A SOCIETY RETURNS TO YALE
And make no bones about it, this one is not secret

The Econometric Society
Reunites with
The Cowles Foundation

\[ FV = \frac{E_s}{C_f + Y} \]

Feature
ECONOMETRIC SOCIETY HOMECOMING
Faculty Profile
ROBERT SHILLER
Q & A
STEPHEN MORRIS
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On the cover: Yale Skyline  (Photo by Yale Office of Public Affairs)
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A NOTE FROM
THE EDITOR

Homecoming

We dedicate this issue to the Econometric Society, which will once again be located on Hillhouse Avenue (at least the Society's business office). In preparation for the transition of the Society business office from New York to New Haven, we are in the midst of hiring a business manager who will run the day-to-day operations of the organization. To make room in our cozy building, we have shifted books, moved shelves and created a work space in the Cowles Library to make things a bit more comfortable once our new Society colleague joins us.

In the next few pages you will find a feature article on the Econometric Society with a brief history of the renowned organization and its close relationship with the Cowles Foundation. Stephen Morris, the current First Vice-President of the Econometric Society, is featured in a Q&A about the his role and thoughts on the Society, as well as articles on Professors Robert Shiller, William Nordhaus, and Larry Samuelson.

Be sure to stay tuned for future issues. As Ranger Frisch, the first editor of *Econometrica* wrote in the inaugural issue, "Complete freedom of thought will rule in the columns of *Econometrica*, and candid discussion on the surveys or on other material appearing in its pages will always be welcome." So is true of the *Cowles Quarterly*.

If you have any comments, corrections, or story ideas, please feel free to contact me directly at matthew.regan@yale.edu. Remember to visit the Cowles website regularly for updates and new discussion paper postings, follow us on Twitter, and like us on Facebook.

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There is no slowing down for Nobel laureate Robert Shiller who was awarded the Gold Honor Medal and the 2017 Truman Medal for Economic Policy. He even had time in his busy schedule last November to present at the opening reception for Yale's Center for Science and Social Science Information media wall exhibit called *Economics Department at Yale: Understanding and Changing the World*. Below is an article on Prof. Shiller receiving the Gold Honor Medal.

Robert J. Shiller, Sterling Professor of Economics at Yale, received the Gold Honor Medal from the National Institute of Social Sciences during an awards dinner held on Nov. 16 in New York City.

The medal has been presented annually since 1913 for distinguished service to humanity. Previous honorees, which include four U.S. presidents and 16 Nobel Prize winners, represent outstanding achievement in the social sciences, law, government, education, philanthropy, the arts, medicine, science, and industry.

At the awards dinner, Paul Krugman — New York Times column and 2008 Nobel laureate in economics — described Shiller as “one of my great heroes,” noting “how beautiful, how elegant Bob’s work has been over the years.”

Shiller, a 2013 Nobel laureate in economics and co-creator of the Case-Shiller Index of U.S. house prices, is the author of *Irrational Exuberance* (now in its third edition); *Subprime Solution: How the Global Financial Crisis Happened and What to Do about It*; *Animal Spirits: How Human Psychology Drives the Economy and Why It Matters for Global Capitalism* (with George A. Akerlof); and *Finance and the Good Society*.

The event also honored Pulitzer Prize-winning biographer Ron Chernow and Michael I. Sovern, a president emeritus of Columbia University. A complete list of Gold Medal recipients is available at the National Institute’s website.
FROM THE ARCHIVES

Yale Professors join the Econometric Society

In honor of the Econometric Society returning to the Cowles Foundation, we present an article from the New Haven Register dated May 15, 1932. The news item lists eight Yale professors who joined the Econometric Society in 1932 (two years after its founding). The members are Professors Irving Fisher, Fred Fairchild, James Harvey Rogers, Thomas S. Adams, Winthrop M. Daniels, Royal Meeker, R.B. Westerfield, and Hudson Bridge Hastings. Alfred Cowles is also mentioned in the piece.

New Haveners Join Econometric Society

Eight New Haveners are members of the newly founded Econometric Society, a distinguished international group, with headquarters in the new library building at Colorado College, Colorado Springs, Col., which is to use higher mathematics in a large scale effort to analyze the collapse of security prices and general business and to answer the puzzling question “What caused the depression?”

They are Professors Irving Fisher, Fred Fairchild, J. Harvey Rogers, Thomas S. Adams, Winthrop M. Daniels, Royal Meeker, R.B. Westerfield and Hudson Bridge Hastings.

The research director of the Cowles Economic Commission which is fostered by the Econometric Society is Alfred Cowles, 3rd, who joined with others in his family to establish the Cowles Foundation for Study of Government at Yale.

New Haven Register, May 15, 1932
The Cowles Foundation for Research in Economics has announced that the Econometric Society will return to Yale after more than 32 years. The business and editorial offices will once again operate under the auspices of 30 Hillhouse Avenue.

Seen as one of the most prestigious learned societies in the field of economics, the Econometric Society was founded in January 1930 by Yale economist Irving Fischer, Norwegian economist Ragnar Frisch, and Princeton economist Charles F. Roos. In 1933, the Society’s journal, *Econometrica*, was created with financial backing from Alfred Cowles, founder of the Cowles Commission for Research in Economics (subsequently known as the Cowles Foundation). The business and editorial offices were initially part of the Cowles Commission, located in Colorado Springs, Colorado, with Alfred Cowles serving as the Society’s first secretary, treasurer, and circulation manager.

The Society administrative offices followed the Cowles Commission when it moved to Chicago in 1939, and eventually to New Haven in 1954 when the Commission relocated to Yale. It was also at this time that the Cowles Commission changed its name to the Cowles Foundation. In 1975, the Society offices moved from Yale to Northwestern University, where they were housed for 30 years. In 2007, the Econometric Society offices moved to New York University where they have remained until now.

Larry Samuelson, director of the Cowles Foundation, views the move as consistent with the long, shared history of the Econometric Society and the Cowles Foundation. The Cowles Foundation has historically supported the Econometric Society through such initiatives as the Cowles Lectures, which are presented at the Econometric Society’s annual North American Summer Meetings. “Together, these two institutions have played key roles in developing and promoting rigorous economic analysis, and the current state of economics owes much to their influence. It is a great pleasure to bring them back,” said Samuelson, who is also a fellow of the Econometric Society.

With the backing of Provost Ben Polak, plans were set in motion to transition the administrative offices to New Haven in the fall. “One of the advantages of Yale University is that it has the flexibility and vision to support such ventures,” said Samuelson.

The administrative office has two employees, a publication manager, and a business manager. Mary Beth Bellando-Zaniboni will continue on as the publications manager, a position she has held since 2007.

(Continued on page 7)
Bellando-Zaniboni is responsible for the day-to-day management of the scholarly publications of the Economic Society. At the time of this writing, the business manager position has yet to be filled.

“It’s great that the Cowles Foundation will once again play an important role in supporting the Econometric Society,” said Professor of Economics Don Andrews who has served as Director of the Cowles Foundation and is as an editor of the Econometric Society’s monograph series for the past four years. He has been a member of the Society since 1982, and a fellow since 1989.

The organization has four main activities: the publication of three journals, *Econometrica*, *Quantitative Economics*, and *Theoretical Economics*; the publication of a monograph series in collaboration with the Cambridge University Press; the organization of regular scientific meetings on six regions; and the elections for Fellows of the Econometric Society.

The Society is a self-supporting, non-profit organization and operates on behalf of its members. It does not receive grants or aid from any outside organization, however, it does accept gifts from individual donors. To date, the Society has approximately 670 fellows (28 whom are Yale-affiliated), and more than 6320 members.

More information about the Economic Society can be found on its website, [http://econometricsociety.org](http://econometricsociety.org)

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**Samuelson Part of Inaugural AEA Journal**

By Matthew Regan

Larry Samuelson, the Cowles Foundation Director and A. Douglas Melamed Professor of Economics, has been named a coeditor of a new American Economic Association journal called the *American Economic Review: Insights* (AER). According to the organization, the quarterly journal aims to “provide a high-quality outlet for important yet concise contributions to economics, both empirical and theoretical.”

“One striking characteristic of papers in economics journals is that the papers have been steadily growing longer,” said Samuelson. “This journal is an experimental attempt to provide some balance to this trend, in the form of a prominent outlet for short papers.”


To make *AER: Insights* one of “the most efficient journals in the economics profession,” paper submission can be no longer than 6,000 words (about one-third the length of a typical *AER* article). The goal is to have first responses within three months at most, and editors will ask for revisions back from the authors within eight weeks.

When asked his thoughts on the initial submission rate, Samuelson said he is optimistic it will be high. “I suspect submissions to start off slowly, as economists are not in the habit of writing short papers, but then hope that they pick up.”

Although Samuelson does not have a firm date as to when the first issue will publish, he said, “It would be nice to have issues appearing in 2019.”

For more on the *AER: Insights*, visit the journal’s website.
William Nordhaus '63 B.A., '72 M.A., Sterling Professor of Economics, has been awarded a BBVA Foundation Frontiers of Knowledge Award for his pioneering research on the economics of climate change.

The annual awards recognize significant contributions in the areas of scientific research and cultural creation. Nordhaus received the award in the climate change category. According to the award citation, Nordhaus founded the field of climate-change economics by "pioneering a framework that integrates climate science, technology and economics to address the critical question: What should the world do to limit climate change?"

Since the 1970s, Nordhaus has developed economic approaches to global warming, including the construction of integrated economic and scientific models (the DICE and RICE models) to determine the efficient path for coping with climate change. These models are widely used today in research on studies of climate-change economics and policies.

"Nordhaus used his models and economic insights to illuminate such considerations as the role of discounting future climate damages, the risk of catastrophic damages, and the role of technological change in the energy system," the citation states. "Owing to the transparency and simplicity of his approach, his models are used worldwide to analyze climate policy options."

From 1977 to 1979, Nordhaus was a member of the President's Council of Economic Advisers. He has served on several committees of the National Academy of Sciences on topics including climate change, environmental accounting, risk, and the role of the tax system in climate change. He served as the chair of the Board of Directors of the Boston Federal Reserve Bank from 2014 to 2015.


Editor's note: Excerpts of this article were originally posted in the January 9, 2018 edition of the Yale News.
HOW LONG HAVE YOU BEEN A MEMBER OF THE ECONOMETRIC SOCIETY AND WHY DID YOU DECIDE TO JOIN?

I became a member as a student. I decided to join because in those days getting journals was not that easy, and the point of a membership was to get the journal. When I was a Ph.D. student I went to work in Africa for a couple of years, and I used to get Econometrica mailed to me in Uganda, so that's what the membership did for me.

HOW DO YOU SEE THE MISSION OF THE SOCIETY?

The mission of the Econometric Society is that it wants to cover all areas of economics, substantive as well as methodological, but with attention to the underlying analytical methods that use mathematical reasoning and quantitative methods. The Econometric Society operates in all continents and it serves as a vehicle to disseminate leading-edge methods and economics around the world.

HOW HAS ECONOMICS CHANGED AND HOW HAS THE MISSION OF THE SOCIETY CHANGED WITH IT?

Back in the 1930s, the use of mathematical and quantitative methods was novel; now those methods have taken over. The Society is on the cutting-edge of using those methods. Economics as a discipline has matured and taken on-board the kind of methods the people at the Econometric Society and Cowles were advocating in the 1930s so it’s matured, it’s grown, it’s become more unified in many ways.

WHERE DO YOU SEE THE FUTURE OF THE SOCIETY?

I would like to see the society continue to be on the leading-edge in terms of new methods and ideas, but continuing to connect with substantive topics and policy questions and economic. It’s really bridging that gap between being on the frontier of methodology, building on the introduction of mathematical-statistical methods from the 1930s, and embedding it within applied economic analysis.

HOW IMPORTANT IS THE SOCIETY’S MISSION IN TODAY’S GLOBAL ECONOMIC CLIMATE?

I think it's extremely important. In the 30s, it was very much with two pillars; Europe and North America with a core of people on both sides of the Atlantic. Since then we've seen expansion in the regions. The Asia regions have become huge. China has become a big area of activity for the Econometric Society. We launched a Latin American region, an Australis region, and the African region started maybe 10 years ago. Activities outside of North America and Europe are expanding. The Society has recently started summer schools around the world, acting as an umbrella and endorsing them.

HOW DID YOU TAKE THE NEWS THAT THE BUSINESS OFFICES WERE MOVING BACK TO THE COWLES FOUNDATION?

I thought it was very nice. It is useful for the Econometric Society to have a base. They started out with the same mission and they have a similar mission today. Cowles has been supporting the Society in funding. It's very nice to have an institutional base and its nice to have this historical connection.
| CFDP 3015 | Timothy B. Armstrong, Michal Kolesar, "Finite-Sample Optimal Estimation and Inference on Average Treatment Effects Under Unconfoundedness," (December 2017) [44 pp, abstract] |
| CFDP 3013 | Offer Lieberman, Peter C. B. Phillips, "Hybrid Stochastic Local Unit Roots," (December 2017) [39 pp, abstract] |
| CFDP 3012 | Michele Müller-Itten, Aniko Óry (Oery), "Mentoring and the Dynamics of Affirmative Action," (November 2017) [42 pp, abstract] |
| CFDP 3009 | Deyu Li, Peter C. B. Phillips, Jiti Gao, "Kernel-Based Inference In Time-Varying Coefficient Cointegrating Regression," (September 2017) [46 pp, abstract] [Supplemental material, 12 pp] |
| CFDP 3008 | Anna Bykhovskaya, Peter C. B. Phillips, "Boundary Limit Theory for Functional Local to Unity Regression," (September 2017) [45 pp, abstract] |
| CFDP 3007 | Anna Bykhovskaya, Peter C. B. Phillips, "Point Optimal Testing with Roots That Are Functionally Local to Unity," (September 2017) [39 pp, abstract] |
| CFDP 3006 | Zack Cooper, Amanda E. Kowalski, Eleanor Neff Powell, Jennifer Wu, "Politics, Hospital Behavior, and Health Care Spending," (September 2017) [60 pp, abstract] |
| CFDP 3005 | Donald W. K. Andrews, "Identification-Robust Subvector Inference," (September 2017, Updated September 2017) [50 pp, abstract] [Supplemental material, 94 pp] |
| CFDP 2097R | Giampaolo Lecce, Laura Ogliari, Tommaso Orlando, "Resistance to Institutions and Cultural Distance: Brigandage in Post-Unification Italy," (August 2017, Revised December 2017) [45 pp, abstract] [Supplemental material, 17 pp] |
| CFDP 2079R2 | Brian Adams, Kevin R. Williams, "Zone Pricing in Retail Oligopoly," (February 2017, Revised December 2017) [48 pp, abstract] |
| CFDP 2054R2 | Thomas W. Quan, Kevin R. Williams, "Product Variety, Across-Market Demand Heterogeneity, and the Value of Online Retail," (November 2016, Revised October 2017) [52 pp, abstract] |
| CFDP 2048R | Yuichiro Kamada, Aniko Óry (Oery), "Contracting with Word-of-Mouth Management," (July 2016, Revised November 2017) [39 pp, abstract] [Supplemental material, 10 pp] |
| CFDP 2043R2 | Timothy B. Armstrong, Michal Kolesar, "Optimal Inference in a Class of Regression Models," (May 2016, Revised December 2017) [39 pp, abstract] [Supplemental material, 50 pp] |
| CFDP 2037R2 | Xiaohong Chen, Timothy M. Christensen, Elie Tamer, "Monte Carlo Confidence Sets for Identified Sets," (May 2016, Revised September 2017) [104 pp, abstract] |
| CFDP 1764R2 | Dirk Bergemann, Johannes Hörner, "Should Auctions be Transparent?", (August 2010, Revised September 2017) [59 pp, abstract] |