


ECONOMICS



AT NORTHWESTERN

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Editor: Maryann Semer

This edition covers events and publications involving economists at Northwestern for the period of October 1, 1991, through May 31, 1992. Additional copies are available from the editor in Andersen Hall, G-174.

APPOINTMENTS, HONORS, AND GRANTS

MARCUS ALEXIS received the Distinguished Service Award from the Chicago Consortium for Minority Business Education.

REBECCA BLANK has been appointed as a member of the National Commission on Statistics/National Academy of Science Panel on Poverty Measurement and Family Needs. She served this past spring on the selection committee for the Social Science Research Committee's dissertation grants program. In February she was among a group of 5 scholars asked to meet with the Federal Reserve Board of Governors to discuss the research on growing inequality in wages and its implications.

RON BRAEUTIGAM has been named to the Editorial Board of the *Review of Industrial Organization*. He has also been selected to *Who's Who in the World*. In May Ron was named to the Associated Student Government Faculty Honor Roll.

ROBERT COEN has been elected chairman of the Board of Directors of the Social Science Research Council.

PETER DEMARZO was awarded a Hoover National Fellowship for 1992-1993.

ROBERT EISNER was appointed as a consultant to the Bureau of Economic Analysis, assisting in the development of a satellite account for R&D and in work on extensions and revisions of national income and product accounts recommended in the U.N. system of national accounts. He is also a consultant for the Offit Bank in New York.

TIM FUERST was on the Winter 1992 Kellogg Faculty Honor Roll.

ROBERT J. GORDON has accepted the position of Chair of the Economics Department for the term September, 1992, through August, 1996.

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STUART GREENBAUM returns full time to the Kellogg faculty effective September 1, 1992, after serving as Kellogg's Associate Dean for Academic Affairs since 1988. In addition to teaching and research, he will continue to direct the Banking Research Center and edit the *Journal of Financial Intermediation*.

BO HONORÉ was awarded a grant from NSF for the project "Semiparametric Estimation using Pairwise Comparisons and other 'Trimming' Methods" for the period July 1992 to June 1994. He was also appointed Foreign Editor of *Review of Economic Studies*.

MICHAEL MARRESE was appointed Senior Economist at the IMF, where he will focus on Russia and the economic relations among the former republics while on leave from Northwestern. He was also appointed to the editorial board of *Transformation Economics* and has agreed to serve on The Atlantic Council's Working Group on US Policy Toward Eastern and Central Europe, and on The Japan-United States Committee for Promoting Economic and Social Development in East-Central Europe. Finally, he has been invited to act as a faculty advisor at the Social Science Research Council's Eighth Annual Workshop on Soviet and East European Economics.

BRUCE MEYER was appointed Associate Editor of the *Journal of Business & Economic Statistics*.

JOEL MOKYR was awarded an NSF grant for two years to investigate "Global Dimensions of Technological Change." He continues to serve as a Trustee of the Economic History Association and is chairing the program committee for this year's annual meeting of that Association. He served a brief stint as visiting Professor at the Economics Department at the Hebrew University of Jerusalem.

DALE T. MORTENSEN was appointed for a second three year term to the American Economic Association Advisory Committee to the Bureau of Census in January. He served as chair of the committee in 1991.

ROBERT PORTER was a Visiting Professor of Economics at the Massachusetts Institute of Technology in the fall of 1991. He has been appointed as a Research Associate of the NBER. His term as a Co-Editor of *Econometrica* has been extended through June 1993.

THOMAS RIETZ began serving as the Section Head for Finance on the Executive Committee of the Economic Science Association. He received a Kellogg research professorship for "Regret, Purchasing Biases and Arbitrage Violations in Experimental Asset Markets." He also received a grant from the Dispute Resolution

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Research Center for "Campaign Finances and Coordination in Three-Way Elections" with Robert Forsythe, Roger Myerson, and Robert Weber.

MARK SATTERTHWAITE will be the Associate Dean for Academic Affairs of Kellogg for two years beginning September 1.

CHRIS UDRY received a grant from the NSF to study "Risk, Insurance and Wealth in Northern Nigeria." He has also been appointed as a junior research fellow of the Institute for Policy Reform.

BURT WEISBROD was awarded a grant from the Aspen Foundation for an 18 month project: "The Impact of Revenue Sources on Competition Involving Nonprofits."

ANDREW WINTON received a grant from the Kellogg School's Banking Research Center for the summer of 1992. The grant will be used to support further work on modeling competition among financial intermediaries.

TRAVELS

REBECCA BLANK presented research seminars this past winter and spring at the Department of Economics at Vanderbilt University, the University of Delaware, DePaul University, the University of Pennsylvania, and Ohio State University. In January she ran a conference at the NBER in Cambridge on "Social Protection vs. Economic Flexibility: Is There a Tradeoff?" In March she was invited to present her research at the Royal Economic Society Meetings in London, and she visited at the London School of Economics for two weeks. She also gave an invited lecture at Swarthmore College entitled "Poverty and Macroeconomy." In April she was invited by the Presbyterian Church, U.S.A. to lead a two-day workshop on economic justice issues for their national staff. In May she gave a paper at a conference organized by the Institute for Research on Poverty in Madison, WI.

RON BRAEUTIGAM presented a paper at the Brookings Institution Conference, Micro-Brookings Papers on Economic Activity in December 1991, in Washington, D.C. He also delivered an invited lecture at the Washington Annenberg Program Conference on Telecommunications Free Trade Zones at Northwestern University in March 1992. In April he presented a seminar to faculty members of the Business School and the Department of Economics at the University of Indiana at Bloomington.

PHILLIP BRAUN attended the Eastern Economic Association Meetings where he presented the paper "Good News, Bad News, Volatility, and Betas," co-authored with Dan Nelson and Alain Sunier (Finance Department WP#113).

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LOUIS CAIN presented a weekend seminar on "Adam Smith's *The Wealth of Nations*," for the Aspen-in-Chicago Institute in Woodstock, Illinois, during October. He participated in the Social Science History Conference in New Orleans in November; and the Cliometrics Society Meetings in Oxford, Ohio, in May.

RAYMOND J. DENECKERE visited the Catholic University of Leuven (Belgium), where he gave a series of guest lectures on "Models of Durable Goods Markets." He presented the paper "Demand Uncertainty and Price Dispersion" (with Jim Peck) during seminars at the University of Basel (Switzerland), the Universitat Autònoma de Barcelona (Spain), the Université Catholique de Louvain (Belgium), and Tilburg University (The Netherlands). He also presented the paper "Separation and Delay in Bargaining" (with L. Ausubel) at the Pompeu University (Barcelona, Spain). Finally, he gave a talk on "Models of Merger" at the University of Rotterdam (The Netherlands).

ROBERT EISNER testified in Washington before the House Ways and Means Committee on December 17. He participated in American Economic Association meetings in New Orleans, January 3-5. On January 29 he testified in Washington before the House Banking Committee. On February 20 he lectured at the New School for Social Research in New York. On March 12 he testified in Washington before the House Committee on Public Works. From March 15 to March 19 Eisner was in Moscow as a member of the American Economic Association Committee on relations with economists of the former USSR, meeting with Russian counterparts. On March 24 he addressed the Economic and Social Council of the French Government in Paris. On March 26 he participated in the PBS firing line program taped at the Levy Institute of Bard College in Annondale-on-Hudson, New York and attended meetings with executives of the Offit Bank on January 8 and April 2 in New York. On April 23-24 he gave a lecture and a seminar at Illinois State University in Normal, Illinois. Eisner participated, May 15-16, in an international conference held at Ditchley House in Oxfordshire, England, on issues facing the countries in Eastern Europe. On May 22 he served as a discussant at a conference at the National Academy of Sciences in Washington on non-profit institutions. On May 28 he spoke on the proposed balance budget amendments at a seminar of the Congressional Reference Service of the Library of Congress for members of Congress and their staffs.

MICHAEL FISHMAN presented his paper "Dual Training in Futures Markets" (with Francis Longstaff) at Cornell University, University of Chicago, University of Florida, University of Michigan, MIT, and at a seminar of the Center for Research in Security Prices. He presented his paper "The Mandatory Disclosure of Trades and Market Liquidity" (with Kathleen Hagerty) at Duke University and New York University.

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TIM FUERST presented "Optimal Monetary Policy in a Cash-in-Advance Economy" at several seminars: the Dallas Federal Reserve Bank in October 1991; the Richmond Federal Reserve Bank in November 1991; Northwestern University in November 1991; the Federal Reserve Bank of Minnesota in May 1992; and Arizona State University in May 1992. He presented his paper "The Availability Doctrine" in seminars at the NBER winter meetings at Stanford in February 1992; the University of Rochester in April, 1992; and Queen's University in April 1992.

ROBERT J. GORDON participated in research meetings of the NBER Economic Fluctuations program in Cambridge during October and at Stanford during February, as well as the annual NBER macro conference in Cambridge during March. He attended Econometric Society and AEA meetings in New Orleans in January and served as a discussant at a session on anti-inflation policy. During February he testified before the Joint Economic Committee in Washington on "Beyond the Panic: Thinking About the Long Run." In April he served as a senior adviser to the Brooking Panel of Economic Activity in Washington and discussed a paper by Brad deLong and Barry Eichengreen on the Marshall Plan at the NBER Macrohistory workshop. In May he presented "Wage and Price Dynamics in Germany and the U. S.: Differences and Common Themes" at the Bank of Canada in Ottawa and met with officials of Statistics Canada to discuss price and output measurement.

STUART GREENBAUM presented "Bank Regulation, Reputation and Rents," (with A.W.A. Boot) at the CEPR Conference on Financial Intermediation and the Construction of Europe in San Sebastian, Spain, March 27-28, 1992. In December 1991, he presented "Reputation and Constructive Ambiguity in Financial Contracting," (with A.W.A. Boot and A.V. Thakor) at the AEA Convention in New Orleans.

BO HONORÉ presented "Pairwise Difference Estimators of Censored and Truncated Regression Models" (with James L. Powell) at the Meetings of the Midwest Econometrics Group at Notre Dame University, and at the Winter Meetings of the Econometric Society, as well as at Texas A&M, Rice University, University of Pennsylvania, Columbia University, BellCore, Princeton University, University of Wisconsin, and Cornell University.

MATTHEW JACKSON presented "Strategy-Proof Exchange" (with Salvador Barbera) at Duke University in October. He presented "On the Existence of Speculative Equilibria" at the Hitotsubashi International Symposium on Resource Allocations and Capital Accumulation in Market Economies, which was held in Tokyo in March. He presented the same paper at Indiana University and at the University of Western Ontario in April.

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PER KRUSELL was an invited visitor for a week at the University of Western Ontario, London, Ontario. He gave one lecture on "Modern Endogenous Growth Theories" and presented the paper "Macroeconomic Implications of Capital-Embodied Technological Change" (with Jeremy Greenwood and Zvi Hercowitz). The latter paper was also presented at the University of Guelph, Guelph, Ontario, at Queen's University, Kingston, Ontario, at the Federal Reserve Bank of Chicago, and as an invited paper at the conference "Real Business Cycle Theories" at Université de Montréal, Montréal, Quebec.

MICHAEL MARRESE presented in October "Strategies for Doing Business in Eastern Europe" at Motorola's Senior Executive Program in Budapest, and "Western Economic Assistance and Economic Cooperation Among Former Republics" at the conference "Comparative Analysis of Reforms in Eastern Europe and the Former Soviet Union" in Jurmala, Latvia. He also served as a moderator to the World Economic Forum's Hungary Forum in Budapest. In November he participated in the Kyoto Meeting of the Japan-United States Coordinating Study Group on East-Central Europe. In January he was a discussant in the session on "Lessons of Economic Reform" at the AEA Meetings in New Orleans. In February he was the rapporteur for the OECD Seminar on Bank Restructuring in Central and East European Countries and a participant in the OECD Seminar on Clearing and Payments Systems in Central and East European Countries in Paris. In April he presented "Restructuring the Banking System in Central and Eastern Europe" at Texas A&M University and was a discussant at the conference Economic Consequences of Soviet Disintegration in Vienna.

BRUCE MEYER presented "Quasi-Experimental Evidence on the Effects of Unemployment Insurance from New York State," at the Institute for Research on Poverty in February 1992; "The Incentives and Cross-Subsidies of the UI Payroll Tax" (with Patricia Anderson) at the NBER Public Economics Meetings in April 1992; "Entry to and Exit from Self-Employment" at the American Economic Association meetings in New Orleans in January 1992; "Policy Lessons from the U.S. Unemployment Insurance Experiments" at the University of Chicago in January 1992 and the Canadian Employment Research Forum in March 1992; "Workers' Compensation and Injury Duration: Evidence from a Natural Experiment" at the Research Triangle Econometrics Workshop in October 1991; "An Event Study Approach to the Effects of Unemployment Insurance," at the European University (Florence) in October 1991.

JOEL MOKYR gave papers in the departmental seminars at the Hebrew University of Jerusalem and Ben Gurion University in Beer Sheva, at the UCLA seminar in Political Economy, at Princeton University, and at a special conference dedicated to Historical Perspectives of Consumerism at the University of London in April 1992. He served as invited discussant and session chair at the annual Cliometrics Conference held in May at Miami University of Ohio.

JAMES MONTGOMERY presented "A Network Model of Labor-Market Discrimination" at the Sunbelt Social Network Conference, San Diego, in February. In March he presented "Social Networks and Persistent Inequality in the Labor Market" at the annual Meetings of the Society for the Advancement of Socio-Economics in Irvine, California.

DALE MORTENSEN presented his working paper (with C. Pissarides) "Job Creation and Job Destruction in the Theory of Unemployment" at the Michigan State University Econometrics Workshop on October 17, 1991, and at the University of Chicago Theory Workshop on November 7, 1991. "The Cyclical Behavior of Job Creation and Job Destruction" (also with C. Pissarides) was presented at the Symposium on Labour Demand and Equilibrium Wage Formation, Vrije University, Amsterdam, The Netherlands, January 9-11, 1992 and at the Economic Fluctuations Small Group Workshop on Micro and Macro Perspectives on the Aggregate Labor Market, Menlo Park, California, February 9, 1992. Finally, while visiting the London School of Economics in January 1992, he presented "Information Sources and Equilibrium Wage Outcome" (with T. Vishwanath) in the LSE Labor Workshop and "Equilibrium Unemployment Cycles" in the LSE Theory Workshop. Finally, Dale presented a talk entitled "A History of the Search Model in Labor Economics" at Queen Mary College, University of London, on January 22, 1992.

LEON MOSES presented work that he and Ian Savage are doing on motor carrier safety and government regulation of safety practices in the industry at the University of Michigan, Ann Arbor to faculty from the university and officials from the U. S. Department of Transportation, and the Michigan Department of Transportation.

ROBERT PORTER presented papers at the European Research Conference on Industrial Organization in Toulouse, and at Brown University, Harvard University, Princeton University, and the Massachusetts Institute of Technology.

THOMAS RIETZ made the following presentations: "Equilibrium and Participation in Two Candidate Elections with Voting Costs" at the Applied Microeconomics Seminar at Indiana University in March 1992; "Arbitrage, Asset Prices and Risk Allocation in Experimental Markets" at the Allied Social Science Association Meetings held in Washington D.C. in January 1992, at the University of Alabama in November 1991, and at the Economic Science Association Meetings, Tucson, AZ in October 1991; "An Experiment on Coordination in Multi-Candidate Elections: The Importance of Polls and Election Histories" also at the Economic Science Association Meetings in October 1991; and "An Experimental Study of Voting Rules and Polls in Three-Way Elections" at Washington University, Center in Political Economy in St. Louis, MO, April 1992.

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IAN SAVAGE attended a conference on the Risks of Transporting Dangerous Goods, organized by the University of Waterloo in Toronto in April 1992. He presented a paper on the "Characteristics of Motor Carriers of Hazardous Materials" (with Leon Moses). Closer to home, Ian addressed the Chicago Chapter of National Parking Association on the economic issue related to the privatization of parking lots in May 1992.

CHRIS UDRY presented his paper "Risk, Insurance and Default in a Rural Credit Market: An Empirical Investigation in Northern Nigeria" at the Winter meetings of the Econometric Society and at the University of Pennsylvania.

BURT WEISBROD attended the National Center on Charitable Statistics Fall Committee Meeting on November 1, 1991 in Washington D.C. November 14-16 he attended that Project on Governance of Nonprofit Organizations at Indiana University. On November 25 Burt was back in Washington, D.C. to attend the Consortium of Social Science Associations Meeting. He travelled to Indiana University to attend the Third International Conference of Research on Voluntary and Nonprofit Organizations on April 11, 1992. Later that month, he went to the 100th Anniversary of the Economics Department at the University of Wisconsin-Madison, where he previously taught for 26 years. In May he gave a presentation on "The Econometrics in the Charitable Sector: Models and Data" at the Conference on Charitable Statistics in Washington, D.C. On May 21 he travelled back to Washington, D.C. to attend the Workshop on Improving Economic Statistics.

ANDREW WINTON presented "Banks as Delegated Monitors: Industrial Structure in a Finite Economy" at Northwestern University, the North American Winter Meeting of the Econometric Society in New Orleans, and the University of Illinois at Urbana-Champaign. He presented "Costly State Verification and Multiple Investors: The Role of Seniority" at the American Finance Association Meetings in New Orleans and at Washington University. He presented "Competition Among Financial Intermediaries When Diversification Matters" at the Symposium on the Reform of Financial Institutions and Markets at Northwestern University.

PAPERS AND PUBLICATIONS

REBECCA BLANK published "Recent Trends in Insured and Uninsured Unemployment: Is There an Explanation?" (with David Card) in the November 1991 *Quarterly Journal of Economics*; "The Effects of Double-Blind versus Single-Blind Reviewing: Experimental Evidence from the *American Economic Review*," in the December 1991 *American Economic Review*; "Down and Out in North America: Recent Trends in Poverty in the U.S. and Canada" (with Maria Hanratty) in the February 1992

Quarterly Journal of Economics. Her chapter "A Feminist Perspective on Economic Man?" appears in *Revolutions in Knowledge: Feminism in the Social Sciences*, edited by S. Zalk and J. Gordon-Kelter and published by Westview Press in early 1992.

RON BRAEUTIGAM published "Regulatory Reform for Diversified Public Utilities: For Better or for Worse," in *Resources and Energy*, and "Comment on 'Governance Structure, Managerial Characteristics, and Firm Performance in the Deregulated Rail Industry,'" in *Brookings Papers on Economics Activity: Microeconomics*, edited by M.N. Baily and C. Winston.

PHILLIP BRAUN has added two papers to the Department of Finance's working paper series: "State Dependent Models of Stock Returns" (WP#131) and (with Ilan Yaniv) "A Case Study of Expert Judgement: Economists' Probabilities verses Base-Rate Forecasts" (WP#126).

LOUIS CAIN published an abbreviated history of the Northwestern Mutual Life Insurance Company in *International Directory of Company Histories*, (Chicago: St. James Press, 1991). His review of Jeffrey G. Williamson, *Coping with City Growth During the British Industrial Revolution*, appeared in the March 1992 *Journal of Economic Literature*. His review of William Cronon, *Nature's Metropolis: Chicago and the Great West*, appeared in the June 1992 *Journal of Economic History*.

PETER DEMARZO published "Sequential Banking" (with David Bizer) in the February 1992 issue of *The Journal of Political Economy*.

RAYMOND J. DENECKERE published "Bargaining and the Right to Remain Silent" (with L. Ausubel) in the May 1992 issue of *Econometrica*. His article "Price Leadership" (with D. Kovenock) appeared in the January 1992 issue of *The Review of Economic Studies*. The April 1992 issue of *The Review of Economic Studies* featured his paper on "Monopolistic Competition and Preference Diversity" (with M. Rothschild). The book *Cycles and Chaos in Economic Equilibrium* (J. Benhabib, ed., Princeton University Press, 1992) published his article "Cyclical and Chaotic Behavior in a Dynamic Equilibrium Model, with Implications for Fiscal Policy" (with K. Judd), and reprinted his article "Sources of Complex Dynamics in Two-Sector Growth Models" (with M. Boldrin). Finally, the paper "Competition over Price and Service Rate when Demand is Stochastic: A Strategic Analysis" (with J. Peck) is available as CMSEMS Discussion Paper #990 (May 1992).

ROBERT EISNER's "Deficits, Which, How Much and So What," appeared in *The American Economic Review Papers and Proceedings*, May 1992, pp. 295-98. "Some Measurement and Policy Issues of National Saving and Investment," was published in

Personal Saving, Consumption, & Tax Policy, Marvin H. Kusters, Ed., AEI Press, pp. 119-124.

MICHAEL FISHMAN's paper "Insider Trading and the Efficiency of Stock Prices" (with Kathleen Hagerty) appeared in the Spring 1992 issue of *The Rand Journal of Economics*. His paper "Dual Trading in Futures Markets" (with Francis Longstaff) was published in *The Journal of Finance*, June 1992.

TIM FUERST published "Liquidity, Loanable Funds, and Real Activity," in the February 1992 issue of the *Journal of Monetary Economics*. His working papers, "Monetary Policy and Financial Intermediation," "The Availability Doctrine," and "Optimal Monetary Policy in a Cash-in-Advance Economy" are available from the author.

ROBERT J. GORDON's "Measuring the Aggregate Price Level: Implications for Economic Performance and Policy," is available as NBER Working Paper 3969 (January 1992), and CEPR (London) discussion paper 663 (June 1992). His "Forward into the Past: Productivity Retrogression in the Electric Generating Industry" is available as NBER Working Paper 3988 (February 1992).

STUART GREENBAUM published "Is Fairly Priced Deposit Insurance Possible?" (with Y.S. Chan and A.V. Thakor) in the March 1992 issue of the *Journal of Finance*. "Innovations in Interest Rates, Duration Transformation, and Bank Stock Returns" (with S.R. Akella) was published in the February 1992 issue of the *Journal of Money, Credit and Banking*. The *Journal of Real Estate Finance and Economics* published "Loan Commitments and the Management of Uncertain Credit Demand" (with G. Kanatas and I. Venezia) in December 1991. Finally his "Commentary on 'The Opening of New Markets for Bank Assets,' by G. Gorton and G. Pennachi" was published in *The Changing Market in Financial Services: Proceedings of the Fifteenth Annual Economic Policy Conference of the Federal Reserve Bank of St. Louis*, R.A. Gilbert editor, Kluwer Academic Publishers.

BO HONORÉ published his paper, "Trimmed LAD and Least Squares Estimation of Truncated and Censored Regression Models with Fixed Effects," in the May 1992 issue of *Econometrica*.

MATTHEW JACKSON's article "Speculation and Price Fluctuations with Private, Extrinsic Signals" (with Jim Peck) appeared in the December 1991 *Journal of Economic Theory*.

MICHAEL MARRESE published, "Developing Competitive Markets" (with Hans J. Blommestein) in Paul Marer and Salvatore Zecchini (eds.), *Transition to Market*

Economy in Central and Eastern Europe, volume 2, OECD, Paris. "Implicit Trade Subsidies Within the CMEA: A Historical Perspective," written by Lauren Wittenberg and Marrese, appeared in *Economic Systems IV*, no. 1, April 1992. A shortened version of this paper appeared in Hungarian as "Implicit Kereskedelmi Támogatások Kérdése a KGST-ben," in *Gazdasági Forum* (Economic Forum) VI, no. 4, 1991. Marrese's Hungarian version of "The Reform of Agriculture in Eastern Europe: The End of Price Distortions and Inflation" was published in *Külgazdaság* (Foreign Economy) XXXVI, no. 4, 1992. He published "Hungary Emphasizes Foreign Partners" in *RFE/RL Research Report 1*, no. 17, April 24, 1992. Also, "Hungary's Economic Transformation: Twenty-Five Years of Reform Finally Yield Fragile Fruit," appeared in *Problems of Communism*, May-June 1992.

BRUCE MEYER has the following new working papers "Policy Lessons from the U.S. Unemployment Insurance Experiments," "Quasi-Experimental Evidence on the Effects of Unemployment Insurance from New York State," and "The Incentives and Cross-Subsidies of the UI Payroll Tax" (with Patricia Anderson).

JOEL MOKYR published an edited volume, *The Vital One: Essays in Honor of Jonathan Hughes*, Greenwood, CT.: JAI Press 1991. In it he published a paper entitled "Was There a British Industrial Evolution?" His "Dear Labor, Cheap Labor, and Industrial Revolution," was published in 1991 in Henry Rosovsky and Patrice Higonnet, eds., *Favorites of Fortunes: Technology, Growth, and Economic Development since the Industrial Revolution*, Cambridge: Harvard University Press. He also published a number of book reviews, namely a review of Ann Kussmaul, *A General View of the Rural Economy of England, 1538-1840* in *American Historical Review*; review of Roderick Floud, Annabel Gregory, and Kenneth Wachter, *Height, Health, and History in Victorian Studies*; and finally, a review of Michael Rothschild, *Bionomics: The Inevitability of Capitalism* in *Journal of Economic History*.

JAMES MONTGOMERY published "Social Networks and Labor-Market Outcomes: Toward an Economic Analysis" in the December 1991 *American Economic Review*. A short note, "Pascal's Wager and the Limits of Rational Choice: A Comment on Durkin and Greeley," appeared in the January 1992 issue of *Rationality and Society*.

DALE T. MORTENSEN published "Search Theory and Macroeconomics: A Review Essay" in the February 1992 edition of the *Journal of Monetary Economics*. "The Cyclical Behavior of Job Creation and Job Destruction" has appeared as CMSEMS Discussion Paper #982.

ROBERT PORTER published "Joint Bidding in Federal OCS Auctions" (with Kenneth Hendricks) in the May 1992 *AER Papers and Proceedings*. His review of *Anatomy of an Auction: Rare Books at Ruxley Lodge, 1919* appeared in the April 1992

issue of the *Journal of Political Economy*. "Detection of Bid Rigging in Procurement Auctions" (with Douglas Zona) is available as NBER Working Paper #4013, March 1992.

THOMAS RIETZ finished work on "Continuous Time Research and Development Investment and Innovation: Effects on Price and Dividend Paths" (Department of Finance Working Paper #133, June 1992) and "Equilibrium and Participation in Two Candidate Elections with Voting Costs" (Department of Finance Working Paper #128, March 1992) with Robert Forsythe and Robert Weber.

MARK SATTERTHWAITE had "Sectoral Growth Patterns at the Metropolitan Level: An Evaluation of Economic Development Incentives" (with Breandán Ó. hUallacháin) published in 1992 in the first issue of *Journal of Urban Economics*.

BURT WEISBROD had two working papers in the Spring 1992 series at The Center for Urban Affairs and Policy Research, "The Swedish Health Care System: Issues and Options for Reform" and "Productivity and Incentives in the Medical Care Sector." "Tax Policy Toward Nonprofit Organizations: A Ten-Country Survey" (with Elizabeth Mauser) was published in *The Nonprofit Sector (NGOs) in The United States and Abroad: Cross-Cultural Perspectives*, in February 1992. "The Consumer Price Index for Prescription Drugs: Dealing with Technological Change" (with David Cleeton and Vally Goepfrich) was published in the Spring 1992 issue of *Health Care Financing Review*.

ANDREW WINTON had three additions to the Department of Finance Working Paper Series: #120, "Costly State Verification and Multiple Investors: The Role of Seniority," #122, "Limitation of Liability and the Ownership Structure of the Firm," and #124, "Banks as Delegated Monitors: Industrial Structure in a Finite Economy." "Competition Among Financial Intermediaries When Diversification Matters" became #185 on the Banking Research Center Working Paper Series.

VISITING SPEAKERS

ANAT ADMATI, Stanford University, "Robust Financial Contracting and the Role of Venture Capitalists"

ORLEY ASHENFELTER, Princeton University, "Estimates of the Economic Return to Schooling from a New Sample of Twins" (with Alan Krueger)

JUSHAN BAI, UC Berkeley, "Estimation of Structural Change in Econometric Models"

AVNER BEN-NER, University of Minnesota and CUAPR, "The Non-Profit Sector and the Mixed Economy: A Demand and Supply Analysis"

KEN BINMORE, University of Michigan, "Evolutionary Stability in Repeated Games Played by Finite Automata" (with Larry Samuelson)

ALAN BLINDER, Princeton University, "Survey Evidence on Price Stickiness"

GARY BLISS, Office of the Secretary of Defense, "The Accuracy of Weapons Systems Cost Estimates"

HANS BLOEMEN and ARIE KAPTEYN, Tilburg University, "The Joint Estimation of a Non-Linear Labour Supply Function and a Wage Equation Using Simulated Response Probabilities"

RICHARD BLUNDELL, University College, London, "Polynomial Engel Curves, Kernel Regression and Consumer Demand"

GEORGE BOYER, Cornell University, "Did Joseph Arch Raise Agricultural Wages?: Rural Trade Unions and the Labor Market in Late-Nineteenth Century England"

W.A. BROCK, University of Wisconsin, "Beyond Randomness: Emergent Noise (Interactive Systems of Noise Traders and Excess Volatility)"

MOSHE BUCHINSKY, University of Chicago, "Monte Carlo Study of the Asymptotic Covariance Estimator for Quantile Regressions"

COLIN CAMERER, Wharton, Russell Sage Foundation and University of Chicago, "Convergence and Semi-Rational Bubbles in Experimental Asset Markets" (with Keith Weigelt)

ANDY CAPLIN, Columbia University, "Business as Usual, Market Crashes and Wisdom after the Fact" (with John Leahy)

CHRIS CAVANAH, Columbia University, "Nonparametric Methods for Index and Transformation Models"

BALA CHAKRAVARTHY, University of Minnesota, "Corporate Renewal: The Search for Nirvana"

IN KOO CHO, University of Chicago, "Learning the Ramsey Policy"

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STEVE COATE, University of Pennsylvania, "Will Affirmative Action Policies Eliminate Negative Stereotypes?" (with Glenn Loury)

JOHN COCHRANE, University of Chicago, "A Cross Sectional Test of a Product Based Asset Pricing Model" and "Asset Pricing Lessons for Macroeconomics"

FRED COOPER, University of Michigan, "Work in Progress on Africa in the World Economy"

ROGER CRAINE, UC Berkeley, "Rational Bubbles: A Test"

STEVEN DAVIS, University of Chicago, "Cross-Country Patterns of Change in Relative Wages"

ANGUS DEATON, Princeton University, "The Demand for Food and Calories: Further Evidence from India"

DOUGLAS DIAMOND, University of Chicago, "Seniority and Maturity of Debt Contracts"

RICHARD DISNEY, University College, London, "The Earnings-Related State Pension, Indexation and Lifetime Redistribution in the UK"

JACQUELYNNE ECCLES, University of Colorado, "Family Management Strategies in High and Low Risk Environments"

THRAIN EGGERTSSON, Washington University, "Analyzing Institutional Successes and Failures: A Millenium of Common Mountain Pastures in Iceland"

GLEN ELLISON, MIT, "Learning, Local Interaction, and Coordination"

CHARLES EVANS, Federal Reserve Bank of Chicago, "Seasonal Solar Residuals and Christmas: A Case for Labor Hoarding and Increasing Return"

JEFFREY FAGAN, Rutgers University, "Social Controls on Violence in Changing Urban Neighborhoods"

STEFANO FENOALTEA, University of Pennsylvania, "The Economic Basis of the African Slave Trade"

RONALD FERGUSON, Harvard University, "Racial Patterns: How School and Teacher Quality Affect Achievement and Earnings"

ALEXANDER FIELD, Santa Clara University, "La Telegraphe Aerienne Francais, 1793-1855: Hardware, Software, Administration"

RICHARD FREEMAN, Harvard University, "The Supply of Youths to Crime"

KENNETH FROOT, Harvard University, "Risk Management: Coordinating Corporate Financing and Investment Policies"

FRANK J. FURSTENBURG, Jr., University of Pennsylvania, "Reassessing the Cost of Teenage Childbearing"

ESTHER GAL-OR, University of Pittsburgh, "Internal Organization and Managerial Compensation in Oligopoly"

ARLENE GERONIMUS, University of Michigan, "Reconsidering the Consequences of Teenage Childbearing"

ROBERT GERTNER, University of Chicago, "Anatomy of Financial Stress: an Examination of Junk-Bond Issuers" (with Paul Asquith and David Scharfstein)

RONALD GILSON, Stanford Law School, "Cooperative and Competitive in Litigation: Can Lawyers Dampen Conflict"

ED GLAESER, University of Chicago, "Who Knows What About Whom: An Empirical Analysis of Heterogeneous Information in the Labor Market"

LAWRENCE R. GLOSTEN, Columbia University, "The Inevitability and Resilience of an Electronic Open Limit Order Book"

MARY GREGSON, University of Illinois at Champaign, "The Representative Agent and the Case of the Missing Constraints: Why Portfolio Theory Can't Explain Diversification in Late 19th c. Missouri Agriculture"

AVNER GREIF, Stanford University, "The Merchant Guild as Nexus of Contracts"

STEVEN GRENADIER, Harvard University, "The Persistence of Real Estate Cycles"

JEFF GROGGER, UC Santa Barbara, "The Effect of Arrest on the Labor Market Outcomes of Young Men"

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JOHN GRUBER, Harvard University, "What Do PPO's Do?: Hospital Responses to Private Sector Cost Containment"

DAN HAMERMESH, Michigan State, "A Young Economist's Guide to Professional Etiquette" and "The Appointment-Book Problem and Commitment, with Applications to Refereeing and Medicine"

OLIVER HART, MIT, "A Theory of Debt Based on the Inalienability of Human Capital"

PHILIPPE HASPELAGH, Harvard Business School, "Strategic Management of Firms Post-Acquisition: Observation from the INSEAD Project"

JERRY A. HAUSMAN, MIT, "Non-Parametric Estimation of Exact Consumers Surplus and Deadweight Loss"

REBECCA HENDERSON, MIT, "Scale, Scope and Spillovers: Research Strategy and Research Productivity in the Pharmaceutical Industry"

ROBERT HIGGS, Seattle University, "The Cold War Economy: Opportunity Costs, Ideology, and the Politics of Crisis"

TOM HOLMES, University of Wisconsin, "On the Turnover of Business Firms and Business Managers"

DOUG HOLTZ-EAKIN, Syracuse - Maxwell School, "Entrepreneurial Decisions and Liquidity Constraints"

SUSAN HOUSEMAN, Upjohn Institute, "Distributional Effects of Employment Adjustment Practices in Japan and the U.S."

JANE HUMPHRIES, Cambridge, "Women's Work in the Industrial Revolution"

JIM JOHNSON, UCLA and JACK KASARDA, University of North Carolina, "Are the Economics and Demographics of Cities on a Collision Course?"

OMOTUNDE JOHNSON, International Monetary Fund, "A Comparative Approach to Structural Adjustment Programs"

JIM JORDAN, University of Minnesota, "Naive and Sophisticated Bayesian Learning"

HÉDI KALLAL, University of Chicago, "Martingales, Arbitrage and Equilibrium in Securities Markets with Transaction Costs and Shortsale Costs"

ARIE KAPTEYN and HANS BLOEMEN, Tilburg University, "The Joint Estimation of a Non-Linear Labour Supply Function and a Wage Equation Using Simulated Response Probabilities"

JACK KASARDA, University of North Carolina and JIM JOHNSON, UCLA, "Are the Economics and Demographics of Cities on a Collision Course?"

MIKE KATZ, UC Berkeley, "Contracting Between Sophisticated Parties: A More Complete View of Incomplete Contracts and Their Breach"

MICHAEL KEVANE, UC Berkeley, Geography, "Rural Financial Relations in Sudan"

MAX KING, UC San Diego, "A Locally Most Mean Powerful Based Score Test for ARCH and GARCH Regression Disturbances" (with John H. H. Lee)

PAUL KLEMPERER, St. Catherine's College, Oxford, "Rational Frenzies and Crashes" (with Jeremy Bulow)

LEVIS KOCHIN, University of Washington, "Real [Estate] Booms and Busts on the Frontiers"

DAPHNE KOLLER, Stanford University, "The Complexity of Two Person Zero-Sum Games in Extensive Form"

PENNY KOUJIANOU, Stanford University, "Product Differentiation and Oligopoly in International Markets: The Case of the U.S. Automobile Industry"

BILL KOVAVIC, George Mason Law, "The Citizen Whistle Blower Suit as a Monitoring Device in Government Contracting"

WILLIAM LANDES, University of Chicago Law School, "Bifurcated Trials: An Economic Analysis"

PATRICK LEGROS, Cornell University, "Stable Allocations"

KEN LEHN, U. Pittsburgh Business School, former chief economist SEC, "Causes and Consequences of Accounting Fraud"

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- ART LEWBEL, Brandeis University, "Consistent, Nonparametric Tests of Regression, Density or Derivative Constraints, with Applications"
- STEFAN LIEBFRIG, University of Bremen: Robert Kloosterman, University of Amsterdam, "Double Dutch: The Remarkable Combination of an Extensive Welfare System and an Emerging 'Underclass' in the Netherlands"
- JAMES LINCOLN, UC Berkeley, "Network Structures in the Japanese Economy"
- MARILYN LITTLE, University of Wisconsin,, "Destabilization and Debt in Latin America and Africa: Comparative Perspectives on 'Economic Miracles'"
- NED LORENZ, Notre Dame University, "Evolutionary Economics and Economic Decline"
- MICHAEL LUBATKIN, University of Connecticut, "Extending Modern Portfolio Theory into the Domain of Corporate Diversification: Does it Apply?"
- ERZO LUTTMER, University of Chicago, "Asset Pricing in Economies with Frictions"
- CHENGHU MA, University of Toronto, "Valuation of Derivative Securities with Mixed Poisson-Brownian Information and Recursive Utility"
- JEFFREY MACKIE-MASON, University of Michigan, "Taxes and the Choice of Organizational Form"
- CRAIG MACKINLAY, Wharton School, "An Ordered Probit Analysis of Transaction Stock Prices" (with Jerry Hausman and Andrew Lo)
- GEORGE MAILATH, University of Pennsylvania, "Social Norms, Savings Behavior and Growth"
- VOJISLAV MAKSIMOVIC, University of British Columbia, "Equilibrium Dominance in Experimental Financial Markets"
- RODY MANUELLI, Stanford University, "Alternative Monetary Policies in a Turnpike Economy"
- ROBERT MARGO, Vanderbilt University, "The Decline in Black Teenage Labor Force Participation in the South, 1900-1970: The Role of Schooling"

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BOB MARSHALL, Duke University, "Curbing Agency Problems in the Procurement Process by Protest Oversight"

ERIC MASKIN, Harvard University, "Auctions and Privatization"

SCOTT MASTEN, University of Michigan, "Strategic and Efficiency Roles of Contracting"

ROSA L. MATZKIN, University of Chicago, "Restrictions of Economic Theory and Their Use in the Development of New Econometric Methods"

JOHN MCCLAREN, Princeton University, "Why Did Big Coffee Seek Regulation? A Theory of Dynamic Monopsony Pricing Without Commitment"

ROB MCCULLOCH and PETER ROSSI, University of Chicago, "An Exact Likelihood Analysis of the Multinomial Probit Model"

THERESE MCGUIRE, University of Illinois, Chicago, "Industrial Mix as a Factor in the Growth and Variability of States' Economies" (with Theresa Garcia-Milà)

DAVID MERRIMAN, Loyola University, "An Economic Analysis of Wasteful Commuting in the Tokyo Metropolitan Area"

JOHN MOORE, London School of Economics, "Bankruptcy Reform"

CLARK NARDINELLI, Clemson University, "Trade and the Rise of Cities: Evidence from American Urban History"

DAN NELSON, University of Chicago, "Rolling Regressions"

IGOR V. NIT, Moscow State University (Personal Economic Advisor to Boris Yeltsin), "Updated Analysis of the Soviet Economy"

YAW NYARKO, New York University, "Bayesian Rationality and Learning without Common Priors"

AVNER OFFER, University of York and Oxford University, "The British Empire, 1870-1914: A Waste of Money?"

KEVIN O'ROURKE, Columbia University, "Were Heckscher and Ohlin Right? Putting History Back into the Factor-Price-Equalization Theorem"

- JOSEPH OSTROY, UCLA, "An Extension of the First Theorem of Welfare Economics"
- ARIEL PAKES, Yale University, "Computation of Markov-Perfect Nash Equilibria: Numerical Implications of a Dynamic Differentiated Products Model"
- CHRIS PAXSON, Princeton University, "Consumption and Income Seasonality in Thailand"
- M. HASHEM PESARAN, Cambridge University, and SIMON POTTER, UCLA,, "Equilibrium Asset Pricing Models and Predictability of Excess Returns: Theory and Evidence"
- WOLFGANG PESENDORFER, UCLA, "Financial Innovation in a General Equilibrium Model"
- ALEX PORTES, Johns Hopkins University, "Gaining the Upper Hand: Immigrant Entrepreneurs and the Urban Underclass"
- SIMON POTTER, UCLA, and M. HASHEM PESARAN, Cambridge University, "Equilibrium Asset Pricing Models and Predictability of Excess Returns: Theory and Evidence"
- JAMES L. POWELL, Princeton University, "Pairwise Difference Estimators of Linear, Censored and Truncated Regression Models" (with Bo E. Honoré)
- CANICE PRENDERGAST, University of Chicago, "Performances Evaluation Due Process and Efficiency"
- MATTHEW RABIN, UC Berkeley, "Incorporating Fairness into Game Theory"
- DANIEL RAFF, Harvard Business School, "Campeau, Federated and the Fate of Department Stores"
- RAY REES, Guelph, "Collusive Equilibrium in the Great Salt Duopoly"
- STEFAN REICHELSTEIN, UC Berkeley, "An Analysis of Alternative Transfer Pricing Mechanisms"
- STANLEY REYNOLDS, University of Arizona, "Monopoly Power and Product Durability: An Experimental Investigation"

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PAUL RICHARDS, University College, London, "Current Research on Indigenous Science"

GEERT RIDDER, Groningen University, "Nonparametric Estimation of GAFT and Related Models"

MARK ROBERTS, Penn State, "Costs and Imperfect Competition as Determinants of Output Prices Across Spatial Markets"

HILTON ROOT, University of Pennsylvania, "Economic Policy and Political Choices in Old Regime France and England"

HARVEY ROSEN, Princeton University, "The Carnegie Conjecture from Empirical Evidence"

BOB ROSENTHAL, Boston University, "Rules of Thumb in Games"

PETER ROSSI and ROB MCCULLOCH, University of Chicago, "An Exact Likelihood Analysis of the Multinomial Probit Model"

AL ROTH, University of Pittsburgh, "Jumping the Gun: Patterns and Pathologies in the Timing of Market Transactions"

DAVID ROTH, Yale University, "A Theory of Partnership Dynamics: Learning, Specific Investment, and Dissolution"

XAVIER SALA-I-MARTIN, Yale University, "Neoclassical Growth Model"

ROBERT SAMPSON, University of Chicago, "Race, Crime, and Urban Poverty"

TODD SANDLER, Iowa State University, "Collective Action: Theory and Applications"

JOHN KARL SCHOLZ, University of Wisconsin, "IRAs and Household Savings"

DAVID SCHWEIGER, University of South Carolina, "Interdisciplinary Views of Mergers and Acquisitions"

SUZANNE SCOTCHMER, UC Berkeley, "Incentives for Cumulative Research"

ARIJIT SEN, Princeton University, "Intertemporal Contractual Relationships with Agent Switching"

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ROBERTO SERRANO, Harvard University, "Non-Cooperative Implementation of the Core"

CHRISTINA SHANNON, Stanford University, "Monotone Comparative Statics"

STEVEN SHAVELL, Harvard Law School, "Optimal Enforcement with Self-Reporting Behavior"

ROBIN SICKLES, Rice University and University of Michigan, "The Future of the International Airline Industry: Implications of EC Integration and Domestic Deregulation on Firm Cost Structures, Efficiencies, and Prospects for Survival"

CAROL SIMON, University of Chicago, "Franchising vs. Ownership: A Contracting Explanation"

CHRISTOPHER SIMS, Yale University, "Interpreting the Macroeconomic Time Series Facts: The Effects of Monetary Policy"

ALOYSIUS SIOW, University of Toronto, "Up or Out Rules in the Market for Lawyers"

COSTIS SKIADAS, Stanford University, "Foundations of Dynamic Choice and Asset Pricing"

DENNIS SNOWER, University of London, "Patterns of Unemployment"

JAMES SNYDER, University of Chicago, "The Dimensions of Constituency Preferences"

ISSAC SONIN, CEMI Moscow and University of North Carolina, "Growth Rate, Internal Rates of Return and Turnpikes in an Investment Model"

KATHY SPIER, Harvard University, "Pre-Trial Bargaining, Asymmetric Information, and Optimal Fee-Shifting Rules"

SANJAY SRIVASTAVA, Carnegie-Mellon University, "Liquidity and Persistence of Arbitrage in Experimental Options Markets" and "Arbitrage and Informational Efficiency: Theory and Experimental Evidence"

CLAUDE STEEL, Stanford University, "Race and the Schooling of Black Americans"

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- RICH STEINBERG, University of Indiana, "Cooperation Meets Collusion: Antitrust and the Nonprofit Sector"
- MAX STINCHCOMBE, UC San Diego, "Equilibrium Refinement in Infinite Games"
- JAMES STOCK, Harvard University, "Inference and Time Series Regressions When There is Uncertainty about Whether a Regressor Contains a Unit Root"
- LARS STOLE, University of Chicago, "Oligopoly and Product Quality"
- HANS STOLL, Vanderbilt University, "Market Microstructure and Stock Return Predictions" (co-authored with Roger Huang)
- JEROEN SWINKELS, Stanford University, "Evolutionary Dynamics and Strategic Stability" and "Evolution and Learning"
- EUGENE TANKHILEVICH, Institute of Economic Forecasting, Moscow, "Strategies to End Russia's Current Economic Crisis"
- MARTA TIENDA, University of Chicago, "Color and Opportunity"
- ROBERT TOWNSEND, University of Chicago, "Financial Systems in Northern Thai Villages"
- GERARD VAN DEN BERG, Groningen University, "Attrition in Longitudinal Panel Data, and the Empirical Analysis of Dynamic Labour Market Behavior"
- FRANCOIS VELDE, Stanford University, "The Macro-Economic Causes and Consequences of the French Revolution"
- MARY WATERS, Russell Sage Foundation, "The Intersection of Race, Ethnicity and Class: Second Generation West Indians in the United States"
- MICHAEL WATTS, UC Berkeley, Geography, "Agrarian Crisis, Gender Relations and Local Agricultural Organization in Africa"
- SHANG-JIN WEI, UC Berkeley, "To Divide or to Unite: A Theory of Secessions"
- KEITH WEIGELT, Wharton School, University of Pennsylvania, "Tournaments: A Test of their Descriptive Validity at the Individual and Organizational Level"
- DAVID WEIR, Yale University, "Labor Markets and Demography in 19th c. France"

IVO WELCH, UCLA, "Cascades"

DAVID WILDASIN, Indiana University, "Income Redistribution and Migration"

JOHN WILSON, Indiana University, "A Re-examination of Property Taxation and the Underprovision of Public Goods"

MICHAEL WOODFORD, University of Chicago, "Rational Speculative Bubbles"

JEFFREY WOOLDRIDGE, Michigan State University, "Multiplicative Panel Data Models Without the Strict Exogeneity Assumption"

MAKOTO YANO, USC and Yokohama, "Nonlinear Dynamics and International Trade"

RICHARD YNTEMA, University of Chicago, "Technological Change in the Dutch Brewing Industry 1300-1800"

IN-YIN YOON, University of Chicago, "Immigrant Entrepreneurship: Korean Business in Chicago"

PEYTON YOUNG, University of Maryland, "The Evolution of Conventions"

JOSEF ZECHNER, University of British Columbia and Stanford University, "Information Acquisition, Stock Markets and Capital Budgeting in Competitive Industries" (with Vojiflav Maksimovic)

LUIGI ZINGALES, Massachusetts Institute of Technology, "Insider Ownership and the Decision to go Public" and "The Value of the Voting Right: A Study of the Milan Stock Exchange Experience"