American Economic Review: Vol. 103 No. 3 (May 2013)

Front Matter (pp. i-viii)

President's Foreword (pp. xi-xii)
Claudia Goldin

Editor's Introduction (pp. xiii-xiv)
William R. Johnson and Samantha Bennett

Papers

Richard T. Ely Lecture

A Nation of Gamblers: Real Estate Speculation and American History (pp. 1-42)
Edward L. Glaeser
(9.38 KB)

Reflections on the 100th Anniversary of The Federal Reserve

Glass-Steagall: A Requiem (pp. 43-47)
Robert E. Lucas
(3.46 KB)

Shifting Mandates: The Federal Reserve's First Centennial (pp. 48-54)
Carmen M. Reinhart and Kenneth S. Rogoff
(30.63 KB)

The Most Dangerous Idea in Federal Reserve History: Monetary Policy Doesn't Matter (pp. 55-60)
Christina D. Romer and David H. Romer
(9.81 KB) | Online Appendix (47.43 KB)

The Fiftieth Anniversary of Friedman and Schwartz’s A Monetary History of the United States

Not Just the Great Contraction: Friedman and Schwartz’s A Monetary History of the United States 1867 to 1960 (pp. 61-65)
Michael D. Bordo and Hugh Rockoff  
(52.57 KB) (98.08 KB)

The Missing Transmission Mechanism in the Monetary Explanation of the Great Depression (pp. 66-72)  
Christina D. Romer and David H. Romer  
(9.86 KB)

Shadowy Banks and Financial Contagion during the Great Depression: A Retrospective on Friedman and Schwartz (pp. 73-78)  
Kris James Mitchener and Gary Richardson  
(35.96 KB) (467.04 KB)

Culture, Institutions, and Historical Persistence

Married to Intolerance: Attitudes toward Intermarriage in Germany, 1900-2006 (pp. 79-85)  
Nico Voigtländer and Hans-Joachim Voth  
(763.36 KB)

The Transmission of Democracy: From the Village to the Nation-State (pp. 86-92)  
Paola Giuliano and Nathan Nunn  
(21.44 KB)

The Persistence of Inferior Cultural-Institutional Conventions (pp. 93-98)  
Marianna Belloc and Samuel Bowles  
(163.44 KB) Online Appendix (879.00 KB)

Work and Search in Recessions: Theory, History, and Measurement

Cyclical Variation in Labor Hours and Productivity Using the ATUS (pp. 99-104)  
Michael C. Burda, Daniel S. Hamermesh and Jay Stewart  
(134.10 KB)

Comparisons of Weekly Hours over the Past Century and the Importance of Work-Sharing Policies in the 1930s (pp. 105-10)  
Todd C. Neumann, Jason E. Taylor and Price Fishback  
(62.08 KB) (44.92 KB)

The Life-Cycle Profile of Time Spent on Job Search (pp. 111-16)  
Mark Aguiar, Erik Hurst and Loukas Karabarbounis  
(13.97 KB)

Effects of Fiscal Policy in Deep Recessions: Simple and Hopefully Credible Empirical Evidence
**Growth Forecast Errors and Fiscal Multipliers** (pp. 117-20)
*Olivier J. Blanchard and Daniel Leigh*

**Using State Pension Shocks to Estimate Fiscal Multipliers since the Great Recession** (pp. 121-24)
*Daniel Shoag*

*James Feyrer and Bruce Sacerdote*

**Are Government Spending Multipliers Greater during Periods of Slack? Evidence from Twentieth-Century Historical Data** (pp. 129-34)
*Michael T. Owyang, Valerie A. Ramey and Sarah Zubairy*

**Global Macro Policy and the Great Recession**

**The Mystique Surrounding the Central Bank's Balance Sheet, Applied to the European Crisis** (pp. 135-40)
*Ricardo Reis*

**Output Spillovers from Fiscal Policy** (pp. 141-46)
*Alan J. Auerbach and Yuriy Gorodnichenko*

**Forecasting the Recovery from the Great Recession: Is This Time Different?** (pp. 147-52)
*Kathryn M. E. Dominguez and Matthew D. Shapiro*

**Extreme Wage Inequality: Evidence and Policy Responses**

**Extreme Wage Inequality: Pay at the Very Top** (pp. 153-57)
*Brian D. Bell and John Van Reenen*

**Family, Education, and Sources of Wealth among the Richest Americans, 1982-2012** (pp. 158-62)
*Steven N. Kaplan and Joshua D. Rauh*

**Bailouts and the Optimal Taxation of Bonus Pay** (pp. 163-67)
*Timothy Besley and Maitreesh Ghatak*
Perspectives on Inequality and Mobility in the US

Income Inequality, Mobility, and Turnover at the Top in the US, 1987-2010 (pp. 168-72)
Gerald Auten, Geoffrey Gee and Nicholas Turner

Deconstructing Income and Income Inequality Measures: A Crosswalk from Market Income to Comprehensive Income (pp. 173-77)
Philip Armour, Richard V. Burkhauser and Jeff Larrimore

Consumption and Income Inequality and the Great Recession (pp. 178-83)
Bruce D. Meyer and James X. Sullivan

Measuring the Trends in Inequality of Individuals and Families: Income and Consumption (pp. 184-88)
Jonathan D. Fisher, David S. Johnson and Timothy M. Smeeding

High Skill Immigration in the US

The Scale and Selectivity of Foreign-Born PhD Recipients in the US (pp. 189-92)
Jeffrey Grogger and Gordon Hanson

Immigration and Employer Transitions for STEM Workers (pp. 193-97)
Sari Pekkala Kerr and William R. Kerr

Why Do Programmers Earn More in Houston Than Hyderabad? Evidence from Randomized Processing of US Visas (pp. 198-202)
Michael A. Clemens

Pathways to Adjustment: The Case of Information Technology Workers (pp. 203-07)
John Bound, Breno Braga, Joseph M. Golden and Sarah Turner

International Trade and Labor Markets

A Trapped-Factors Model of Innovation (pp. 208-13)
Nicholas Bloom, Paul M. Romer, Stephen J. Terry and John Van Reenen

Sources of Wage Inequality (pp. 214-19)
Anders Akerman, Elhanan Helpman, Oleg Itskhoki, Marc-Andreas Muendler and Stephen Redding
The Geography of Trade and Technology Shocks in the United States (pp. 220-25)
David H. Autor, David Dorn and Gordon H. Hanson
| | (232.97 KB)

--------------------------------------------------------------------------------------------------

Neighborhood Effects and Place Based Policies

Long-Term Neighborhood Effects on Low-Income Families: Evidence from Moving to Opportunity (pp. 226-31)
Jens Ludwig, Greg J. Duncan, Lisa A. Gennetian, Lawrence F. Katz, Ronald C. Kessler, Jeffrey R. Kling and Lisa Sanbonmatsu
| | (2.50 MB) | (11.25 KB) | Online Appendix (1.05 MB)

Achieving Escape Velocity: Neighborhood and School Interventions to Reduce Persistent Inequality (pp. 232-37)
Roland G. Fryer and Lawrence F. Katz
| | (28.01 KB) | Online Appendix (120.21 KB)

Place Based Policies with Unemployment (pp. 238-43)
Patrick Kline and Enrico Moretti
| | (82.38 KB) | (19.99 KB)

--------------------------------------------------------------------------------------------------

Work on Women’s Work is Never Done

Career, Family, and the Well-Being of College-Educated Women (pp. 244-50)
Marianne Bertrand
| | (23.45 KB) | Online Appendix (81.48 KB) | (44.82 MB)

Female Labor Supply: Why Is the United States Falling Behind? (pp. 251-56)
Francine D. Blau and Lawrence M. Kahn
| | (81.99 KB) | (6.68 MB)

Shocking Labor Supply: A Reassessment of the Role of World War II on Women’s Labor Supply (pp. 257-62)
Claudia Goldin and Claudia Olivetti
| | (174.53 KB) | (121.02 KB)

--------------------------------------------------------------------------------------------------

The Economics of Gender

Is Ignorance Bliss? The Effect of Asymmetric Information between Spouses on Intra-household Allocations (pp. 263-68)
Carolina Castilla and Thomas Walker
| | (140.37 KB)

Trade Liberalization and Gender Inequality (pp. 269-73)
Chinhui Juhn, Gergely Ujhelyi and Carolina Villegas-Sanchez
| | (49.97 KB)
Sexual Violence against Women and Labor Market Outcomes (pp. 274-78)
Joseph J. Sabia, Angela K. Dills and Jeffrey DeSimone
(105.11 KB)

The Effects of School Calendar Type on Maternal Employment across Racial Groups: A Story of Child Care Availability (pp. 279-83)
Jennifer Graves
(14.77 KB) | (109.42 KB)

---

Gender and Development

The Impact of Crime and Insecurity on Trust in Democracy and Institutions (pp. 284-88)
Luisa Blanco and Isabel Ruiz
(782.00 KB) | Download Additional Materials (138.17 KB)

Earnings Inequality and the Intersectionality of Gender and Ethnicity in Sub-Saharan Africa: The Case of Tanzanian Manufacturing (pp. 289-92)
Juliet U. Elu and Linda Loubert
(10.10 KB)

Access to Credit by Firms in Sub-Saharan Africa: How Relevant Is Gender? (pp. 293-97)
Elizabeth Asiedu, Isaac Kalonda-Kanyama, Leonce Ndikumana and Akwasi Nti-Addae
(144.51 KB) | Online Appendix (117.98 KB) | (509.50 KB)

Fidelity Networks and Long-Run Trends in HIV/AIDS Gender Gaps (pp. 298-302)
Roland Pongou and Roberto Serrano
(61.23 KB)

---

Environmental Policy in Developing Countries

The Informational Role of Voluntary Certification: Evidence from the Mexican Clean Industry Program (pp. 303-08)
Andrew D. Foster and Emilio Gutierrez
(114.76 KB) | (45.77 KB)

Liquidity Constraints and Deforestation: The Limitations of Payments for Ecosystem Services (pp. 309-13)
Seema Jayachandran
(47.27 KB)

What Does Reputation Buy? Differentiation in a Market for Third-Party Auditors (pp. 314-19)
Esther Duflo, Michael Greenstone, Rohini Pande and Nicholas Ryan
(230.58 KB) | (339.42 KB)

---

Impacts of Unilateral Climate Change Policy
A Numerical Investigation of the Potential for Negative Emissions Leakage (pp. 320-25)
Niven Winchester and Sebastian Rausch
| | (329.81 KB) | Online Appendix (598.40 KB) | (48.51 KB)

Linking Numerical and Analytical Models of Carbon Leakage (pp. 326-31)
Jared C. Carbone
| | (10.97 KB) | Online Appendix (91.55 KB)

Leakage, Welfare, and Cost-Effectiveness of Carbon Policy (pp. 332-37)
Kathy Baylis, Don Fullerton and Daniel H. Karney
| | (13.56 KB) | Online Appendix (91.55 KB)


Natural Gas: From Shortages to Abundance in the United States (pp. 338-43)
Paul L. Joskow
| | (5.21 KB) | Online Appendix (1.17 MB)

Transportation Fuels Policy since the OPEC Embargo: Paved with Good Intentions (pp. 344-49)
Christopher R. Knittel
| | (53.82 KB)

Efficient Retail Pricing in Electricity and Natural Gas Markets (pp. 350-55)
Steven L. Puller and Jeremy West
| | (44.09 KB)

Money Management by Households and Firms in Kenya

Transaction Networks: Evidence from Mobile Money in Kenya (pp. 356-61)
William Jack, Adam Ray and Tavneet Suri
| | (159.38 KB)

Behavioral Biases and Firm Behavior: Evidence from Kenyan Retail Shops (pp. 362-68)
Michael Kremer, Jean Lee, Jonathan Robinson and Olga Rostapshova
| | (294.40 KB)

The Home Economics of E-Money: Velocity, Cash Management, and Discount Rates of M-Pesa Users (pp. 369-74)
Isaac Mbiti and David N. Weil
| | (48.21 KB)

Financial Markets and Economic Development

Informal Risk Sharing, Index Insurance, and Risk Taking in Developing Countries (pp. 375-80)
### Speculation, Insurance, and Financial Regulation

**Benefit-Cost Analysis for Financial Regulation** (pp. 393-97)  
*Eric Posner and E. Glen Weyl*  
| | (42.72 KB)

**Financial Innovation and Portfolio Risks** (pp. 398-401)  
*Alp Simsek*  
| | (50.94 KB)

**Reflections on Finance and the Good Society** (pp. 402-05)  
*Robert J. Shiller*  
| | (71.96 KB)

**Can Financial Engineering Cure Cancer?** (pp. 406-11)  
*David E. Fagnan, Jose Maria Fernandez, Andrew W. Lo and Roger M. Stein*  
| | (12.68 KB)

---

### Topics in Human Capital: Education, Job Training, and Health

**Health Care Usage and Health Status of Immigrant Children: The Effects of Nativity versus Citizenship** (pp. 412-17)  
*Mónica García-Pérez*  
| | (12.05 KB) | Online Appendix (169.02 KB) | (127.26 KB)

**The Effects of Job Corps Training on Wages of Adolescents and Young Adults** (pp. 418-22)  
*German Blanco, Carlos A. Flores and Alfonso Flores-Lagunes*  
| | (100.82 KB) | Online Appendix (106.07 KB)

**The Poverty Gap in School Spending Following the Introduction of Title I** (pp. 423-27)  
*Elizabeth U. Cascio and Sarah Reber*  
| | (158.53 KB) | (32.96 KB)
Achieving the DREAM: The Effect of IRCA on Immigrant Youth Postsecondary Educational Access (pp. 428-32)
Kalena E. Cortes

HIV and Behavior Change

HIV Risk and Adolescent Behaviors in Africa (pp. 433-38)
Anne Case and Christina Paxson

Learning from Others' HIV Testing: Updating Beliefs and Responding to Risk (pp. 439-44)
Susan Godlonton and Rebecca L. Thornton

Do Sex Workers Respond to Disease? Evidence from the Male Market for Sex (pp. 445-50)
Manisha Shah

The Economics of Health

Inheritances, Intergenerational Transfers, and the Accumulation of Health (pp. 451-55)
Katherine Grace Carman

Adult Antiretroviral Therapy and Child Health: Evidence from Scale-Up in Zambia (pp. 456-61)
Adrienne M. Lucas and Nicholas L. Wilson

SSI for Disabled Immigrants: Why Do Ethnic Networks Matter? (pp. 462-66)
Delia Furtado and Nikolaos Theodoropoulos

Boys' Cognitive Skill Formation and Physical Growth: Long-Term Experimental Evidence on Critical Ages for Early Childhood Interventions (pp. 467-71)
Tania Barham, Karen Macours and John A. Maluccio

Estate and Gift Taxation

Incentive Effects of Inheritances and Optimal Estate Taxation (pp. 472-77)
Wojciech Kopczuk

The Estate Tax and Inter Vivos Transfers over Time (pp. 478-83)
Kathleen McGarry
Income and Substitution Effects of Estate Taxation (pp. 484-88)
James R. Hines

Optimal Taxation and Social Insurance

Estate Taxation with Altruism Heterogeneity (pp. 489-95)
Emmanuel Farhi and Iván Werning

Optimal Progressive Labor Income Taxation and Education Subsidies When Education Decisions and Intergenerational Transfers Are Endogenous (pp. 496-501)
Dirk Krueger and Alexander Ludwig

Optimal Pension Systems with Simple Instruments (pp. 502-07)
Mikhail Golosov, Ali Shourideh, Maxim Troshkin and Aleh Tsyvinski

Economics of National Security

Some Basic Economics of National Security (pp. 508-11)
Kevin M. Murphy and Robert H. Topel

Modest, Secure, and Informed: Successful Development in Conflict Zones (pp. 512-17)
Eli Berman, Joseph H. Felter, Jacob N. Shapiro and Erin Troland

Insurgent Compensation: Evidence from Iraq (pp. 518-22)
Benjamin W. Bahney, Radha K. Iyengar, Patrick B. Johnston, Danielle F. Jung, Jacob N. Shapiro and Howard J. Shatz

An Analysis of Economic Warfare (pp. 523-27)
Jeffrey Clemens

New Challenges for Growth in Historical Perspective

Genetic Diversity and the Origins of Cultural Fragmentation (pp. 528-33)
Quamrul Ashraf and Oded Galor

Social Organizations, Violence, and Modern Growth (pp. 534-38)
Avner Greif and Murat Iyigun
Not the Opium of the People: Income and Secularization in a Panel of Prussian Counties (pp. 539-44)
Sascha O. Becker and Ludger Woessmann
| | (218.09 KB) | Online Appendix (394.88 KB) | (82.58 KB)

From Stagnation to Sustained Growth: The Role of Female Empowerment (pp. 545-49)
Claude Diebolt and Faustine Perrin
| | (32.69 KB)

Lessons from Nonparametric Methods in Historical Perspective

Nonparametric Instrumental Variables Estimation (pp. 550-56)
Whitney K. Newey
| | (18.72 KB)

What Do Instrumental Variable Models Deliver with Discrete Dependent Variables? (pp. 557-62)
Andrew Chesher and Adam M. Rosen
| | (94.68 KB) | Online Appendix (751.60 KB)

Control Functions and Simultaneous Equations Methods (pp. 563-69)
Richard Blundell, Dennis Kristensen and Rosa L. Matzkin
| | (84.61 KB)

Structural Behavioral Economics

What Goes Up Must Come Down? Experimental Evidence on Intuitive Forecasting (pp. 570-74)
John Beshears, James J. Choi, Andreas Fuster, David Laibson and Brigitte C. Madrian
| | (39.49 KB) | (31.66 MB)

Estimating the Effect of Salience in Wholesale and Retail Car Markets (pp. 575-79)
Meghan R. Busse, Nicola Lacetera, Devin G. Pope, Jorge Silva-Risso and Justin R. Sydnor
| | (462.17 KB)

Distinguishing Probability Weighting from Risk Misperceptions in Field Data (pp. 580-85)
Levon Barseghyan, Francesca Molinari, Ted O'Donoghue and Joshua C. Teitelbaum
| | (443.12 KB) | (138.84 KB)

The Importance of Being Marginal: Gender Differences in Generosity (pp. 586-90)
Stefano DellaVigna, John A. List, Ulrike Malmendier and Gautam Rao
| | (14.88 KB) | Online Appendix (271.24 KB)

Economic Analysis of Subjective Well-being
Two Happiness Puzzles (pp. 591-97)
Angus Deaton and Arthur A. Stone
         |         | (9.17 KB)

Subjective Well-Being and Income: Is There Any Evidence of Satiation? (pp. 598-604)
Betsey Stevenson and Justin Wolfers
         |         | (12.91 KB) | (163.59 MB) | Download Additional Materials (198.08 KB)

Aggregating Local Preferences to Guide Marginal Policy Adjustments (pp. 605-10)
Daniel J. Benjamin, Ori Heffetz, Miles S. Kimball and Nichole Szembrot
         |         | (298.79 KB)

Advances in Behavioral Economics

The Psychology of Tail Events: Progress and Challenges (pp. 611-16)
Nicholas Barberis
         |         | (3.38 KB)

An Approach to Incorporating Psychology into Economics (pp. 617-22)
Matthew Rabin
         |         | (27.98 KB)

Salience and Asset Prices (pp. 623-28)
Pedro Bordalo, Nicola Gennaioli and Andrei Shleifer
         |         | (221.34 KB)

What Do Economists Think about Major Public Policy Issues?

Views among Economists: Professional Consensus or Point-Counterpoint? (pp. 629-35)
Roger Gordon and Gordon B. Dahl
         |         | (45.19 KB)

Economic Experts versus Average Americans (pp. 636-42)
Paola Sapienza and Luigi Zingales
         |         | (28.27 KB) | Online Appendix (251.44 KB)

Topics in Economic Education

Course Requirements for Bachelor's Degrees in Economics (pp. 643-47)
William Bosshardt, Michael Watts and William E. Becker
         |         | (8.34 KB) | (340.70 KB)

One Essay on Dissertation Formats in Economics (pp. 648-53)
Wendy A. Stock and John J. Siegfried
         |         | (27.06 KB)
How Economists Allocate Time to Teaching and Research (pp. 654-58)
Sam Allgood and William B. Walstad

Economic Understanding in US High School Courses (pp. 659-63)
William B. Walstad

Proceedings

Minutes of the Annual Business Meeting: San Diego, CA, January 5, 2013 (pp. 667-68)
Peter L. Rousseau

Reports

Report of the Secretary (pp. 669-72)
Peter L. Rousseau

Report of the Treasurer (pp. 673-77)
Peter L. Rousseau

American Economic Association Universal Academic Questionnaire Summary Statistics
(char. E. Scott and John J. Siegfried

List of Online Reports (page 683)
Peter L. Rousseau

Minutes of the Meeting of the Executive Committee: Chicago, IL, April 27, 2012 (pp. 685-91)
John J. Siegfried

Minutes of the Meeting of the Executive Committee: San Diego, CA, January 3, 2013 (pp. 692-700)
Peter L. Rousseau

Report of the Editor: American Economic Review (pp. 701-12)
Pinelopi Koutjianou Goldberg
Report of the Editor: *Journal of Economic Literature* (pp. 713-15)
Janet Currie

Report of the Editor: *Journal of Economic Perspectives* (pp. 716-18)
David Autor

Esther Duflo

Alan J. Auerbach

John Leahy

Report of the Editor: *American Economic Journal: Microeconomics* (pp. 732-34)
Andrew Postlewaite

Report of the Director: *Job Openings for Economists* (pp. 735-37)
John J. Siegfried

Report: Committee on Economic Education (pp. 738-43)
Sam Allgood

Report: Committee on the Status of Women in the Economics Profession (pp. 744-55)
Marjorie B. McElroy

Report: Committee on the Status of Minority Groups in the Economics Profession (pp. 756-66)
Cecilia Rouse

Report: American Economic Association Committee on Statistics (pp. 767-68)
Robert Feenstra

Report: Committee on Government Relations (pp. 769-71)
Robert Moffitt

Report: Ad Hoc Committee on Criterion for the John Bates Clark Medal (pp. 772-73)
Jonathan Gruber, Chris Paxson, Valerie Ramey and Michael Woodford
David Cutler, Amy Finkelstein, Adriana Lleras-Muney, James Poterba, David Romer and Robert Shimer

Report: Ad Hoc Search Committee for the Editor of the Journal of Economic Literature (page 775)
Anil Kashyap