

Subject Index

- accelerator 36
- activity analysis 78
- adverse selection 54, 294, 298, 304
- agricultural economics 105
- Allais paradox 168
- anchoring 311–12
- ARCH 323–5
- Arrow–Debreu model 135
- assignment problem 276
- asymmetric information 245–7, 250–51, 293–4, 298, 304–5
- auction theory 196, 250, 318–19
- availability 311

- balance of payments 94, 276
- balanced budget multiplier 174
- behavioural decision-making 99–100
- behavioural macroeconomics 295
- Bengal famine 266
- bounded rationality 100, 310
- Bretton Woods system 86
- business cycles 27, 30–31
 - Austrian theory of 70
 - real business cycle approach 335–6, 339–40
 - ‘surprise’ explanation of 239–40
- Cambridge controversies 160
- capital asset pricing model (CAPM) 188–90, 259
- capital theory 36, 160
- central bank independence 335
- cliometrics 209–10, 215
- Coase theorem 194–5
- cobweb theorem 30
- cointegration 325, 328–9
- Condorcet’s voting paradox 52
- confluence analysis 27, 173
- consumer
 - behaviour 28, 142
 - theory 35
- consumption function 83–4
- corporate finance 183–5
- counterfactual historiography 210–11

- credibility 233, 334
- crime, economics of 205
- crowding out 161
- cumulative causation 65–6

- decision models 27
- demand for money
 - interest elasticity of 122
 - theory of 84–5
- derivatives 256–9, 262
- development planning 31
- discrete choice 288–9
- discrimination against black Americans 65–6, 202–3, 211, 280, 283
- distribution, theory of 47, 129

- econometric modelling 115–16
- econometrics 27, 78–9, 115, 173–4, 323–5
- economic development 42, 66, 105, 109–11
 - institutions and 215–18
 - Kuznets inverse-U relationship 42
- economic growth
 - endogenous 54, 241
 - Harrod–Domar model of 159
 - institutions and 214–18
 - Kuznets cycle of 41–2
 - ‘take off’ 210
 - theory of 31, 111, 123, 142, 159–60
- economic history 109, 209–12
- economic planning 27
- economics of regulation 131
- education 31, 105–6, 299
- efficiency wage theory 161, 295, 305
- endogenous growth theory *see*
 - economic growth
- endowment effect 313
- equivalence theorems 167
- European monetary union 277
- E-V rule 180
- ex ante* 65
- exchange rates 86, 275
- experimental economics 317–19

SUBJECT INDEX

ex post 65

factor price equalisation 35

family, economics of the 204–5

famine 271

fiscal policy 85, 147, 161, 275

framing 313–14

Francis A. Walker Medal 8, 104

game theory 168, 223–4, 227–9, 232–4

subgame perfection and 233

trembling-hand perfection and 233

GARCH 325

gender gap in earnings 204

general equilibrium theory 47, 52–3,
135–6, 167–8

golden rule of capital accumulation
168

Great Depression 84

Gresham's Law 294

Haavelmo's theorem 174

Harrod–Domar model of economic
growth *see* economic growth

Heckit estimator 283

Heckscher–Ohlin model *see* interna-
tional trade

heteroscedasticity 323–4

heuristics 100, 309–11

Hicks–Kaldor compensation test 47–8

history of economic thought 129

human capital 105–6, 203–4, 241

Human Development Index 270

incentives 245–7, 250–51, 299

identification problem 27, 79, 173

impossibility theorem 52–3, 268–9
income

absolute 41

distribution 42

effect *see* prices changes

life-cycle hypothesis 41, 147–8

permanent 41, 83–4

relative 41

index numbers 28

indifference curves 47

induced valuation 318

industrial economics 109

industrial organisation 129–30, 194

inflation 60, 71, 83–6, 123, 160, 239, 295,
333–4

information, economics of 130, 239,
305

input–output analysis 27, 58–60, 100

international trade

Heckscher–Ohlin model of 35, 60, 91
creation 94

diversion 94

factor mobility and 277

invisible hand 135, 167

IS–LM analysis 48, 275–6

John Bates Clark Medal 8–9, 34, 51, 83,
114–15, 121, 158, 201, 282, 288, 298,
303, 347

John von Neumann Theory Prize 51–2,
99, 179, 227, 347

K-spaces 74

Keynesian 45–degree model 36–7

Keynesian economics 41, 48, 65, 70–71,
91, 115, 121–4, 147, 155, 160–61,
245, 292

Kuznets

cycle *see* economic growth

inverse-U relationship *see* economic
development

learning by doing 53–4, 241

Leontief paradox 60

linear programming 75–6, 78

liquidity preference 121–2, 147

Long-Term Capital Management 11,
256, 262

loss aversion 313

libertarianism 70–71

Lucas critique 174, 240, 333

Lucas surprise hypothesis 240, 334–5

macro-econometric models 328–9,
333–6

macroeconomic policy 333–5

rules for 85, 240, 295, 334–5, 340

macroeconomics 36, 121, 147–8,
159–62

Mahalanobis Prize 268

- marginal cost pricing 251
 'Market for Lemons' paper 293–4, 298, 304
 market model 188–9
 mathematical economics 36–7, 75, 135–6
 McCarthyism 114, 280
 methodology 79, 86, 210
 microeconomics 53, 129–30, 135–6, 167, 201–5, 305
 microeconometrics 282–4
 Modigliani–Miller theorems 148, 183–5
 monetarist counter revolution 86
 monetary policy 85–6, 121–2, 147, 275, 295, 334
 monetary theory 84–6, 121–2, 147
 moral hazard 54, 247
 multinomial logit model 289
 multicollinearity 27
 multiplier 91, 142
 Mundell–Fleming model 275–6
 Mundell–Tobin effect 277

 Nash equilibrium 223–4, 227–9, 232–3
 rational interpretation 228
 mass action interpretation 228–9
 Nash program 229
 national income accounting 28, 41, 141–2
 natural rate of unemployment 85, 123
 new classical macroeconomics 239
 new Keynesian economics 295, 305
 Nobel Memorial Laureates
 affiliations at time of award 6–7
 citizenship 5–6
 doctorates 7–8
 summary table 13–24
 Nobel Memorial Prize
 American dominance of x , 6
 awards by classification 3–5
 controversy in awards 9–11
 nature of award 1–2
 nomination process x , 2–3
 origins 1–2
 non-stationarity 328–9
 normative economics 67

 offer curves 94
 oligopoly 130
 optimal income taxation 246, 250–51
 optimum control theory 333
 optimum currency area theory 277
 option pricing 257–9, 262–3
 Oxfam 268

 Pareto optimality 135, 269–71
 Phillips curve 36–7, 85–6, 160, 295, 335
 political markets 218
 pooling equilibrium 304
 population growth 42
 portfolio theory 122, 179–81, 188–90
 positive economics 67, 86
post hoc ergo propter hoc fallacy 123
 poverty 66, 105, 110, 244, 266–71
 price changes
 income effect 47
 substitution effect 47
 principal–agent problem 223, 247
 probability theory 173
 production theory 28
 property rights 193, 194–6
 prospect theory 312–13
 public choice theory 153–5
 public goods 36
 public regulation 129–31

 quantity theory of money 84–5

 Raoul Wallenberg Foundation 256
 rationality 319, 202–5, 271
 rational expectations hypothesis 239
 regression 282–3, 328–9
 representativeness 310–11
 revealed preferences 35
 risk 54, 122, 180, 189–90, 250, 258, 304, 311, 324

 sampling *see* selection bias
 satisficing 99
 saving 147–8
 screening 304
 second best, theory of 94
 selection bias 282–3
 separating equilibrium 304
 separation theorem 122

SUBJECT INDEX

- shadow prices 75, 78
- sharecropping 302
- shirking model 305
- signalling 298–9
- simultaneous equation models 79
- slavery 211
- social choice theory 52
- Solow residual 159–60, 336
- stabilisation policy 85, 123, 147
- stagflation 333
- Stockholm School 65, 91
- Stolper–Samuelson theorem 35
- substitution effect *see* price changes
- supply-side economics 336

- tax policy 251
- technological change 42, 159–60, 210–11, 336, 339–40
- Texas instruments 263
- terms of trade 110

- time consistency and inconsistency 333–5
- Tinbergen’s rule 31
- Tobin tax 124
- Tobin’s q 122
- transaction costs 193–5
- transport economics 78
- turnpike theorem 37

- unemployment 65, 70–71, 110, 130, 160–61, 295, 301, 334
 - natural rate of *see* natural rate of unemployment
- utility 153, 269–70, 312, 314

- Vickrey auction 250

- Washington consensus 305
- Wharton model 116
- World Bank 303, 305–6