMAN**, UCLA, "Interest Rate Swaps and Corporate Financing Choices"

**JEAN LUC VILA**, MIT, "Optimal Dynamic Trading Strategies with Leverage Constraints"

**WAYNE VROMAN**, Urban Institute, "The Decline in Unemployment Insurance Claim Activity in the 1980's"

**DAVID WHEELOCK**, University of Texas, "Structural Causes of Rural Bank Failures in the 20's: Parallels with the 80's"

**ROBERT WILSON**, Stanford University, "Two Algorithms: State Equilibria and Multiproduct Tariffs"

**RANDALL WRIGHT**, University of Pennsylvania, "Search for a Theory of Money" (with Nobu Kiyotaki)

**STANLEY ZIN**, Carnegie Mellon University, "The Independence Axiom and Asset Returns"

**JEFFREY ZWIEBEL**, MIT, "Block Investment and Partial Benefits of Corporate Control"