

Edward C. Prescott

Addresses

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Education

- 1967 *Carnegie-Mellon University*, Ph.D., Economics
1963 *Case-Western Reserve University*, M.S., Operations Research
1962 *Swarthmore College*, B.A., Mathematics

Work Experience

- 2005– Shinsei Bank Visiting Professor of Political Economy, Stern School of Business,
New York University
- 2004 winter Maxwell Pellish Distinguished Visiting Professor of Economics, *University
of California, Santa Barbara*
- 2003–present Senior Monetary Advisor, Research Department, *Federal Reserve Bank
of Minneapolis*
- 2003–present W. P. Carey Chair, Department of Economics, *Arizona State University*
- 1999–2003 Professor, Department of Economics, *University of Minnesota*
- 1998–99 Professor of Economics, *University of Chicago*
- 1997 spring Visiting Professor, *University of Chicago*
- 1980–98 Professor, Department of Economics, *University of Minnesota*
- 1980–2003 Senior Advisor, Research Department, *Federal Reserve Bank of Minneapolis*
- 1980–82 Visiting Professor of Finance, Kellogg Graduate School of Management,
Northwestern University
- 1979–80 Visiting Professor of Economics, *Northwestern University*
- 1978–79 Ford Visiting Research Professor, *University of Chicago*
- 1975–80 Professor of Economics, Graduate School of Industrial Administration,
Carnegie-Mellon University
- 1974–75 Visiting Professor of Economics, *Norwegian School of Business and Economics*

- 1972–75 Associate Professor of Economics, Graduate School of Industrial Administration, *Carnegie-Mellon University*
- 1971–72 Assistant Professor of Economics, Graduate School of Industrial Administration, *Carnegie-Mellon University*
- 1967–71 Assistant Professor, Economics Department, *University of Pennsylvania*
- 1966–67 Lecturer, Economics Department, *University of Pennsylvania*

Professional Affiliations

- 2006 Member, Advisory Committee, *Barcelona Graduate School of Economics*
- 1988–present Research Associate, *National Bureau of Economic Research*
- 1992–95 President, *Society of Economic Dynamics and Control*
- 1992–94 President, *Society for the Advancement of Economic Theory*
- 1991 Co-editor, *Economic Theory*
- 1990–92 Associate Editor, *Journal of Economic Theory*
- 1980–90 Associate Editor, *International Economic Review*
- 1977–84 Leader NBER/NSF Workshop in Industrial Organization
- 1976–82 Associate Editor, *Journal of Econometrics*

Books

Barriers to Riches, with S. L. Parente, MIT Press, 2000.

Italian Translation, Translator Raffaella Rojatti, *Barriere Alla Ricchezza Delli*, Milano, Università Bacconi Editore, 2001.

French Translation, Translator Xuan Thuc Rocheteau, *Les Richesses Défendues*, Editions Payout Lausanne, 2002.

Recursive Methods in Economic Dynamics, N. L. Stokey and R. E. Lucas, Jr., with E. C. Prescott, Harvard University Press, 1989.

Journal Articles

“Nobel Lecture: The Transformation of Macroeconomic Policy and Research,” *Journal of Political Economy* 114, 203–35, 2006.

“On the Equilibrium Concept for Overlapping Generations Organizations,” with J.-V. Ríos-Rull, *International Economic Review* 46(4), 1065–80, November 2005.

“Taxes, Regulations, and the Value of U.S. and U.K. Corporations,” with E. R. McGrattan, *Review of Economic Studies* 72, 767–96, 2005.

Comment on “Inflation, Output, and Welfare” (by Ricardo Lagos and Guillaume Rocheteau), *International Economic Review* 46, 523–31, May 2005.

- “Capacity Constraints, Asymmetries, and the Business Cycle,” with G. D. Hansen, *Review of Economic Dynamics* 8, 850–65, October 2005.
- “The 1929 Stock Market: Irving Fisher Was Right,” with E. R. McGrattan, *International Economic Review* 45, 991–1009, November 2004.
- “Why Do Americans Work So Much More Than Europeans?” *Federal Reserve Bank of Minneapolis Quarterly Review* 28, 2–13, July 2004.
- “Average Debt and Equity Returns: Puzzling?” with E. R. McGrattan, *American Economic Review* 93, 392–97, May 2003.
- “Introduction to Sunspots and Lotteries,” with K. Shell, *Journal of Economic Theory* 107, 1–10, November 2002.
- “Lotteries, Sunspots, and Incentive Constraints,” with T. J. Kehoe and D. K. Levine, *Journal of Economic Theory* 107, 39–69, November 2002.
- “Malthus to Solow,” with G. D. Hansen, *American Economic Review* 92, 1205–17, September 2002.
- “Prosperity and Depressions,” *American Economic Review* 92, 1–15, May 2002.
- “Great Depressions of the 20th Century,” co-edited with T. J. Kehoe, *Review of Economic Dynamics* 5, January 2002.
- “Introduction: Great Depressions of the 20th Century,” with T. J. Kehoe, *Review of Economic Dynamics* 5, 1–18, January 2002.
- “The 1990s in Japan: A Lost Decade,” with F. Hayashi, *Review of Economic Dynamics* 5, 206–35, January 2002.
- “Is the Stock Market Overvalued?” with E. R. McGrattan, *Federal Reserve Bank of Minneapolis Quarterly Review*, 20–40, Fall 2000.
- “Some Observations on the Great Depression,” *Federal Reserve Bank of Minneapolis Quarterly Review* 23, 25–31, Winter 1999.
- “Monopoly Rights: A Barrier to Riches,” with S. L. Parente, *American Economic Review* 89, 1216–33, December 1999.
- “Needed: A Theory of Total Factor Productivity,” *International Economic Review* 39, 525–52, August 1998.
- “Post-War U.S. Business Cycles: A Descriptive Empirical Investigation,” with R. Hodrick, *Journal of Money, Credit, and Banking* 29, 1–16, February 1997. (Discussion Paper 451, Northwestern University, 1980.)
- “Real Returns on Government Debt: A General Equilibrium Quantitative Exploration,” with J. Diaz-Gimenez, *European Economic Review* 41, 115–37, 1997.
- “Valuation Equilibrium With Clubs,” with H. Cole, *Journal of Economic Theory* 74, 19–39, May 1997.
- “The Computational Experiment: An Econometric Tool,” with F. E. Kydland, *Journal of Economic Perspectives* 10, 68–86, Winter 1996.
- Applied General Equilibrium Symposium*, co-editor with T. J. Kehoe, *Journal of Economic Theory* 6 (1), 1995.

- Comment on “Computable General Equilibrium Models and Monetary Policy Advice,” (by D. E. Altig, C. T. Carlstrom, and K. J. Lansing), *Journal of Money, Credit, and Banking* 27, Part 2, 1502–05, November 1995.
- “The Discipline of Applied General Equilibrium,” with T. J. Kehoe, *Economic Theory* 6, 1–12, June 1995.
- “An Equilibrium Analysis With Idle Resources and Varying Capacity Utilization Rates,” with T. F. Cooley and G. D. Hansen, *Economic Theory* 6, 35–50, June 1995.
- “Stationary Solution to Overlapping Generations Model of Fiat Money: Experimental Evidence,” with S. S. Lim and S. Sunder, *Empirical Economics* 19, 255–77, 1994.
- “Barriers to Technology Adoption and Development,” with S. L. Parente, *Journal of Political Economy* 102, 298–321, April 1994.
- “Did Technology Shocks Cause the 1990–1991 Recession?” with G. D. Hansen, *American Economic Review* 83, 280–86, May 1993.
- “Changes in the Wealth of Nations,” with S. L. Parente, *Federal Reserve Bank of Minneapolis Quarterly Review*, 3–16, Spring 1993.
- “Stochastic Monotonicity and Stationary Distributions for Dynamic Economies,” with H. Hopenhayn, *Econometrica* 60, 1387–1406, November 1992.
- “Banking in Computable General Equilibrium Economics,” with J. Díaz-Giménez, T. Fitzgerald, and F. Alvarez, *Journal of Economic Dynamics and Control* 16, 533–60, July/October 1992.
- “Classical Competitive Analysis of Economies With Islands,” with J.-V. Rios-Rull, *Journal of Economic Theory* 57, 73–98, June 1992.
- “Insurance Contracts as Commodities: A Note,” with A. Hornstein, *Review of Economic Studies* 58, 917–28, 1991.
- “Real Business Cycle Theory: What Have We Learned?” *Revista de Análisis Económico* 6, 3–19, November 1991.
- “Evaluating the Welfare Effects of Alternative Monetary Arrangements,” with A. Imrohoroglu, *Federal Reserve Bank of Minneapolis Quarterly Review* 15, 3–10, Summer 1991. Revised version of “Seigniorage as a Tax: A Quantitative Evaluation,” with A. Imrohoroglu, *Journal of Money, Credit, and Banking* 23, 462–75, August 1991.
- “The Econometrics of the Applied General Equilibrium Approach to Business Cycles,” with F. E. Kydland, *Scandinavian Journal of Economics* 93 (2), 161–78, 1991.
- “Recursive Methods for Computing Equilibrium of Business Cycle Models,” with G. D. Hansen, *Cuadernos Economicos de Ice* 47 (1), 85–112, 1991.
- “Hours and Employment Variations in Business Cycle Theory,” with F. E. Kydland, *Economic Theory* 1, 63–82, January 1991.
- “Business Cycles: Real Facts and a Monetary Myth,” with F. E. Kydland, *Federal Reserve Bank of Minneapolis Quarterly Review* 14, 3–18, Spring 1990.
- “The Equity Premium Puzzle: A Solution?” with R. Mehra, *Journal of Monetary Economics* 22, 133–36, 1988.
- “Organizations in Economics,” with B. Smith and J. H. Boyd, *Canadian Journal of Economics* 21, 477–91, 1988.

- “Robert M. Solow’s Neoclassical Growth Model: An Influential Contribution to Economics,” *Scandinavian Journal of Economics* 90, 7–12, 1988.
- “The Work Week of Capital and Its Cyclical Implications,” with F. E. Kydland, *Journal of Monetary Economics* 21, 343–60, 1988.
- “Dynamic Coalitions, Growth, and the Firm,” with J. H. Boyd, *American Economic Review*, 63–67, May 1987.
- “Response to a Skeptic,” *Federal Reserve Bank of Minneapolis Quarterly Review* 10, 28–33, Fall 1986.
- “Financial Intermediary-Coalitions,” with J. H. Boyd, *Journal of Economic Theory* 38, 211–32, April 1986.
- “The Equity Premium: A Puzzle,” with R. Mehra, *Journal of Monetary Economics* 15, 145–61, March 1985.
- “General Competitive Analysis in an Economy with Private Information,” with R. Townsend, *International Economic Review* 25, 1–20, February 1984.
- “Pareto Optima and Competitive Equilibria with Adverse Selection and Moral Hazard,” with R. Townsend, *Econometrica* 52, 21–45, January 1984.
- “Time to Build and Aggregate Fluctuations,” with F. E. Kydland, *Econometrica* 50, 1345–70, November 1982.
- “Recursive Competitive Equilibrium: The Case of Homogenous Households,” with R. Mehra, *Econometrica* 48, 1365–80, September 1980.
- “Organization Capital,” with M. Visscher, *Journal of Political Economy* 88, 446–61, June 1980.
- “Dynamic Optimal Taxation, Rational Expectations, and Optimal Control,” with F. E. Kydland, *Journal of Economic Dynamics and Control* 2, 79–91, February 1980.
- “Sequential Location Among Firms With Foresight,” with M. Visscher, *Bell Journal of Economics* 8, 378–93, Autumn 1977.
- “Rules Rather Than Discretion: The Inconsistency of Optimal Plans,” with F. E. Kydland, *Journal of Political Economy* 85, 473–91, June 1977.
- “Estimation in the Presence of Stochastic Parameter Variation,” with T. F. Cooley, *Econometrica* 44, 167–84, January 1976.
- “Efficiency of the Natural Rate,” *Journal of Political Economy* 83, 1229–36, December 1975.
- “Equilibrium Search and Unemployment,” with R. E. Lucas, Jr., *Journal of Economic Theory* 7, 188–209, February 1974.
- “Market Structure and Monopoly Profits: A Dynamic Theory,” *Journal of Economic Theory* 6, 546–57, December 1973.
- “Varying Parameter Regressions: A Theory and Some Applications,” with T. F. Cooley, *Annals of Economic and Social Measurement* 2, 463–73, October 1973.
- “An Adaptive Regression Model,” with T. F. Cooley, *International Economic Review* 14, 364–71, June 1973.
- “Tests of an Adaptive Regression Model,” with T. F. Cooley, *Review of Economics and Statistics* 55, 248–56, April 1973.

- “The Multi-Period Control Problem Under Uncertainty,” *Econometrica* 40, 1043–58, November 1972.
- “A Note on Price Systems in Infinite Dimensional Space,” with R. E. Lucas, Jr., *International Economic Review* 13, 416–22, June 1972.
- “Adaptive Decision Rules for Macroeconomic Planning,” *Western Economic Journal* 9, 369–78, December 1971.
- “Investment Under Uncertainty,” with R. E. Lucas, Jr., *Econometrica* 39, 659–81, September 1971.
- “Multiple Regression With Inequality Constraints: Pretesting Bias, Hypothesis Testing and Efficiency,” with M. Lovell, *Journal of the American Statistical Association* 65, 913–25, June 1970.
- “Money, Multiplier-Accelerator Interaction, and the Business Cycle,” with M. Lovell, *Southern Economic Journal* 35, 60–72, July 1968.
- “Collusion in Oligopoly: An Experiment on the Effect of Numbers and Information,” with T. Dolbear, *et al.*, *Quarterly Journal of Economics* 82, 240–59, May 1968.

Other Publications

- Comment on “Do Taxes Explain European Employment?” (by L. Ljungqvist and T. J. Sargent), in D. Acemoglu, K. Rogoff, and M. Woodford, eds., *NBER Macroeconomics Annual 2006*, MIT Press, forthcoming.
- Comment on “Inflation, Output, and Welfare” (by R. Lagos and G. Rocheteau), *International Economic Review* 46, 523–31, May 2005.
- “The Elasticity of Labor Supply and the Consequences for Tax Policy,” Chapter 8 in A. J. Auerbach and K. A. Hassett, eds., *Toward Fundamental Tax Reform*, Washington, D.C., AEI Press, 2005.
- “Productivity and the Post-1990 U.S. Economy,” with E. R. McGrattan, *Federal Reserve Bank of St. Louis Review* 87(4), 537–50, July/August 2005.
- Comment on “Measuring Capital and Technology: An Expanded Framework” (by C. Corrado, C. Hulten, and D. Sichel), in C. Corrado, J. Haltiwanger, and D. Sichel, eds., *Measuring Capital in the New Economy*, University of Chicago Press, 41–45, 2005.
- “Non-Convexities in Quantitative Equilibrium Studies of Business Cycles,” in T. J. Kehoe, T. N. Srinivasan, and J. Whalley, eds., *Frontiers of General Equilibrium Modeling: Essays in Honor of Herbert Scarf*, Cambridge University Press, 95–118, 2005.
- “A Unified Theory of the Evolution of International Income Levels,” with S. L. Parente, in P. Aghion and S. Durlauf, eds., *Handbook of Economic Growth*, Vol. 1B, North-Holland, Amsterdam, 1371–1416, 2005.
- “What a Country Must Do to Catch Up to the Industrial Leaders,” with S. L. Parente, in L. Balcerowicz and S. Fischer, eds., *Living Standards and the Wealth of Nations*, MIT Press, 17–40, 2006.
- “The Equity Premium in Retrospect,” with R. Mehra, in G. M. Constantinides, M. Harris, and R. Stulz, eds., *Handbook of the Economics of Finance*, Vol. 1B, *Financial Markets and Asset Pricing*, North-Holland, Amsterdam, 2003.

- “Testing for Stock Market Overvaluation/Undervaluation,” with E. R. McGrattan, Chapter 18 in W. C. Hunter, G. G. Kaufman, and M. Pomerleano, eds., *Asset Price Bubbles*, MIT Press, 271–76, 2003.
- “Will the Great Italian Prosperity Continue?” commencement address, University of Rome “Tor Vergata,” October 23, 2002.
- “Business Cycle Theory: Methods and Problems,” Chapter 12 in L. P. Punzo, ed., *Cycles, Growth, and Structural Change: Theories and Empirical Evidence*, Routledge, London, 283–300, 2001.
- “On Defining Real Consumption,” *Federal Reserve Bank of St. Louis Review*, 47–54, May/June 1997.
- Comment on “Inflation Targeting in a St. Louis Model of the 21st Century” (by R. G. King and A. L. Wolman), *Federal Reserve Bank of St. Louis Review* 78, 112–16, May/June 1996.
- “Economic Growth and Business Cycles,” with T. F. Cooley, Chapter 1 in T. F. Cooley, ed., *Frontiers of Business Cycle Research*, Princeton University Press, 1–38, 1995.
- “Recursive Methods for Computing Equilibria in Business Cycle Models,” with G. D. Hansen, Chapter 2 in T. F. Cooley, ed., *Frontiers of Business Cycle Research*, Princeton University Press, 39–64, 1995.
- “Cyclical Movements of the Labor Input and Its Implicit Real Price,” with F. E. Kydland, *Federal Reserve Bank of Cleveland Economic Review* 29, 12–23, 1993.
- “The Plant and the Firm in General Equilibrium Theory,” with A. Hornstein, in R. Becker, M. Boldrin, R. Jones, and W. Thomson, eds., *General Equilibrium, Growth, and Trade II: The Legacy of Lionel McKenzie*, Academic Press, 393–410, 1993.
- “Technology Adoption and the Mechanics of Economic Development,” with S. L. Parente, in A. Cukierman, Z. Hercowitz, and L. Leiderman, eds., *Growth and Political Business Cycles*, MIT Press, 197–226, 1992.
- “Measures of the Insurance Sector Output,” with A. Hornstein, *Geneva Papers on Insurance and Risk* 59 (16 year), 191–206, April 1991.
- Comment on “The Timing of Raises and Other Payments” (by E. P. Lazear), in A. H. Meltzer and C. I. Plosser, eds., *Studies in Labor Economics in Honor of Walter O. Y. Oi*, Carnegie-Rochester Conference Series on Public Policy 33, 49–52, 1990.
- Comment on “Building Blocks of Market Clearing Business Cycle Models” (by K. M. Murphy, A. Shleifer, and R. W. Vishny), in O. J. Blanchard and S. Fischer, eds., *NBER Macroeconomics Annual 1989*, MIT Press, 287–91, 1989.
- “Time Consistency and Policy,” with V. V. Chari and P. J. Kehoe, in R. Barro, ed., *Modern Business Cycle Theory*, Harvard University Press, 265–305, 1989.
- Comment on “The New Keynesian Microfoundations,” (by J. J. Rotemberg), in S. Fischer, ed., *NBER Macroeconomics Annual 1987*, MIT Press, 110–14, 1987.
- Contractual Arrangements for Intertemporal Trade*, co-editor with N. Wallace, University of Minnesota Press, 1987.
- “Dynamic Coalitions: Growth and the Firm,” with J. H. Boyd, in E. C. Prescott and N. Wallace, eds., *Contractual Arrangements for Intertemporal Trade*, University of Minnesota Press, 146–60, 1987.

- “A Multiple Means of Payment Model,” in W. A. Barnett and K. J. Singleton, eds., *New Approaches to Monetary Economics*, Cambridge University Press, 42–51, 1987.
- Commentary on “Financial Structure as Communications Systems” (by R. M. Townsend), in C. Lawrence, ed., *Technological Innovation, Regulation and the Monetary Economy*, Ballinger Press, Cambridge, Mass., 179–83, 1986.
- “Theory Ahead of Business Cycle Measurement,” in K. Brunner and A. H. Meltzer, eds., *Real Business Cycles, Real Exchange Rates and Actual Policies*, Carnegie-Rochester Conference Series on Public Policy 25, 11–44, Autumn 1986. Revised version in *Federal Reserve Bank of Minneapolis Quarterly Review* 10, 9–22, Fall 1986.
- Comment on “Asset Prices in a Production Economy” (by W. A. Brock), in J. J. McCall, ed., *The Economics of Information and Uncertainty*, University of Chicago Press, 43–46, 1982.
- “Economic Theory, Model Size and Model Purpose: Remarks” (by J. B. Taylor), in J. Kmenta and J. B. Ramsey, eds., *Large Scale Macroeconometric Models*, North-Holland, Amsterdam, 273–77, 1981.
- “Comments on the Current State of the Theory of Aggregate Investment Behavior” (by A. B. Abel), in K. Brunner and A. H. Meltzer, eds., *On the State of Macroeconomics*, North-Holland, Amsterdam, 93–101, 1980.
- “A Competitive Theory of Fluctuations and the Feasibility and Desirability of Stabilization Policy,” with F. E. Kydland, in S. Fischer, ed., *Rational Expectations and Economic Policy*, University of Chicago Press, 169–98, 1980.
- “Equilibrium Under Uncertainty: Multi-Agent Statistical Decision Theory,” with R. Townsend, in A. Zellner, ed., *Bayesian Analysis in Econometrics and Statistics: Essays in Honor of Harold Jeffreys*, North-Holland, Amsterdam, 169–94, 1980.
- “Earnings and Employment Dynamics of Manpower Trainees: An Exploratory Econometric Analysis,” with T. F. Cooley and T. McGuire, *Evaluating Manpower Training Programs*, JAI Press, Greenwich, Conn., 119–47, 1979.
- “Should Control Theory Be Used for Economic Stabilization?” in K. Brunner and A. H. Meltzer, eds., *Optimal Policies, Control Theory and Technology Exports*, North-Holland, Amsterdam, 13–38, 1977.
- “A Rejoinder,” in K. Brunner and A. H. Meltzer, eds., *Optimal Policies, Control Theory and Technology Exports*, North-Holland, Amsterdam, 101–02, 1977.
- “Optimal Stabilizations: A New Approach,” with F. E. Kydland, *Proceedings of the Fifth Annual Conference on Modeling and Simulation*, Pittsburgh, May 1974.

Unpublished Research Papers

- “Technology Capital and the U.S. Current Account,” with Ellen R. McGrattan, Working Paper 646, Federal Reserve Bank of Minneapolis.
- “The Needed Quantity of Government Debt,” with Kathryn Birkeland.
- “Lifetime Aggregate Labor Supply with Endogenous Workweek Length,” with Richard Rogerson and Johanna Wallenius.
- “An Equity Premium without Risk,” with Rajnish Mehra.

“The Depressing Effect of Agriculture Institutions on the Prewar Japanese Economy,” with F. Hayashi, University of Tokyo, revised October 2004.

“On the Possibility and Desirability of Stabilization Policy,” with F. Kydland, prepared for the NBER Conference on Rational Expectations and Economic Policy, October 13–14, 1978, Carnegie Mellon version dated September 1978, available at <http://minneapolisfed.org/research/prescott/>.

“Money, Expectations, and the Business Cycle,” GSIA working paper, April 4, 1974.

Honors and Awards

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| 2006 | Regents’ Professor, <i>Arizona State University</i> |
| 2004 | <i>The Bank of Sweden Prize in Economic Sciences in Memory of Alfred Nobel</i> (joint with Finn Kydland) “For their contributions to dynamic macroeconomics: the time consistency of economic policy and the driving forces behind business cycles.” |
| 2003–present | W.P. Carey Chair, Department of Economics, <i>Arizona State University</i> |
| 2003 | McKnight Presidential Chair in Economics, <i>University of Minnesota</i> |
| 2002 | Laurea Honoris Causa in Economica, <i>University of Rome “Tor Vergata”</i> |
| 2002 | Erwin Plein Nemmers Prize in Economics, <i>Northwestern University</i> |
| 1996–2003 | Regents’ Professor, <i>University of Minnesota</i> |
| 1992 | Fellow, <i>American Academy of Arts and Science</i> |
| 1980 | Fellow, <i>Econometric Society</i> |
| 1974–75 | <i>Guggenheim</i> Fellow |
| 1969–70 | <i>Brookings</i> Economic Policy Fellow |