

Personal Data

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Department of Economics
University of Minnesota
Minneapolis, MN 55455

Born: Tamil Nadu, India; August 3, 1952.

Citizenship: United States

Education:

Ph.D. Economics
Graduate School of Industrial Administration, Carnegie-Mellon University
May 1981

M.S. Economics
Graduate School of Industrial Administration, Carnegie-Mellon University
May 1978

B. Tech. (Chemical Engineering)
Indian Institute of Technology, Bombay, India
May 1974

Professional Experience:

Present: Paul A. Franzel Land Grant Professor of Liberal Arts, University of Minnesota

September 1994 - Present: Professor of Economics, University of Minnesota and Adviser,
Federal Reserve Bank of Minneapolis

September 1997 – August 2000: Chair, Department of Economics, University of Minnesota.

September 1992 - August 1994: Harold H. Hines, Jr. Professor of Risk Management; MEDS
Department, J.L. Kellogg Graduate School of Management, Northwestern University.

July 1986 - August 1992: Senior Research Officer and Economic Advisor (position in 1992),
Federal Reserve Bank of Minneapolis.

July 1980 - July 1986: Assistant Professor of Managerial Economics, MEDS Department, J.L.
Kellogg Graduate School of Management, Northwestern University.

May 1974 - August 1976: Production Engineer, Union Carbide (India) Ltd. Bombay.

Fellowships, Awards and Professional Service:

Fellow, Econometric Society, 1999

Scholar of the College, College of Liberal Arts, University of Minnesota 2008-2011

President of the Midwest Economics Association, 2006-2007.

Advisory Editor, *Journal of Economic Perspectives* (2007-Present)

Editor, *Journal of Economic Literature* (2004-Present)

Associate Editor, *Econometrica* (2001-2004)

Advisory Editor, *Macrodynamics* (1996-2005)

Associate Editor, *Review of Economic Dynamics* (1998-2001)

Associate Editor, *Journal of Economic Theory* (1998-Present)

Associate Editor, *Journal of Financial Intermediation*, (1992-95)

Nominations Committee, American Economic Association, 2007-2008.

Search Committee, Editor of the *American Economic Review*, 2005.

National Science Foundation Grants: 1991-93, 1996-99, 1999-2002, 2001-2004, 2002-2005, 2004-2008

First Chicago Chair in Managerial Economics, Northwestern University (1985-86)

Beatrice Chair in Managerial Economics, Northwestern University (1983-84)

Alexander Henderson Award for best economics dissertation at Carnegie-Mellon University (May 1981).

National Science Foundation Review Panel: 1998-2000.

Keynote Speaker:

1. Society of Economic Dynamics Annual Conference, Mexico City, Mexico, Summer 1998
2. Midwest Macroeconomics Conference, St Louis, Mo. Spring 1999
3. Money-Macro-Finance Conference, Cambridge UK, Summer 2003
4. First Annual Macroeconomics Conference, Auckland, NZ, Spring 2005.
5. Heller Distinguished Lecture, Minnesota Economics Association, Mpls, MN, Fall 2006.
6. Presidential Address, Midwest Economic Association, Minneapolis MN, Spring 2007.

Invited Speaker:

World Congress of the Econometric Society, Seattle WA. Summer 2000.

Articles:

1. Involuntary Unemployment and Implicit Contracts, *Quarterly Journal of Economics*, 98, (Supplement 1983): 107-122. Reprinted in Elgar Reference Collection. *International Library of Critical Writings in Economics*, (35), ed. Sherwin Rosen, 1994.
2. Banking Panics, Information, and Rational Expectations Equilibrium (with Ravi Jagannathan), *Journal of Finance*, 43, (July 1988): 749-761.

3. Seasonalities in Security Returns: The Case of Earnings Announcements (with Ravi Jagannathan and Aharon Ofer), *Journal of Financial Economics*, 21, (May 1988): 101-121.
4. Time Consistency and Optimal Policy Design, *Federal Reserve Bank of Minneapolis Quarterly Review*, 12 (4), (Fall 1988): 17-33.
5. Adverse Selection in a Model of Real Estate Lending (with Ravi Jagannathan), 44, *Journal of Finance*, (June 1989): 409-508.
6. Labor Contracts in a Model of Imperfect Competition (with Larry Jones and Rodolfo Manuelli), 79, *American Economic Review Papers and Proceedings*, (1989): 358-363.
7. Time Consistency and Policy (with Patrick Kehoe and Edward Prescott), *Modern Business Cycle Theory*, ed. Robert Barro, (1989), Harvard University Press Cambridge, Mass.
8. Banking without Banking Panics or Deposit Insurance: Lessons from a Model of the U.S. National Banking System, *Federal Reserve Bank of Minneapolis Quarterly Review*, 13 (3), (Summer 1989): 3-36.
9. Price Stability and Futures Trading in Commodities (with Ravi Jagannathan and Larry Jones), *Quarterly Journal of Economics*, 105, (2) (May 1990): 527-534.
10. International Coordination of Fiscal Policy in Limiting Public Good Economies (with Patrick Kehoe), *Journal of Political Economy*, 98 (3) (June 1990): 617-636.
11. The Simple Analytics of Commodity Futures Markets: Do They Stabilize Prices? Do They Raise Welfare? (With Ravi Jagannathan), *Federal Reserve Bank of Minneapolis Quarterly Review*, 14 (3), (Summer 1990): 12-26.
12. Sustainable Plans (with Patrick Kehoe), *Journal of Political Economy*, 98 (4) (August 1990): 783-802. Reprinted in *Monetary and Fiscal Policy*, eds. Torsten Persson and Guido Tabellini, (1999) MIT Press Cambridge, Mass.
13. Playing by the Rules: A Proposal for Federal Budget Reform (with Preston Miller), *Federal Reserve Bank of Minneapolis 1990 Annual Report*.
14. Optimal Fiscal and Monetary Policy: Some Recent Results (with Lawrence Christiano and Patrick Kehoe), *Journal of Money, Credit, and Banking*, 23, (August 1991): 519-539. Reprinted in *Business Cycles, Political Economy and Growth*, eds. Alex Cukierman, Zvi Hercowitz and Leon Leiderman, 1992, MIT Press, Cambridge, Mass.
15. Vintage Human Capital, Growth, and the Diffusion of New Technology (with Hugo Hopenhayn), *Journal of Political Economy*, 99 (December 1991): 1142-1165.
16. Banking Crises. In *The New Palgrave Dictionary of Money and Finance*, (1992), ed. Peter Newman, Stockton Press.

17. Uninsured Deposit Systems. In *The New Palgrave Dictionary of Money and Finance*, ed. Peter Newman, (1992), Stockton Press.
18. How the U.S. Treasury Should Auction Its Debt (with Robert Weber). *Federal Reserve Bank of Minneapolis Quarterly Review*, 16 (4) (Fall 1992): 3-12.
19. Sustainable Plans and Mutual Default (with Patrick Kehoe), *Review of Economic Studies*, 60 (January 1993): 175-195.
20. Sustainable Plans and Debt (with Patrick Kehoe), *Journal of Economic Theory*, 61, (2) (December 1993): 230-61.
21. Policy Analysis in Business Cycle Models (with Lawrence Christiano and Patrick Kehoe), in *Frontiers of Business Cycle Research*, ed. Thomas Cooley, (1995), Princeton University Press, Princeton, NJ.
22. Optimal Fiscal Policy in a Business Cycle Model (with Lawrence Christiano and Patrick Kehoe), *Journal of Political Economy*, 102, (August 1994): 617-652.
23. Inside Money, Outside Money and Short Term Interest Rates (with Lawrence Christiano and Martin Eichenbaum), *Journal of Money, Credit and Banking*, 27, (4) (Part 2 Nov. 1995): 1354-86.
24. Optimality of the Friedman Rule in Economies with Tax Distortions (with Lawrence Christiano and Patrick Kehoe), *Journal of Monetary Economics*, 37 (2) (April 1996): 203-223.
25. Why are Representative Democracies Fiscally Irresponsible? (with Harold Cole), *Cuardenos Economicos*, 62 (1996): 169-178.
26. Inflation, Growth, and Financial Intermediation (with L. Jones and R. Manuelli). *Federal Reserve Bank of St. Louis Economic Review*, May/June 1996. Reprinted in *Federal Reserve Bank of Minneapolis Quarterly Review*, 19 (4) (Fall 1995): 18-32.
27. The Economics of Split Voting in Representative Democracies (with Larry Jones and Ramon Marimon), *American Economic Review*, 87, (December 1997): 957-976.
28. Expectation Traps and Discretion (with Lawrence Christiano and Martin Eichenbaum), *Journal of Economic Theory*, 81, (2), (August 1998): 462-492.
29. Asking the Right Questions About the IMF (with Patrick Kehoe), *Federal Reserve Bank of Minneapolis Annual Report*, 1998.
30. Nobel Laureate Robert E. Lucas, Jr.: Architect of Modern Macroeconomics, *Journal of Economic Perspectives*, Winter 1998, vol. 12, pp. 171-186. Reprinted in *Federal Reserve Bank of Minneapolis Quarterly Review* 23 (2) (Spring 1999): 2-12.

31. Optimal Fiscal and Monetary Policy (with Patrick Kehoe), in *Handbook of Macroeconomics*, Volume 1C, John Taylor and Mike Woodford, Eds. North Holland, Amsterdam, 1999.
32. Taxing Capital Income: A Bad Idea (with Andrew Atkeson and Patrick Kehoe), *Federal Reserve Bank of Minneapolis Quarterly Review* 23 (3) (Summer 1999): 3-11.
33. A Reconsideration of the Problem of Social Cost: Free Riders and Monopolists, (with Larry Jones), *Economic Theory*, 16 (1), (July 2000): 1-22.
34. Sticky Price Models of the Business Cycle: Can the Contract Multiplier Solve the Persistence Problem? (with Patrick Kehoe and Ellen McGrattan), *Econometrica*, 68, (5), (September 2000): 1151–1179.
35. Limits of Markets and Limits of Governments: An Introduction to a Symposium on Political Economy, *Journal of Economic Theory*, 94 (1), (September 2000): 1–6.
36. How Severe is the Time Inconsistency Problem in Monetary Policy? (with Stefania Albanesi and Lawrence Christiano), in *Advances in Economic Theory and Econometrics*, Cambridge University Press, edited by Matthias Dewatripont, Lars Hansen and Stephen Turnovsky. Reprinted in *Federal Reserve Bank of Minneapolis Quarterly Review* 27 (2) (Summer 2003): 2-18.
37. Accounting for the Great Depression (with Patrick J Kehoe and Ellen McGrattan), *American Economic Review Papers and Proceedings* 92 (2), (May 2002): 22-27. Reprinted in *Federal Reserve Bank of Minneapolis Quarterly Review* 27 (2) (Spring 2003): 2-12.
38. Can Sticky Price Models Generate Volatile and Persistent Real Exchange Rates? (with Patrick Kehoe and Ellen McGrattan), *Review of Economic Studies*, 69 (3) (July 2002): 533-564.
39. Expectation Traps and Monetary Policy (with Stefania Albanesi and Lawrence Christiano) *Review of Economic Studies*, 70 (4) (October 2003): 715-741.
40. Hot Money (with Patrick Kehoe), *Journal of Political Economy*, 111 (6) (December 2003): 1262-1292.
41. Financial Crises and Herds (with Patrick Kehoe), *Journal of Economic Theory*, 119 (1), (November 2004): 19-33.
42. Strategic Delegation in Monetary Unions (with Larry Jones and Ramon Marimon), *The Manchester School*, 72 (s1), (September 2004): 19-33.
43. Sudden Stops and Output Drops (with Patrick Kehoe and Ellen McGrattan), *American Economic Review Papers and Proceedings*, 95 (2) (May 2005): 381-387.

44. Spectral Methods in Business Cycle Accounting (with Patrick Kehoe and Ellen McGrattan), *Revista de Economia*, 12, (2), (November 2005): 5-18.
45. Modern Macroeconomics in Practice: How Theory is Shaping Policy (with Patrick Kehoe), *Journal of Economic Perspectives*, 20 (4), (Fall 2006): 3-28.
46. Business Cycle Accounting (with Patrick Kehoe and Ellen McGrattan), *Econometrica*, 75 (3), (May 2007): 781-836.
47. On the Need for Fiscal Constraints in a Monetary Union (with Patrick Kehoe), Forthcoming *Journal of Monetary Economics*, 54 (8) (November 2007): 2399-2408
48. The Heterogeneous State of Modern Macroeconomics: A Response to Robert Solow (with Patrick Kehoe), *Journal of Economic Perspectives*, 20 (1), (Winter 2008): 247-49.
49. Time Inconsistency and Free-Riding in a Monetary Union (with Patrick Kehoe), Forthcoming *Journal of Money, Credit, and Banking*.

Comments:

1. “Macroeconomic Effects of Fiscal Policy”, by Jeremy Greenwood and David Aschauer: A Comment, In the *New Monetary Economics: Fiscal Issues and Unemployment. Carnegie-Rochester Conference Series on Public Policy*, ed. Karl Brunner and Allan Meltzer, 23 (Autumn 1985): 139-42.
2. A Comment on “Differences of Opinion in Financial Markets”, by Hal Varian. In *Financial Risk, Theory, Evidence, and Implications*, ed. C. Stone, Kluwer Academic Publisher, Boston, 1988.
3. Comment on “The U.S. Fiscal Problem: Where We Are, How We Got Here, and Where We are Going”, by Alan Auerbach, *NBER Macroeconomics Annual* 1994.
4. Comment on “Inflation Forecasts and Monetary Policy”, by Ben Bernanke and Michael Woodford, *Journal of Money Credit and Banking*, vol. 29, no. 4 (Part 2 November 1997): 685-686.
5. Comment on “Private Money”, by Steve Williamson, *Journal of Money, Credit, and Banking*, vol. 31, no. 3 (Part 2 August 1999) pp. 498-499.
6. Comment on “An Empirical Analysis of the Economic Impact of Federal Terrorism Reinsurance” by David Cummins et al. *Journal of Monetary Economics* 51 (5), June 2004, pp. 899-902.
7. Growth and Foreign Direct Investment: Does Policy Play a Role, *American Journal of Agricultural Economics*, 86 (3), August 2004, pp. 802-04

8. Comment on He, Huang and Wright's "Money and Banking in Search Equilibrium", *International Economic Review*, 46 (2), May 2005, pp. 671-674.
9. Comment on "Rule-Based Monetary Policy under Central Bank Learning" by Aoki and Nikolov, NBER International Seminar on Macroeconomics, 2004, eds. Richard H. Clarida, Jeffrey A. Frankel, Francesco Giavazzi and Kenneth D. West, The MIT Press, 2006

Papers Submitted for Publication:

1. Business Startups, The Lock-In Effect, and Capital Gains Taxation (with Mikhail Golosov and Aleh Tsyvinski), submitted to the *Journal of Public Economics*.
2. The Poverty of Nations: A Quantitative Investigation (with Patrick Kehoe and Ellen McGrattan), submitted to *American Economic Review*.
3. A Critique of Structural VARs Using Business Cycle Theory (with Patrick Kehoe and Ellen McGrattan), submitted to the *Journal of Political Economy*.
4. On the Optimal Choice of a Monetary Policy Instrument (with Andrew Atkeson and Patrick Kehoe), submitted to the *Quarterly Journal of Economics*

Working Papers:

1. Prizes and Patents: Using Market Signals to Provide Incentives for Innovation (with Mikhail Golosov and Aleh Tsyvinski), Research Department Working Paper, Federal Reserve Bank of Minneapolis.
2. "Optimal Disability Insurance" (with Hugo Hopenhayn and John Rust), Working Paper, University of Minnesota.
3. Matching, Human Capital, and Displacement (with H. Hopenhayn), Research Department Working Paper.
4. Network Externalities, Switching Costs, and the Adoption of New Technology (with H. Hopenhayn).
5. Vintage Human Capital, Growth, and Structural Unemployment (with H. Hopenhayn), Research Department, Working Paper 326. Federal Reserve Bank of Minneapolis.
6. On the Random Walk Theory of Optimal Taxation (with L. Christiano and P. Kehoe), Research Department Working Paper, Federal Reserve Bank of Minneapolis (1990).