

# ECONOMICS

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## AT NORTHWESTERN



Fall 1997, No. 30

Editor: Maryann Semer

This edition covers events and publications involving economists at Northwestern for the period of October 1, 1996, through August 31, 1997. Additional copies are available from the editor in Room 134, Andersen Hall.

### *APPOINTMENTS, HONORS, AND GRANTS*

REBECCA M. BLANK and Joseph Altonji were jointly awarded a grant from the Russell Sage Foundation to produce a paper summarizing the role of race and gender in the labor market for the forthcoming *Handbook in Labor Economics*. This spring she was nominated as President-Elect of the Midwest Economics Association, and she was reappointed to a second term on the Board of Editors of the *American Economic Review*. In November 1996 and in May 1997 she participated in briefings for Secretary Donna Shalala in the Department of Health and Human Services. In May she was also a participant in a briefing for the Federal Reserve Board of Governors on low income labor markets. In June, Blank spent a week at the Federal Reserve Board of Governors as a Visiting Scholar.

RON BRAEUTIGAM has received two awards for teaching. He has been appointed Charles Deering McCormick Professor of Teaching Excellence. There are ten such endowed chairs university-wide, held on a rotating basis for a three year term. His term will be from 1997-2000. With this award he was also appointed Fellow of the Searle Center for Teaching Excellence. In addition, Ron was selected to the Associated Student Government Faculty Honor Roll for 1997.

LOUIS CAIN was appointed to the editorial board of the "millennial" *Historical Statistics of the U.S.*

EDDIE DEKEL was appointed as an associate editor of *Econometrica*, and continues to serve as associate editor of the *Journal of Economic Theory*, and *Games and Economic Behavior*. He was elected as a fellow of the Econometric Society. His NSF award for "endogenous experimentation rates, dynamics in non-partition models, and competition in herd/cascade models" was renewed.

IAN DOMOWITZ has been appointed to the Editorial Advisory Board of the journal, *International Finance*. He was selected to testify in front of the Senate Committee on

## Economics At Northwestern, Page 2

the U.S. Judiciary and in hearings of the National Bankruptcy Review Commission, on the topic of consumer bankruptcy. He served as Program Chair for sessions on Financial Economics, for the Econometric Society Winter Meetings.

ROBERT J. GORDON was elected as a Fellow of the American Academy of Arts and Sciences.

JOEL MOKYR spent part of the spring of 1997 as a visiting Professor of Economics at the University of Tel Aviv and part of the summer as a scholar in residence at the Institute for Economic Performance in the Long Run at Washington University in St Louis. He was appointed as a member of the Member, Advisory Committee, Economic Growth and Policy Program of the Canadian Institute for Advanced Research. He continues to serve as the senior editor of the *Journal of Economic History* and is editor in Chief of the *Oxford Encyclopedia of Economic History* and of the Princeton University Press series entitled the Economic History of the Western World.

ROBERT PORTER was elected as a Fellow of the American Academy of Arts and Sciences. He was also elected to the Council of the Econometric Society. He received a National Science Foundation grant for "Empirical Studies of Bidding and Entry."

IAN SAVAGE has been awarded a grant by the federal Department of Transportation to study the economics of transportation safety regulation. A paper written by an economics honors undergraduate, August "Jamie" Schupp, under his supervision won the best undergraduate paper award at the 1996 Transportation Research Forum conference.

ALAN M. TAYLOR is on leave from Northwestern for the current academic year, having been appointed a 1997-98 National Fellow at the Hoover Institution, Stanford University. He has also received the sixth annual award of the Sanwa Monograph on International Economics and Financial Markets jointly with Maurice Obstfeld of Berkeley.

CHRIS UDRY was awarded a three-year NSF grant to support his research on "Agricultural Innovation and Resource Management in Ghana." He also received a grant from the World Bank Research Committee to fund soil testing on the plots of a sample of Ghanaian farmers.

BURTON WEISBROD, who had previously been elected a Fellow of the American Association for the Advancement of Science (AAAS), was elected to the Governing Council of its Social Sciences Section. He was also made a Visiting Scholar of the Phi Beta Kappa Society for the academic year 1998-99, during which time he will visit and give talks at a number of colleges around the country. Weisbrod was also given the Lifetime Distinguished Service Award by the Association for Research on Nonprofit

Organizations and Voluntary Associations (ARNOVA) for his research on the nonprofit sector.

*TRAVELS*

REBECCA M. BLANK was a panel discussant in the Brookings Institution conference on Community Development in November. She has given talks on welfare reform to the Michigan League of Human Services, to the conference on Illinois welfare reform sponsored by the University of Illinois, at Washington University and at Loyola University. She was a panel discussant at the Conference on Labor Market Inequality at the University of Wisconsin in February. She presented her paper, "What Causes Public Assistance Caseloads to Grow?" in seminars at the University of Pittsburgh, MIT, and Cornell. She attended the NBER Labor Studies summer institute in July.

RON BRAEUTIGAM presented "A Semiparametric Analysis of the Cost Structure of the Deutsche Bundesbahn" and "The Effects of Incentive Regulation on U.S. Local Telephone Rates" at the University of Montreal in April.

LOUIS CAIN presented "The Growing Commercialism of Zoos and Aquariums," (with D. Meritt), to the Economic History Workshop, and "Economics, Politics, and the Endangered Species Act," coauthored (with B. Kaiser), to the Conference on Quantitative Methods in Canadian Economic History, Niagara-on-the-Lake, Ontario. He was also an invited participant to the Cliometrics Conference in Toronto, Ontario.

EDDIE DEKEL co-organized and participated in "Summer in Tel Aviv 1997," a yearly international workshop in economic theory. He presented an invited plenary talk at FUR VIII, the 8th International Conference on the Foundations and Applications of Utility, Risk and Decision Theory. He also presented a talk at the theory workshop at the Economics department of the University of Pennsylvania.

IAN DOMOWITZ presented "International Cross-Listing, Ownership Rights, and Order Flow Migration" at the Paris Conference on the Organization and Quality of Equity Markets in December. "Market Segmentation and Stock Prices: Evidence from an Emerging Market" was delivered at the Western Finance Association Meetings in June. He traveled to Duke University in April, to present two papers: "Determinants of the Consumer Bankruptcy Decision" and "A Consistent Nonparametric Test of Ergodicity for Time Series with Applications." The former paper also was given at the University of Southern California last October, and "Automated Auctions and Open Outcry Trading" was presented at Indiana University in December. Invited addresses on the empirical evidence relating to differences between automated and traditional trading markets were delivered at the Southern Finance Association meetings in November, and

the Institute for International Research Conference on Trade Execution, the following April.

ROBERT EISNER during October, 1996, spoke at the National Press Club in Washington on "Redefining Progress" and at Oakland University in Rochester, Michigan on "Sense and Nonsense About Budget Deficits." During that month he also attended meetings in Montreal of the Commission for Environmental Cooperation and in Washington to participate in a panel of the National Academy of Science, National Research Council (NRC). He presented (in French) "A New View of the NAIRU" at the Université Pierre Mendès France in Grenoble, where he was awarded the degree of *Docteur Honoris Causa*, and also spoke on the NAIRU in Washington, D.C. Later in the fall he spoke at a Levy Institute Conference at Bard College in New York on Social Security and related macro-economic issues, participated in a Council of Economic Advisors and Environmental Protection Agency conference on accounting for the environment, and participated in a meeting in Cambridge of an NRC sub-panel on Integrated Economic and Environmental Accounting. The privatization of social security was the topic of appearances in December on the "Firing Line" program, taped in Dallas, and at an AARP panel in Washington. During the winter he participated in the ASSA meetings in New Orleans, presenting papers on the Employment Act and on the NAIRU, participated in a press conference opposing the Balanced Budget Amendment in Washington, lectured at the University of Illinois Law School in Champaign on social security reform, lectured in Seoul, Korea, on economic reform and macroeconomic policy, and on the effects of economic reforms in Korea. Later in the winter he participated in another NRC panel meeting and spoke in Orlando at a Public Forum of the Commission on Aging With Dignity. In the spring and summer he presented his paper, "The Budget and Taxes," at a Carnegie Foundation conference in Washington, presented his paper on "Budget Deficits, Unemployment, and Economic Growth" in Paris at a conference on the use of panel data, and testified in Washington on full employment and inflation.

JOSEPH FERRIE presented "Migration to the Frontier in Mid-Nineteenth Century America: A Re-Examination of 'The Turner Thesis'" at the Summer Meeting of the National Bureau of Economic Research's Development of the American Economy Program in Cambridge, Massachusetts, and at the World Congress of Cliometrics in Munich, Germany. He presented "A New View of the Irish in America: Economic Performance and the Impact of Province of Origin, 1850-1920" at a conference on Irish emigration at University College, Cork, Ireland, and at a conference on Hunger and Migration at the University of Heidelberg, Germany.

ROBERT J. GORDON during the fall and winter of 1996-97 was author or discussant of papers on quality change and price indexes at the Federal Reserve Bank of St. Louis, the Milken Institute in Santa Monica, an Institutional Investors conference in New York City, and at the AEA meetings in New Orleans. He attended meetings of the economic

advisory panel of the Congressional Budget Office in November and again in June. He was moderator of a panel at the Presidential Conference on Airline Safety and testified before the Senate Finance Committee on bias in the CPI, both in Washington in January. He acted as discussant of a paper on macroeconomic history at the Federal Reserve Bank of New York in late February, attended a companion conference at the Federal Reserve Bank of San Francisco the following week, and later that month discussed a paper on quality change and the CPI at the Brookings Panel on Economic Activity in Washington. During April he spoke at a conference in honor of David M. Gordon at the New School in New York, made a presentation on productivity puzzles at a conference of the Employment Policy Foundation in Washington, and also provided updated estimates of the NAIRU at a workshop of econometric modelers in New York City. During the summer he participated in the micro Brookings panel meeting in Washington, the International Seminar on Macroeconomics at Gerzensee, Switzerland, the Econometric Society Meetings in Pasadena CA and Toulouse, France, and the macro Brookings panel meeting in Washington. Also during the summer he was author or discussant of papers on quality change, price measurement, and/or productivity puzzles at the NBER Summer Institute in Cambridge MA and a Dow-Jones conference in New York City.

JOEL MOKYR presented departmental seminars on a variety of topics in Jan. 1997 at University College, Dublin, Queen's University in Belfast, Colby College; in Feb. 1997 at the University of Montreal; in March 1997 at N. Illinois University in DeKalb; in June 1997 at Tel Aviv University, The Hebrew University, the Technion Institute in Haifa; in Aug. 1997 three papers at Washington University, St. Louis; in October 1997 at Wabash College, Ind and the World Bank. In January 1997 he presented a paper at a conference on evolutionary epistemology and technology in Wallingford, England. He was one of the two featured guest lecturers at the St. Cloud State University Winter Institute in Economics in St. Cloud, Minnesota in Feb. 1997. He presented a paper at the Kansas City Federal Reserve meeting in Kansas City in April 1997. He presented papers at the World Cliometrics Conference in Munich (July 1997), at the Economic history Association annual meeting in New Brunswick (Sept 1997), at the Social Science History annual meeting in Washington DC (October 1997), at an IIASA conference on induced technological change in Vienna (July 1997), and at a conference on Minorities and Economic Growth in Ramat Gan, Israel (June 1997).

DALE MORTENSEN presented "Competitive Pricing and Efficiency in Search Equilibrium" at the University of Texas and Rice University during November. He attended the "Recent Developments in Macroeconomics" Conference at the New York Federal Reserve in February where his paper "Job Reallocation, Employment Fluctuations and Unemployment Differences" was presented. In May, he traveled to Argentina to give an invited lecture entitled "Search Equilibrium Approaches to Labor Market Policy Analysis" at the La Plata National University Conference on "Monetary and International Economics." In July he presided as President over the Society for

Economic Dynamics annual meeting, held at Keble College, Oxford, and presented "Unemployment Responses to 'Skill-Biased' Technology Shocks: The Role of Labor Market Policy" at a CEP/CEPR Workshop held at the London School of Economics. Later in July he lectured on the same paper at the Center for Economic Research (CERGE/EI) at Charles University, Prague, during a week long visit. He presented "New Developments in Models of Search in the Labor Market" at the Handbook of Labor Economics Conference held at Princeton in early September.

ROBERT PORTER gave a series of lectures on "Auction Models" at the University of Oregon. He also presented seminars at Columbia University, the University of Minnesota, and the University of Chicago.

IAN SAVAGE presented a paper on "Evaluating transit subsidies in Chicago" at MIT and the Université de Montréal in February and March 1997. He presented a paper on the "Quantitative analysis of railroad safety risks" at the Transportation Research Forum annual meeting in San Antonio in October 1996. His paper on "Aviation deregulation and safety in the United States: the evidence after twenty years" was presented at a conference in Montreal in April 1997 in honor of the sixtieth anniversary of Transport Canada. He also moderated a session on aviation safety at the Air Transportation Research Forum meetings in Vancouver in June 1997.

COSTIS SKIADAS presented the paper "Aggregation Determinacy and Information Efficiency for a Class of Economies with Asymmetric Information" (with P. DeMarzo) at the NBER conference on General Equilibrium and Economic Theory, Spring 1997 and at the 1997 Econometric Society Summer Meetings.

In March 1997, ALAN M. TAYLOR attended the National Bureau of Economic Research meeting of the International Finance and Macroeconomics group in Cambridge, Mass., and he presented "Nonlinear Aspects of Goods-Market Arbitrage and Adjustment: Heckscher's Commodity Points Revisited." Also in March he traveled to Lund, Sweden, to a conference entitled The Integration of Commodity Markets in History, where he presented "Measuring Market Integration: A Model of Arbitrage with an Econometric Application to the Gold Standard, 1880-1913." In December 1996 he was in Tokyo for the annual NBER-CEPR-TCER Conference, where he had another opportunity to present "Nonlinear Aspects of Goods-Market Arbitrage and Adjustment: Heckscher's Commodity Points Revisited." Also in December he was in Buenos Aires at the conference Trampolín o tobogán: el crecimiento económico argentino de entreguerras: lecciones del pasado para el despegue, held at the Universidad Torcuato Di Tella, where he discussed "Financial Development and Economic Growth in an Emerging Market: Argentina in the Interwar Period." On the same visit to the Argentine capital he attended the Inter-American Seminar in Economics, convened by the National Bureau of Economic Research in November 1996, where he presented "Argentina and the World Capital Market: Saving, Investment, and International Capital

Mobility in the Twentieth Century." Earlier in November he was at the All-UC Group in Economic History Fall Conference, held in Stanford, Calif., where he discussed "Latifundia as Malefactor in Economic Development? Scale, Tenancy, and Agriculture on the Pampas, 1880-1914." He also attended the first ever Latin American and Caribbean Economic Association Meetings, held in Mexico City, in October 1996, where he presented "On the Costs of Inward-Looking Development: Price Distortions, Growth, and Divergence in Latin America." Earlier in October 1996 he took part in a conference organized by the National Bureau of Economic Research, entitled The Defining Moment: The Great Depression and The American Economy in the Twentieth Century, held at Kiawah Island, S.C., where he presented "The Great Depression as a Watershed: International Capital Mobility in the Long Run."

CHRIS UDRY recently returned to Northwestern from a one-year research leave at the University of Ghana, where he conducted field research on farmer experimentation with new technologies. He served as a discussant/resource person at the African Economic Research Consortium meetings in Nairobi, Kenya.

GUGLIELMO WEBER was a presenter at EU-sponsored workshop on "Saving, Pensions and Portfolio Choice", Naples, February 1997 and CEPR/INA conference on "Risk, Insurance, Contracts and Savings", Porto Canto (Sardinia), June 1997.

BURTON WEISBROD gave four talks in Japan in late August and early September. At the Kyoto conference of the International Institute of Public Finance (IIPF) he presented a paper on "Differential Tax Treatment of Nonprofit Organizations" Related and Unrelated Activities" (with J. Cordes), and he gave public lectures in Osaka, Sendai, and Tokyo, on a variety of matters involving the financing of nonprofit organizations. Weisbrod also spoke, in Washington, DC, to the Council on the Economics of Health Care Reform, on his (and David Dranove's) recently completed survey of the response of medical R&D to changes in economic incentives; and he spoke at the University of Michigan to an interdisciplinary faculty seminar on organization behavior, on his research about the growing commercialization of the nonprofit sector. Weisbrod spent the month of January as Visiting Scholar at the University of California-San Diego. He was a discussant at an NBER conference on "Nonprofit and For-Profit Hospitals," and at an AEI conference on "Measuring Prices of Medical Treatments."

#### 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.

REBECCA M. BLANK's book *It Takes A Nation: A New Agenda for Fighting Poverty* was published by Princeton University press in early 1997. Her article, "Policy Watch: The 1996 Welfare Reform" appeared in the *Journal of Economic Perspectives*, and "The Misdiagnosis of Eurosclerosis" was published by *The American Prospect*. Her joint article with Christine George and Rebecca London, "State Abortion Rates: The Impact of Policies, Providers, Politics, Demographics, and Economic Environment" was published by the *Journal of Health Economics*.

RON BRAEUTIGAM's article entitled "The Effects of Rivalry with Price Regulation of Electric Power Generation," appeared in the *Journal of Regulatory Economics*, volume 11, March 1997, pp. 119-137. His book review of *Political Economy of Fairness*, by Edward E. Zajac, appeared in the *Journal of Economic Literature*, volume XXXIV, December 1996, pp. 1959-1960.

LOUIS CAIN published "Historical Perspective on Infrastructure and U.S. Economic Development," in *Regional Science and Urban Economics*, April 1997. In addition, he published a review of Stanley Lebergott, *Consumer Expenditures: New Measures & Old Motives* in *Journal of Economic Literature*, June 1997.

EDDIE DEKEL's invited symposium for the Seventh World Congress of the Econometric Society appeared in *Advances in Economics and Econometrics: Theory and Applications*, edited by D. M. Kreps and K. F. Wallis, published by Cambridge University Press.

IAN DOMOWITZ's paper "Market Segmentation and Stock Prices: Evidence from an Emerging Market" (with J. Glen and A. Madhavan) was published in *Journal of Finance* 52, pp. 1059-1085, 1997. "Order Flow and the Bid-Ask Spread: An Empirical Probability Model of Screen-Based Trading (with T. Bollerslev and J. Wang) appeared in *Journal of Economic Dynamics and Control* 21, pp. 1471-1491, 1997. New working papers include "A Consistent Nonparametric Test of Ergodicity for Time Series with Applications" (with M. El-Gamal), "Two Hundred Years of Bankruptcy: A Tale of Legislation and Economic Fluctuations" (with E. Tamer), "Financial Market Structure and the Ergodicity of Prices" (with M. El-Gamal), "Open Sesame: Alternative Opening Algorithms in Securities Markets (with A. Madhavan), and "The Performance of an Automated Trading System in an Illiquid Environment" (with M. Coppejans).



ROBERT EISNER's "The Marginal Efficiency of Capital and Investment," was published in G.C. Harcourt and Peter Riach, eds., *The Second Edition of The General Theory*, Routledge, 1996, pp. 175-187. "The Retreat From Full Employment" appeared in *Employment, Economic Growth and the Tyranny of the Market: Essays in Honour of Paul Davidson*, Volume 2, 1996, pp. 106-130. "Gross Domestic Product: Its Greatness and Its Limitations" appeared in *New Economy*, 1996, pp. 2-5. "Fiscal Policy" was published in *Encyclopedia of Business Cycles, Panics, Crises, and Depressions* (David Glasner, Editor), Garland, 1996, pp. 233-237. "A New View of the NAIRU," to appear in P. Davidson and J. Kregel, eds., *Improving the Global Economy: Keynesianism and the Growth in Output and Employment*, Edward Elgar, Cheltenham, UK, and Brookfield, US, October 1997, pp. 196-230, was published in French translation, in *Cahiers de l'Espace Europe*, March 1997, pp. 9-37. "State of the Union: Black Holes in the Statistics" appeared in *Challenge*, Vol. 40, No.1, January-February 1997, pp. 6-15. "Don't Sock the Elderly, Help Them: Old Age Is Hard Enough," was published in *The Elder Law Journal*, Volume 5, Number 1, Spring 1997, pp. 181-193.

JOSEPH FERRIE published "Immigrants and Natives: Comparative Economic Performance in the U.S., 1850-60 and 1965-80" in *Research in Labor Economics*, volume 16; and "The Entry Into the U.S. Labor Market of Antebellum European Immigrants, 1840-60" in *Explorations in Economic History*, July 1997. His two most recent working papers are "Migration to the Frontier in Mid-Nineteenth Century America: A Re-Examination of 'The Turner Thesis'" and "A New View of the Irish in America: Economic Performance and the Impact of Province of Origin, 1850-1920."

ROBERT J. GORDON published four papers, "The Time-Varying NAIRU and its Implications for Economic Policy," *Journal of Economic Perspectives*, vol. 11 (February 1997), pp. 11-32; "Is There a Trade-off Between Unemployment and Productivity Growth?" in D. Snower and G. de la Dehesa (eds.), *Unemployment Policy: How Should Governments Respond to Unemployment?*, Cambridge: Cambridge University Press, 1997; "The CPI Commission: Findings and Recommendations," *American Economic Review Papers and Proceedings*, vol. 87 (May 1997), pp. 78-83 (with M. J. Boskin, E. R. Dulberger, Z. Griliches, and D. W. Jorgenson); and "Quality Change and New Products," *American Economic Review Papers and Proceedings*, vol. 87 (May 1997), pp. 84-88 (with Z. Griliches). Also published was his discussion of Brent R. Moulton and Karin E. Moses, "Addressing the Quality Change Issue in the Consumer Price Index," *Brookings Papers on Economic Activity*, 1997, no. 1, pp. 350-57.

JOEL MOKYR published "Are We Living in the Middle of an Industrial Revolution?" *Federal Reserve Bank of Kansas City Economic Review*, Vol. 82, No. 2 (2<sup>nd</sup> Quarter, 1997), pp. 31-43.

DALE T. MORTENSEN'S paper "The Unemployment and Welfare Effects of Labour Market Policy: A Comparison of the U.S. and U.K" (with S.P. Millard) was published

in D. Snower and G. de la Dehesa (eds.), *Unemployment Policy: How Should Governments Respond to Unemployment?* Cambridge: Cambridge University Press, 1997.

LEON MOSES (with A.P. Hurter and M. Van Buer) has a working paper that attempts to fill a gap in the spatial economic literature that has existed from the first writings in the field, containing a model that solves simultaneously for the optimum location pattern of a competitive industry in which firms have normal, input substitution production functions.

ROBERT PORTER's paper "Ohio School Milk Auctions: An Analysis of Bidding" (with D. Zona) is available as N.B.E.R. Working Paper No. 6037.

IAN SAVAGE's paper with Leon Moses "A cost-benefit analysis of United States motor carrier safety programs" was published the *Journal of Transport Economics and Policy* vol. 31(1) pp. 51-67. A paper with August Schupp "Evaluating transit subsidies in Chicago" appeared in the *Journal of Public Transportation* vol. 1(2), pp. 93-117. He also wrote the reviews of aviation and transportation that appeared in the *1997 World Book Year Book*.

During the past six months, COSTIS SKIADAS published: "Conditioning and Aggregation of Preferences," in the March 1997 issue of *Econometrica*, pp. 347-367; "A Term Structure Model with Preferences for the Timing of Resolution of Uncertainty" (with D. Duffie and M. Schroder) in the January 1997 issue of *Economic Theory*, pp. 3-22; "Recursive Valuation of Defaultable Securities and the Timing of Resolution of Uncertainty," (with D. Duffie and M. Schroder) in the November 1996 issue of *Annals of Applied Probability*, pp. 1075-1090. He has also added two new working papers in the department of Finance, KGSM, working paper series: "Aggregation Determinacy and Informational Efficiency for a Class of Economies with Asymmetric Information," (with P. DeMarzo) No. 230 and "Optional Consumption and Portfolio Selection with Stochastic Differential Utility," (with M. Schroder) No. 226.

ALAN M. TAYLOR published "Convergence in the Age of Mass Migration" (with J. G. Williamson) *European Review of Economic History* 1 (April 1997); "Peopling the Pampa: On the Impact of Mass Migration to the River Plate, 1870-1914," *Explorations in Economic History* 34 (January 1997): 100-132; "Growth and Convergence in the Asia-Pacific Region: On the Role of Openness, Trade and Migration," In *International Trade and Migration in the APEC Region*, edited by P. J. Lloyd and L. S. Williams, Oxford: Oxford University Press, 1997. He published a book review "Blanca Sánchez Alonso, *Las causas de la emigración española, 1880-1930*," *Revista de Historia Económica* 14 (Otoño 1996): 244-248. His working papers include "Nonlinear Aspects of Goods-Market Arbitrage and Adjustment: Heckscher's Commodity Points Revisited," (with M. Obstfeld) Working Paper Series no. 6053, National Bureau of Economic Research, June 1997; "Measuring Market Integration: A Model of Arbitrage with an Econometric Application to the Gold Standard, 1880-1913," (with G. Prakash) Working

Paper Series no. 6073, National Bureau of Economic Research, June 1997; "Latifundia as Malefactor in Economic Development? Scale, Tenancy, and Agriculture on the Pampas, 1880-1914," Working Paper Series on Historical Factors in Long Run Growth no. 96, National Bureau of Economic Research, April 1997; "The Great Depression as a Watershed: International Capital Mobility in the Long Run" (with M. Obstfeld) Working Paper Series no. 5960, National Bureau of Economic Research, April 1997; "Convergence and International Factor Flows in Theory and History." Working Paper Series no. 5798, National Bureau of Economic Research, October 1996; "Sources of Convergence in the Late Nineteenth Century." Working Paper Series no. 5806, National Bureau of Economic Research, October 1996.

BURTON WEISBROD's paper, "The Nonprofit Sector: Its Entwining with Private Enterprise and Government," was published in the Fall 1997 issue of the *Journal of Policy Analysis and Management*. The book he edited, with James Worthy, *The Urban Crisis: Linking Research to Action*, was published by the Northwestern University Press earlier this year. His new working papers include: "Commercialism, Competition, and Collaboration: Connections Between Nonprofits and the Rest of the Economy;" "A Survey of Medical R&D: Implications for the Future of Health Care Costs and Quality," (with D. Dranove); "Conversions of Nonprofits to For-Profits" (with J. Goddeeris); "Pricing and Rationing by Nonprofit Organizations with Distributional Objectives" (with R. Steinberg); "Interdependence of Commercial and Donative Revenues" (with L. Segal); "Differential Taxation of Nonprofits and the Commercialization of Nonprofit Revenues" (with J. Cordes); "Commercialism in Public Radio and Television" (with C. LaMay); and (8) "Academic Health Centers: Finance Options and Obstacles."

#### VISITING SPEAKERS

HENRY AARON, Brookings Institution, "The Research Agenda on Poverty and Policy: A Panel Discussion"

DILIP ABREU, Yale University, "Behavioral Theory of Bargaining with Endogenous Types"

DAN ADELMAN, Georgia Institute of Technology, "Allocating Fibers in Cable Manufacturing" and "Price-Directed Control of Remnant Inventory Systems"

PHILIPP AFEICHE, Stanford University, "Market Structures for Data Networks"

CHRISTOPHER ANDERSON, Rice University, "Political Institutions and Satisfaction with Democracy"

**Economics At Northwestern, Page 12**

JOSHUA ANGRIST, Massachusetts Institute of Technology, "Children and Their Parents Labor Supply: Evidence from Exogenous Variation in Family Size"

CHRIS AVERY, Harvard University, "Optimal Auctions of Multiple Goods"

PAT BAJARI, University of Minnesota, Minneapolis, "Structural Econometric Model of Sealed Bid Auctions: With Applications to Procurement of Highway Improvements"

GEORGE BAKER, Harvard University, "Implicit Contracts and the Theory of the Firm"

SANDEEP BALIGA, Cambridge University, "Decentralization & Collusion"

ABHIJIT BANERJEE, Massachusetts Institute of Technology, "A Simple Model of Voice"

GADI BARLEVY, Harvard University, "The Behavior of Real Wages over the Cycle: A New Interpretation"

ANTONIO BERNARDO, University of California, Los Angeles, "Volume and Price Formation when Investors are Uncertain About the Mean and Variance of Security Returns"

DAVID BETSON, University of Notre Dame, "Fairness and Equity Issues in State Child Support Programs for Low-Income Families"

JOHN BOUMAN, Poverty Law Project, National Clearinghouse for Legal Services, "Welfare Reform, Off and Running? The Course in Illinois"

AUDRA J. BOWLUS, University of Western Ontario, "On Discrimination in an Equilibrium Model: Unemployment and Wage differentials Between Homogeneous Workers"

MICHAEL BRANDT, University of Chicago, "Optimal Portfolio Choice: A Conditional Euler Equations Approach"

EVELYN BRODKIN, University of Chicago, "Inside the Welfare Contract: Research at the Street Level"

JEANNE BROOKS-GUNN, Columbia University, "Does Childhood Poverty Affect the Life Chances of Children?"

**Economics At Northwestern, Page 13**

MOSHE BUCHINSKI, Brown University, "A Dynamic Model of Education Choices in the United States: Learning from a Cross-Section"

HONG-BIN CAI, Stanford University, "Bargaining on Behalf of a Constituency"

CHARLES W. CALOMIRIS, Columbia University, "Bank Capital and Portfolio Management: The 1930s Capital Crunch and Scramble to Shed Risk"

ANNE CASE, Princeton University, "The Political Economy of Policy Choice: Evidence from Worker's Compensation"

JIMMY CHANG, University of California, Berkeley, "On the Non-Existence of Reputation Effects in Two-Person Repeated Games."

KENNETH Y. CHAY, University of California, Berkeley, "Changes in Relative Wages in the 1980s: Returns to Observed and Unobserved Skills and Black-White Wage Differentials"

GREGORY CLARK, University of California, Davis, "A Precocious Infant? The Evolution of the English Grain Market, 1208-1770"

KAREN CLAY, University of Toronto, "The Cost of Uncertainty: Squatters, Contracts, and Violence in Frontier California"

JOHN H. COCHRANE, University of Chicago, "Maturity Matters: Long-Term Debt in the Fiscal Theory of the Price Level"

KEN CORTS, Harvard University, "Vertical Delegation and Strategic Commitment"

JULIE BERRY CULLEN, Massachusetts Institute of Technology, "The Incidence of Special Education Mandates: Does the Mainstream PAY?"

DAVID M. CUTLER, Harvard University, "Are Medical Prices Declining?"

J. BRADFORD DE LONG, University of California, Berkeley, "Cross-Country Variations in National Economic Growth Rates: The Role of 'Technology'"

ANGUS DEATON, Princeton University, "Economies of Scale, Household Size and the Demand for Food"

WOUTER DEN HAAN, University of California, San Diego, "The Comovements Between Real Activity and Prices at Different Business Cycle Frequencies"

**Economics At Northwestern, Page 14**

WILLIAM D. DUPOR, University of Chicago, "Aggregate Fluctuations and Production Complementarities"

MICHAEL EDELSTEIN, Queens College CUNY, "The Size of U.S. Armed Forces in World War II"

AARON EDLIN, University of California, Berkeley, "Do Guaranteed-Low-Price Policies Guarantee High Prices, and Can Antitrust Rise to the Challenge?"

MATTHEW J. EICHNER, Massachusetts Institute of Technology, "Incentives, Price Expectations and Medical Expenditures: An Analysis of Claims Under Employer-Provided Health Insurance"

NADA EISSA, University of California, Berkeley, "The EITC and the Labor Supply of Married Couples"

MAHOMUDEL-GAMAL, University of Wisconsin, Madison, "Unknown Heterogeneity, the EC-EM Algorithm, and Large-T Approximation"

GRAHAM ELLIOTT, University of California, San Diego, "Estimating Restricted Cointegrating Vectors" and "Minimum Distance Methods and Cointegrated Models"

PAULA ENGLAND, University of Arizona, "Factors in the Sex Gap in Pay in the Contemporary U.S."

CHARLIE EVANS, Federal Reserve Bank, Chicago, "Sticky Price and Limited Participation Models of Money: Comparison"

JOHN FAUST, Board of Governors, "Money, Politics and the Postwar Business Cycle"

JOHN M. DE FIGUEIREDO, University of California, Berkeley, "Litigating Regulation: Corporate Strategy in Telecommunications"

PRICE FISHBACK, University of Arizona, "The Adoption of Workers' Compensation in the United States, 1900-1930"

ALBERT FISHLOW, Council on Foreign Relations, "Is the Real Plan for Real?"

JEAN-PIERRE FLORENS, Institut D'Economie Industrielle Univ. Sciences Sociales, "Nonparametric Analysis of Cost Functions"

DEAN FOSTER, University of Pennsylvania, Philadelphia, "Learning With Hazy Beliefs"

**Economics At Northwestern, Page 15**

JAMES FRIEDMAN, University of North Carolina, Chapel Hill, "Adaptive Beliefs and Dynamic Game Equilibria" and "Bounded Rationality, Dynamic Oligopoly and Conjectural Variations"

FRANCOIS GARDES, University of Paris, "A Comparison of Consumption Laws Estimated on American and Polish Panel and Pseudo-panel Data"

CHRISTOPHER GÉCZY, University of Chicago, "Some Generalized Tests for Mean-Variance Efficiency"

JOAO GOMES, University of Rochester, "Financing Investment"

GARY GORTON, University of Pennsylvania, "Stock Market Efficiency and Economic Efficiency: Is There a Connection?"

SHANE GREENSTEIN, University of Illinois, Champaign, "Technical Progress and Co-Invention in Computing and in the Uses of Computers"

GENE GROSSMEN, Princeton University, "Competing for Endorsements"

FARLEY GRUBB, University of Delaware, "Lilliputians and Brobdingnagians, Stature in British Colonial America: Evidence from Servants, Convicts, and Apprentices"

GEORGE HALL, Federal Reserve Bank, Chicago, "Nonconvex Costs and Capital Utilization: A Study of Production and Inventories at Automobile Assembly Plants"

MARY HALLWARD-DRIEMEIER, Massachusetts Institute of Technology, "Understanding Foreign Direct Investment by Firms: Market Pull, and Knowledge Accumulation?"

LARS PETER HANSEN, University of Chicago, "Observable Implications of Diffusion Models" and "Risk, Pessimism, and General Equilibrium" and "Spectral Decompositions of Markov Transition Operators"

BRUCE E. HANSEN, Boston College, "Sample Splitting and Threshold Estimation"

JOSEPH HARRINGTON, John Hopkins University, "Organization Structure and Firm Innovation"

JAMES HECKMAN, University of Chicago, "The Research Agenda on Poverty and Policy: A Panel Discussion" and "Characterizing Selection Bias Using Experimental Data"

**Economics At Northwestern, Page 16**

PETER HENRY, Massachusetts Institute of Technology, "Stock Market Liberalization, Economic Reform, and Emerging Market Equity Prices"

JOHN HILLAS, SUNY at Stony Brook, "The Refinement of Strategic Equilibrium: Some Comments and Recent Results"

SAUL HOFFMAN, University of Delaware, "Could It Be True After All?"

HARRISON G. HONG, Massachusetts Institute of Technology, "A Model of Futures Returns and Trading Under Asymmetric Information"

DAVID HSIEH, Duke University, "Empirical Characteristics of Dynamic Trading, Strategies: The Case of Hedge Funds"

JENNIFER HUNT, Yale University and NBER, "Has Work-Sharing Worked in Germany?"

ALETHA HUSTON, University of Texas at Austin, "Family Processes Mediating Effects of Poverty on Children: A Review"

JOHN A. JAMES, University of Virginia, "Have Working-Class Americans Always Been Low Savers? An Empirical Analysis of Household Saving and Wealth Accumulation Around the Turn of the 20th Century"

PAUL JARGOWSKY, University of Texas, Dallas, "Structural Economic Changes, Segregation by Race and Income, and the Expansion of Ghettos and Barrios, 1970-1990"

PHILIPPE JEHIEL, C.E.R.A.S., Paris, "Resale Markets and the Assignment of Property Rights"

SIMON JOHNSON, Duke University, "Search and Complementarities in Chinese-Style Reform"

MAYAMIKO KACHINGWE, Nuffield College, "Corporate Knowledge"

MATTHIAS KAHL, University of Pennsylvania, "Dynamic Liquidation, Adjustment of Capital Structure, and the Costs of Financial Distress"

CHARLES KAHN, University of Illinois, Urbana-Champaign, "Multi-Unit Auctions with Uniform Prices"



Economics At Northwestern, Page 17

- MARK T. KANAZAWA, Carleton College, "Efficiency in Western Water Law: The Development of the California Doctrine, 1850-1913"
- MAMORU KANEKO, University of Tsukuba, "Individual Interpretations of Society Based on Experiences, Part I"
- ROBERT KAUFMAN, Rutgers University, "Attitudes Towards Economic Reform in Mexico"
- JOHN KENNAN, University of Wisconsin, Madison, "Repeated Bargaining with Persistent Private Information"
- PETER KLENOW, University of Chicago, "The Neoclassical Revival in Growth Economics: Has It Gone Too Far?"
- NARAYANA KOCHERLAKOTA, Federal Reserve Bank of Minneapolis, "A Microfoundation for Incomplete Security Markets"
- RACHEL KRANTON, University of Maryland, "Buyer-Supplier Networks"
- MATTHEW B. KREPPS, Massachusetts Institute of Technology, "Incomplete Contracting and Costly Disclosure: Strategic Layoff Preannouncements"
- DAVID M. KREPS, Stanford University, "Anticipated Utility and Dynamic Choice"
- GUIDO KUERSTEINER, Yale University, "Efficient Instrumental Variables Estimation for Autoregressive Models with Conditional Heterogeneity"
- IKATERINI KYRIAZIDOU, University of Chicago, "Panel Data Discrete Choice Models with Lagged Dependent Variables"
- DAVID LAIBSON, Harvard University, "Hyperbolic Discounting, Impatience and Poverty"
- BLAKE LEBARON, University of Wisconsin, Madison, "Asset Pricing Under Endogenous Expectations in an Artificial Stock Market"
- MICHEL LEBRETON, California Institute of Technology, "Common Agency Under Complete Information"
- CHULHEE LEE, University of Chicago, "The Expected Length of Retirement and Life-Cycle Savings, 1850-1990"

**Economics At Northwestern, Page 18**

DAVID LEVINE, University of California, Los Angeles, "Modeling Altruism and Spitefulness in Experiments"

JEFFREY LIEBMAN, Harvard University, "The Optimal Design of the Earned Income Tax Credit"

BART LIPMAN, Carnegie-Mellon University, "Additive Representations of Preferences Under Unforeseen Contingencies"

SUSAN LLOYD, MacArthur Foundation, "Domestic Violence and Welfare Reform: Research, Practice, and the Legislative Process"

ANDREW LO, Massachusetts Institute of Technology, "Optimal Control of Execution Costs"

LAURENCE E. LYNN, University of Chicago, "Do Public Managers Use Research? The Bad News"

GEORGE MAILATH, University of Pennsylvania, Philadelphia, "Your Reputation Is Who You're Not, Not Who You Are"

CHARLES MANSKI, University of Wisconsin, "Monotone Treatment Effect"

LESLIE MARX, University of Rochester, "Leverage and Maturity as Strategic Complements: Theory and Evidence"

SCOTT MASTEN, University of Michigan, "The Internal Organization of Higher Education; Or Why Universities, Like Legislatures, Are Not Organized as Markets"

ANITA MCGAHAN, Harvard University, "How Much Does Industry Matter, Really?"

THERESE J. MCGUIRE, University of Illinois, "The Effect of Property Tax Limitation Measures on Local Government Fiscal Behavior" and "Do Limits Matter? Evidence on the Effects of Tax Limitations on Student Performance"

DAVID MELTZER, University of Chicago, "Accounting for Future Costs in Medical Cost-Effectiveness Analysis"

EUGENIO MIRAVETE, INSEAD, "Time Consistent Protection with Learning by Doing"

**Economics At Northwestern, Page 19**

MATT MITCHELL, University of Rochester, "The Scope and Organization of Production"

RICHARD NATHAN, New York State University, Albany, "Minority Working Class and Middle-Class Neighborhoods" and "Social Science in Government Revisited: Uses and Misuses"

AVIV NEVO, Harvard University, "Measuring Market Power in the Ready-to-Eat Cereal Industry"

ANDREW NEWMAN, Columbia and Yale University, "Matching in an Imperfect World"

ROBERT NOAH, University of Michigan, Ann Arbor, "Reputation Effects, Sequential Cascades and Speculative Investment"

PETER NORMAN, University of Pennsylvania, Philadelphia, "Affirmative Action in a Competitive Economy"

PAUL O'CONNELL, Harvard University, "Perspectives on Purchasing Power Parity"

TED O'DONOGHUE, University of California, Berkeley, "Doing It Now or Later"

JUNE O'NEILL, Director, Congressional Budget Office, "The Research Agenda on Poverty and Policy: A Panel Discussion"

TERRANCE ODEAN, University of California, Berkeley, "Are Investors Reluctant to Realize Their Losses?"

DAIJIRO OKADA, Stony Brook University, "An Entropy Approach to Strategic Complexity in Repeated Games" and "Strategic Entropy & Complexity in Repeated Games"

MARCO PAGANO, Università Degli Studi di Napoli Federico II (Visiting MIT), "Sharing Default Information as a Borrower Discipline Device"

GERARDO DELLO PAOLERA, Universidad Torcuato Di Tella, "Finance and Development in an Emerging Market: Argentina in the Interwar Period"

ADY PAUZNER, University of Tel Aviv, "Fast Equilibrium Selection by Rational Players Living in a Changing World"

**Economics At Northwestern, Page 20**

T. J. PEMPEL, University of Washington, Seattle, "Regime Shift: The Japanese Economy in a Changing World Economy"

MARTIN PERRY, Rutgers University, "Tying and Joint Pricing of Durable Goods with their Complementary Services"

JOHN PERSONS, Ohio State University, "Fully Revealing Equilibria with Suboptimal Investment"

TORSTEN PERSSON, Harvard University, "Separation of Powers and Accountability: Towards a Formal Approach"

MARTIN PESENDORFER, Yale University, "Retail Sales: A Study of Pricing Behavior in Supermarkets"

EDWARD S. PRESCOTT, Federal Reserve Bank of Richmond, "Theory of the Firm: Applied Mechanism Design"

WENDELL PRIMUS, Past Deputy Assistant Secretary for Human Services Policy "The Research Agenda on Poverty and Policy: A Panel Discussion"

MARTINE QUINZII, University of California, Davis, "Incentives and Risk Sharing in Stockmarket Equilibrium"

MATTHEW RABIN, University of California, Berkeley, "First Impressions Matter: A Model of Confirmatory Bias"

RAGHURAM RAJAN, University of Chicago, "Financial Dependence and Growth"

PAULA RAMADA, Massachusetts Institute of Technology, "Partially Revealing Prices with Strategic Privately Informed Agents"

VALERIE A. RAMEY, University of California, San Diego, "Sectoral Mobility of Capital: A Case Study of an Aerospace Firm"

JODY RAPHAEL, Taylor Institute, "Domestic Violence and Welfare Reform: Research, Practice, and the Legislative Process"

SERGIO REBELO, University of Rochester, "What Happens When Countries Fix Their Exchange Rates?"

STEFAN REICHELSTEIN, University of California, Berkeley, "Providing Managerial Incentives: Cash Flows vs. Accrual Accounting"

**Economics At Northwestern, Page 21**

GARY RICHARDSON, University of California, Berkeley, "Brand Names Before the Industrial Revolution: Reputations, Insurance, and Craft Guilds in Fourteenth Century England"

RAFI ROB, University of Pennsylvania, Philadelphia, "Industry Dynamics under the Clientele Effects"

JEAN-MARC ROBIN, INRA and French Census, Paris, "Equilibrium Search Models: Theories and Estimation"

MARK ROSENZWEIG, University of Pennsylvania, "Welfare, Marital Prospects, and Nonmarital Childbearing"

ANTHONY B. SANDERS, Ohio State University, "The Variation of Economic Risk Premiums in Real Estate Returns"

THOMAS J. SARGENT, Stanford University, "The Conquest of American Inflation: Ideas or Regressions?"

GLEN SCHMIDT, Stanford University, "The Roles of Innovative Competence and Cost Competence in Formulating a Technology Strategy"

JIM SCHUMMER, University of Rochester, "Eliciting Preferences to Assign Positions and Compensation"

SUZANNE SCOTCHMER, University of California, Berkeley, "Constitutional Rules of Exclusion in Jurisdiction Formation"

FIONA SCOTT-MORTON, Stanford University, "The Strategic Response by Pharmaceutical Firms to the Medicaid Most-Favored-Customer Rules"

DANIEL SEIDMANN, University Of New Castle-Upon-Tyne, "Can the Right to Silence Benefit Innocent, Rational Suspects"

ROBERT SHIMER, Princeton University, "Efficient Wage Dispersion"

KENNETH SINGLETON, Stanford University, "Specification Analysis of Affine Term Structure Models"

JONATHAN SKINNER, Dartmouth College, "What Accounts for the Variation in Retirement Savings Among U.S. Households?"

DAVID SPECTOR, Massachusetts Institute of Technology, "Rational Debate Leads to One-Dimensional Conflict"

RAN SPIEGLER, Tel Aviv University, "The Extractability of Interaction Created Surplus"

YVES SPRUMONT, C.R.D.E. and University of Montreal, "Ordinal Cost Sharing"

ENnio STACHETTI, University of Michigan, "Multidimensional Mechanism Design for Auctions with Externalities"

JEREMY STEIN, Massachusetts Institute of Technology, "What Do a Million Banks Have to Say About the Transmission of Monetary Policy"

MAX STINCHCOMBE, University of Texas, Austin, "Equilibrium Existence for Infinite Games: The Story So Far"

PER STRÖMBERG, Carnegie Mellon University, "Conflicts of Interest and Market Illiquidity in Bankruptcy Auctions: Theory and Tests"

DANIEL SULLIVAN, Federal Reserve Bank of Chicago, "Returns to Classroom Training for Displaced Workers"

WILLIAM R. SUMMERHILL, University of California, Los Angeles, "The Political Economy of Subsidy and Regulation: Railroads in Imperial Brazil"

LARS E. O. SVENSSON, Stockholm University, "Inflation Targeting: Extensions"

DUANE SWANK, Marquette University, "Funding the Welfare State: Globalization and the Taxation of Business in Advanced Market Economics"

RICHARD SYLLA, New York University, "The Anatomy of Sovereign Debt Crises: Lessons from the American State Defaults of the 1840's" and "U.S. Economic Development: Finance Led?"

RAFAEL TENORIO, University of Notre Dame, "Testing Sequential Game Equilibria Using a Natural Experiment from 'The Price Is Right'"

PETER TERMIN, Massachusetts Institute of Technology, "Two Views of the British Industrial Revolution"

MIKHEL M. TOMBAK, Helsinki School of Economics, "Consolidations and the Sequence of Acquisitions to Monopoly"

TIMOTHY VAN ZANDT, Princeton University, "Real-Time Hierarchical Resource Allocation"

PIETRO VERONESI, Harvard University, "Regime Shifts and Changing Volatility in Stock Returns"

GIOVANNI VIOLANTE, University of Pennsylvania, Philadelphia, "Equipment Investment and Skill Dynamics: A Solution to the Wage Dispersion Puzzle?"

STEVE WALLMAN, Commissioner, The U.S. Securities and Exchange Commission, "Rapidly Emerging Opportunities for Small Business Public Offerings, Including Raising Capital Via the Internet, and Direct Public Offerings"

MICHAEL WEISBACH, University of Arizona, "Corporate Governance as an Endogenous Economic Institution"

YORAM WEISS, Tel Aviv, "Social Rewards, Externalities and Stable Preferences"

ROBERT WHITELOW, New York University, "Risk and Return: An Equilibrium"

GREG WILLARD, Washington University, St. Louis, "Empty Promises and Arbitrage" and "Informative Signals, Dynamically Complete Markets and Empty Promises"

WES WILSON, University of Oregon, Eugene, "Network Pricing and Vertical Foreclosure in Railroad Markets"

FRANK WOLAK, Stanford University, "Estimating Customer Level Demand for Electricity under Real-Time Pricing"

MYRNA WOODERS, Universitat Autònoma de Barcelona, "Three Theorems on Non-Emptiness of Approximate Cores: Part 1. Game Theoretic Results"

ERAN YASHIV, Tel Aviv University, "The Determinants of Equilibrium Unemployment"

LUIGI ZINGALES, University of Chicago, "The Tyranny of the Inefficient: An Enquiry into the Adverse Consequences of Power Struggles"