

# The Research Group of the Federal Reserve Bank of New York

2006/2007



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To Prospective Job Candidates:

We are pleased that you are interested in joining the Federal Reserve Bank of New York’s Research and Statistics Group.

The New York Fed stands at the center of the national and world economies, playing a major role in the formulation and execution of monetary policy, the operation of payments systems, and the supervision and oversight of financial institutions and markets. To perform to the highest standards in this demanding environment, we look to our superb group of economists to provide analysis and advice based on rigorous research and a comprehensive knowledge of the issues.

To maintain our strong research capability, we are continually adding to our team of economists. We seek to attract and retain the most highly qualified individuals by creating an environment that is rich in opportunities. We offer our economists not only direct engagement in policy at senior levels but also broad flexibility to pursue independent research. We have in place—and are committed to maintaining—a distinguished academic research program that sets a high value on publication in the top professional journals. We also encourage participation in conferences and frequent collaboration with the broader academic and policy communities.

We are excited by the challenges and opportunities that the New York Fed offers. We are sure that you will share in that excitement if you join our research team.



A handwritten signature in black ink, appearing to read 'Timothy F. Geithner'.

Timothy F. Geithner  
President  
and Chief Executive Officer



A handwritten signature in black ink, appearing to read 'Joseph S. Tracy'.

Joseph S. Tracy  
Executive Vice President  
and Director of Research

# A Vast Portfolio of Research Assets

*The New York Fed's Research and Statistics Group combines leading-edge academic research with rigorous policy analysis in an intellectually dynamic and collegial environment.*

*This brochure offers an overview of our research and policy work and describes the distinctive culture and resources of the Group. It also details the responsibilities of our six functions, identifies our current staff of economists, and highlights the economists' research interests and recent publications.*

## A First-Rate Research Community

Our most important asset is our more than fifty Ph.D. economists, a concentration of expertise far larger than that of most university economics departments. Recognized as leading researchers in their fields, these individuals bring breadth and depth to their work in macroeconomics, banking, payments, finance, applied microeconomics, and international economics.

Our economists have compiled an impressive record of publishing in the most highly regarded economics and finance journals. Since 2001, twenty-six articles by New York Fed economists have appeared in the

*American Economic Review*, the *Journal of Finance*, the *Journal of Financial Economics*, the *Journal of Political Economy*, the *Quarterly Journal of Economics*, and the *Review of Financial Studies*. Our economists' work is also extensively represented in the top field journals and in other important outlets.

New York Fed economists complement their publishing activity by serving on a variety of editorial boards. Current and recent assignments include:

- Leonardo Bartolini, *International Finance; Research in Economics*
- Kenneth Garbade, *Review of Derivatives Research*

*What's remarkable about the New York Fed as a policy institution is its emphasis on research. Close ties to the academic community, vast resources, and direct involvement in practical policy make the Bank an exciting place for researchers interested in theoretical or practical economics.*

**Gauti Eggertsson**, Princeton  
Macroeconomic and Monetary Studies Function





*The New York Fed offers a unique combination of interaction with top economists and exposure to interesting policy questions. It's a great place to work, especially for economists whose research ideas are inspired by real-world issues.*

**Antoine Martin**, University of Minnesota  
Payments Studies Function



- Linda Goldberg, *Journal of International Economics*; *North American Journal of Economics and Finance*
- James Harrigan, *Journal of International Economics*
- Andrew Haughwout, *International Regional Science Review*; *Journal of Regional Science*
- Antoine Martin, *Journal of Money, Credit, and Banking*
- Donald Morgan, *Journal of Money, Credit, and Banking*
- Paolo Pesenti, *Journal of Money, Credit, and Banking*
- Joshua Rosenberg, *Journal of Computational Finance*; *Journal of International Financial Markets, Institutions, and Money*
- Til Schuermann, *Journal of Risk*

- Wilbert van der Klaauw, *Journal of Business and Economic Statistics*; *LABOUR: Review of Labour Economics and Industrial Relations*
- Zhenyu Wang, *Annals of Economics and Finance*; *Journal of Empirical Finance*; *Journal of International Financial Markets, Institutions, and Money*; *Management Science*

Our economists are also highly visible in the profession, presenting research at preeminent colleges and universities worldwide. They have also given papers at the American Economic Association, the American Finance Association, the Bank for International Settlements, the International Monetary Fund, the National Bureau of Economic Research, the U.S. Treasury Department, and the world's central banks.

*The breadth of interests here and the quality of the exchanges with other economists are impressive, but it's the opportunity for real-world applications that makes the New York Fed unique in adding value to my research.*

**Astrid Dick**, MIT  
Banking Studies Function



*The commitment to academic research at the Bank is outstanding. This commitment is reflected in the amount of time economists can devote to pure research as well as in the numerous seminars, distinguished visiting professors, and exceptional colleagues here.*

**David Skeie**, Princeton  
Payments Studies Function



## A First-Year Plan Focusing on Research and Publication

The Research Group recognizes how important it is for young economists to get their research agenda under way as quickly as possible. For new Ph.D. hires, the primary goal in the first year is to produce research and publish in the major journals. To that end, we have designed a first-year plan that allows new economists to devote 90 percent of their time to developing publishable work. We provide additional support in the form of state-of-the-art computing capabilities, ready access to a wide range of economic data, and the assistance of highly trained research associates.

In the first year, new Ph.D. economists also familiarize themselves with the New York Fed's policy missions by interacting with economists in their area and with other professionals Bankwide. They may contribute

to a team working on a policy issue or help prepare a briefing on economic developments for the Bank's president and senior officers.

## A Collegial Culture

The environment here fosters an extraordinary degree of collaboration and exchange. Economists regularly work together on policy projects, and this interaction encourages a lively team spirit that can be missing in academic departments. In addition, economists frequently coauthor articles and make joint presentations.

Adding to the collegial nature of the Research Group is the lack of a divide between senior and junior staff; there is virtually no hierarchy setting new economists apart from their more experienced colleagues.

*The New York Fed offers an unusually collegial environment for young economists to develop their research. I don't know of another institution that provides the same level of support—in the form of attention from senior colleagues, time for research, promotion of one's work, access to high-level data sets, and the assistance of full-time research associates.*

**Rebecca Hellerstein**, UC Berkeley  
International Research Function



*My research here has been enriched by work on real-world policy issues. In fact, some of my best research ideas have come directly from questions raised by colleagues in Bank Supervision and from issues that have surfaced during policy debates.*

**Beverly Hirtle**, MIT  
Banking Studies Function



## An Environment Where Ideas Flourish

The Research Group benefits greatly from the New York Fed's proximity to top-tier universities. Over the past several years, the Group has cosponsored a number of conferences with Columbia, NYU, and Princeton. Fed economists frequently give seminars at these and other institutions.

### Teaching Activity

Economists also enjoy the opportunity to teach while on staff—whether they take a leave of absence from the Bank or teach part time while working here. Below are some current and recent teaching activities:

- Tobias Adrian, *Princeton*
- Leonardo Bartolini, *Columbia*
- Astrid Dick, *Columbia; NYU*
- Arturo Estrella, *Columbia*
- Stefano Eusepi, *NYU*

- Linda Goldberg, *Princeton*
- James Harrigan, *Columbia*
- Andrew Haughwout, *Princeton*
- Bart Hobijn, *NYU*
- James McAndrews, *Pennsylvania*
- Margaret McConnell, *NYU*
- Donald Morgan, *Columbia; NYU*
- Paolo Pesenti, *IMF Institute; NYU; Princeton; University of Oslo*
- Simon Potter, *NYU*
- Til Schuermann, *Columbia; Wharton*
- Kevin Stiroh, *Wesleyan*
- Andrea Tambalotti, *Columbia; NYU*
- Cédric Tille, *Graduate Institute of International Studies, Geneva*
- James Vickery, *Princeton*
- George Zanjani, *St. John's*

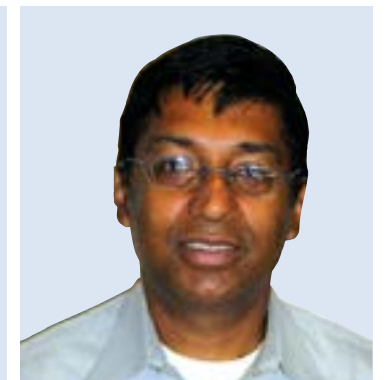
*The New York Fed stands at the crossroads of policy-making and important academic research. It offers economists a unique chance to conduct research on key policy issues as well as to broaden their own research interests through policy work.*

**Wilbert van der Klaauw**, Brown  
Microeconomic and Regional Studies Function



*The Bank offers a unique perspective on financial research. At the micro level, you learn a great deal about the detailed workings of markets and institutions; at the macro level, you become keenly aware of the linkages between financial markets and the broader macroeconomy.*

**Asani Sarkar**, Pennsylvania  
Capital Markets Function



### Sabbatical Program

Our new sabbatical program offers economists opportunities to concentrate fully on their own research. The program enables individuals pursuing a specific plan of study to devote up to 100 percent of their time to qualifying work.

Under the program, economists with four or more years of service at the Bank can apply to take between two and twelve months of leave. They receive 90 percent of their salary while on the first six months of leave and 75 percent during the next six months. Economists can also work part time while on sabbatical if the employment contributes to their professional development. For example, an economist can hold a visiting position at a university or other research institution, with limited teaching or other responsibilities.

Economists have already taken advantage of the program to work at such institutions as the Bank of Portugal, Columbia University, and New York University.

### Visiting Scholars Program

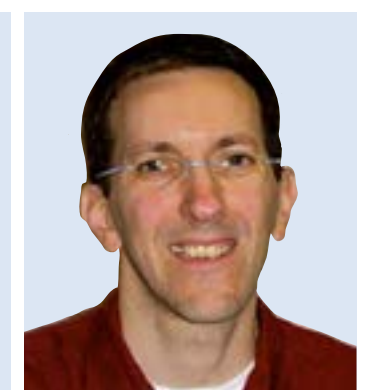
To help maintain a stimulating and supportive environment for staff economists, the Research Group regularly invites economists from major research institutions to be visiting scholars at the Bank. The visitors present their own work and make themselves available to discuss our economists' current research.

Visiting scholars in 2006-07 include:

- Joseph Altonji, *Yale University*
- Pol Antràs, *Harvard University*
- Eric Bartelsman, *Vrije Universiteit Amsterdam*
- Patrick Bayer, *Yale University*
- Alan Blinder, *Princeton University*
- Patrick Bolton, *Columbia University*
- Markus Brunnermeier, *Princeton University*

*The Research Group is a great setting for academic research. There's a lot of interaction across fields, both among Fed researchers and with outside visitors. And because seminars are held almost daily and visitors often stay for extended periods, there are terrific opportunities for discussion and collaboration.*

**Andrea Moro**, Pennsylvania  
Microeconomic and Regional Studies Function





- Giancarlo Corsetti, *European University Institute*
- William Dickens, *Brookings Institution*
- Jonathan Eaton, *New York University*
- Hanming Fang, *Yale University*
- Mark Flannery, *University of Florida*
- Douglas Gale, *New York University*
- Pinelopi Goldberg, *Yale University*
- Thomas Holmes, *University of Minnesota*
- Charles Jones, *Columbia University*
- David Lando, *Copenhagen Business School*
- Hamilton Lankford, *University of Albany*
- John Leahy, *New York University*
- Ross Levine, *University of Minnesota*
- Charles Manski, *Northwestern University*
- Philippe Martin, *Université Paris I Panthéon-Sorbonne*
- Frederic Mishkin, *Columbia University*
- Alan Morrison, *Oxford University*
- Kevin Murphy, *University of Southern California*
- Lasse Pedersen, *New York University*
- Esteban Rossi-Hansberg, *Princeton University*
- Thomas Sargent, *New York University*
- Henri Servaes, *London Business School*
- Christopher Sims, *Princeton University*
- Jeremy Stein, *Harvard University*
- Philip Strahan, *Boston College*
- Rene Stulz, *Ohio State University*
- Lars Svensson, *Princeton University*
- Anjan Thakor, *Washington University in St. Louis*
- Gianluca Violante, *New York University*
- Ernst-Ludwig von Thadden, *University of Mannheim*
- Jiang Wang, *Massachusetts Institute of Technology*
- Andy Winton, *University of Minnesota*
- Michael Woodford, *Columbia University*
- Stephen Zeldes, *Columbia University*

### A Gateway to Academia

The scope and seriousness of our research environment are reflected in our relationship with academia.

The Group has hired many of its more senior economists from university economics and finance faculties. In turn, a number of our economists have gone on to accept faculty positions at prestigious colleges and universities, including Boston College, Brandeis, Columbia, Dartmouth, New York University, UCLA, the University of British Columbia, the University of Chicago, the University of Stockholm, and the University of Virginia.

### Seminars

The Research Group actively encourages participation in seminars and conferences. Ample funds are available for economists to travel to conferences in the United States and abroad. The Bank also provides travel support for those wishing to work with coauthors outside the Bank.

In addition, we offer a seminar series that attracts a broad group of distinguished speakers to the Bank. We present several seminars a week—a clear indication of our commitment to the series.

Selected seminars in 2006 include:

- “The Distribution of Wealth and Redistributive Policies,” *Alberto Bisin, New York University*
- “On the Relation between the Credit Spread Puzzle and the Equity Premium Puzzle,” *Pierre Collin-Dufresne, University of California, Berkeley*
- “Twin Deficits: Squaring Theory, Evidence, and Common Sense,” *Giancarlo Corsetti, European University Institute*
- “Financing Constraints and Fixed-Term Employment Contracts,” *Vicente Cuñat, Universitat Pompeu Fabra*
- “Trading on Time,” *Caroline Freund, World Bank*
- “A Framework for Independent Monetary Policy in China,” *Marvin Goodfriend, Carnegie Mellon University*
- “Efficiency of Competitive Search under Asymmetric Information,” *Veronica Guerrieri, Massachusetts Institute of Technology*
- “Market Maker Inventories and Stock Prices,” *Terrence Hendershott, University of California, Berkeley*
- “The Diffusion of Wal-Mart and Economies of Density,” *Thomas Holmes, University of Minnesota*

*The New York Fed is a key player in the formulation of monetary policy, and many leading scholars in monetary economics live in or around New York City. The Visiting Scholars Program draws on this synergy by bringing academics and policymakers together on a regular basis to confer on important topical issues.*

**Thomas Sargent**, William R. Berkeley  
Professor of Economics and Business, New York University;  
Visiting Scholar, Federal Reserve Bank of New York



*It's a great experience working in the Research Group. You have the ability to put your own academic research to work, which stimulates participation in the policy debate and the development of new ideas.*

**Argia Sbordone**, Chicago  
Macroeconomic and Monetary Studies Function



- “Productivity and U.S. Macroeconomic Performance: Interpreting the Past and Predicting the Future with a Two-Sector Real Business Cycle Model,” *Peter Ireland, Boston College*
- “Decomposing Swap Spreads,” *David Lando, Copenhagen Business School*
- “Corporate Governance, Regulation, and Bank Risk Taking,” *Ross Levine, University of Minnesota*
- “Indivisible Labor, Human Capital, Lotteries, and Personal Savings: Do Taxes Explain European Employment?” *Lars Ljungqvist, Stockholm School of Economics*
- “Comparing the Point Predictions and Subjective Probability Distributions of Professional Forecasters,” *Charles Manski, Northwestern University*
- “Regulating Financial Conglomerates,” *Alan Morrison, Oxford University*
- “Executive Stock Options and IPO Underpricing,” *Kevin Murphy, University of Southern California*
- “Multiple Equilibria in Industrial Location: Evidence from German Airports,” *Stephen Redding, London School of Economics and Political Science*
- “Monetary Policy under Sovereign Default Risk,” *Andreas Schabert, University of Amsterdam*
- “Risk and Liquidity in a System Context,” *Hyun Shin, Princeton University*
- “Five Facts about Prices,” *Jon Steinsson, Harvard University*
- “Dynamic Financial System Architecture: Co-Evolution of Banks and Capital Markets,” *Anjan Thakor, Washington University in St. Louis*
- “Information Immobility and the Home Bias Puzzle,” *Laura Veldkamp, New York University*
- “Reforming Social Security with Progressive Personal Accounts,” *Stephen Zeldes, Columbia University*

## Conferences

Over the past few years, the Research Group has hosted many well-received research conferences addressing a diverse set of topics, including disclosure requirements and market discipline of financial firms, monetary policy and the money market, policy options for affordable housing, and strategies for improving the measurement of economic and financial market performance.

## A Rich Computing Environment

The Research Group’s computing infrastructure is undergoing a major redesign to anticipate economists’ growing technology needs.

The main elements of the new architecture include:

*A highly flexible research accessible network (RAN).* The network provides greater access to outside resources, such as the Internet, while offering external collaborators and coauthors more convenient access to RAN resources from outside the Bank.

*More robust data storage and backup solutions.* An expandable terabytes storage area network platform allows for a range of data storage capabilities on the Bank’s secure network, which provides access to Bankwide resources such as data, e-mail, and Federal Reserve System Intranet applications and websites.

*A high-performance environment of Linux clusters.* Roughly sixty processors enable parallel computing in Research, complemented by additional Linux servers on the Bank network as well as on the RAN.

*Convenient remote access.* An array of automated tools are on hand to assist economists at home or abroad; BlackBerry devices are also available for mobile communication.

*Versatile workstation options.* Desktop and laptop solutions can be combined to meet economists’ research needs; a dual-workstation option enables simultaneous access to the Bank network and the RAN.

## Extensive Professional Support

A superb group of administrative, computer, editorial, and library professionals help economists meet their research objectives.

Joining this group of support personnel are roughly two dozen research associates, who offer skilled and energetic assistance in gathering data, conducting statistical analysis, and preparing materials for presentations.

Our RAs are typically recent college graduates who intend to pursue a Ph.D. in economics. Indeed, since 2001, fourteen RAs have gone on to top-five Ph.D. programs while another sixteen have entered top-twenty programs. Among this group, six RAs have been awarded National Science Foundation fellowships.

*Our research environment is truly exceptional. We have strong researchers with diverse interests, great professional support, and an atmosphere that fosters camaraderie and teamwork.*

**Linda Goldberg**, Princeton  
International Research Function



Wide Internet Exposure

Personal web pages on the New York Fed’s site, [www.newyorkfed.org/research/economists/](http://www.newyorkfed.org/research/economists/), heighten economists’ visibility in the academic, policy, and business communities. The pages feature the economist’s biography and field of interest as well as links to curricula vitae, publications, and working papers. These are among the most visited pages on the Research Group’s website.

Census Research Data Center

The Research Group, on behalf of the New York Fed, helped establish a Census Research Data Center in New York City. The Bank is a

founding member of the consortium that supports the facility, joining fourteen leading universities and research organizations in New York State. Only eight other Data Centers operate nationwide.

The presence of the Data Center in the New York area supports an important new strand of empirical research in the Bank and the region. At the Data Centers, researchers who have completed a rigorous project review process can access in a secure facility selected confidential economic and demographic microdata gathered by the U.S. Census Bureau. The New York Fed’s consortium membership entitles Research Group economists to use the facility to conduct research with no additional lab fees or the need to travel.

Resident Scholars Program

The Research and Statistics Group welcomes Mark Gertler to our Program for Resident Scholars for 2006-07.

Professor Gertler, the Henry and Lucy Moses Professor of Economics at New York University and Chair of NYU’s Economics Department, is known for his research on macroeconomic theory, monetary economics, and finance. He has published extensively, coauthoring with Ben Bernanke, Glenn Hubbard, and Mark Watson, and his work has appeared in the *American Economic Review*, the *Journal of Political Economy*, the *Quarterly Journal of Economics*, and the *Review of Economic Studies*. Professor Gertler is a coeditor of the *American Economic Review* and has served on the editorial boards of the *Journal of Money, Credit, and Banking*, *Economics Letters*, the *NBER Macroeconomics Annual*, and the *Journal of Financial Intermediation*. In addition, he is a Fellow of the Econometric Society and has been a visiting scholar at the Federal Reserve Bank of New York on and off since 1994.

The Research Group established its Program for Resident Scholars in 2004 to attract to the Bank, for a stay of at least six months, outstanding researchers with an international reputation. The scholars are selected from the top academic and policy

institutions in areas related to the Bank’s broad policy interests. They are considered members of the Research Group, and are offered access to resources on the same basis as other key Bank staff.

Resident scholars pursue their own research agendas while providing intellectual leadership by advising and collaborating with our economists on an ongoing basis. They present their own work as well as attend Research Group seminars. The scholars also work closely with the director of research and have the opportunity to contribute to the Bank’s main policymaking discussions on such topics as monetary policy and macroeconomics, international economics, banking supervision and regulation, capital markets, financial stability, and applied microeconomics with an emphasis on regional and national issues.

Previous participants in the Bank’s program are Nobuhiro Kiyotaki, Professor of Economics at Princeton University; Suresh M. Sundaresan, the Chase Manhattan Bank Foundation Professor of Financial Institutions at Columbia Business School; and Jiang Wang, the Nanyang Technological University Professor of Finance at MIT’s Sloan School of Management.

*Economists looking for a dynamic and exciting work environment will be glad they joined the New York Fed. Each day brings new economic questions to answer and challenges to address, with potentially far-reaching implications.*

Ayşegül Şahin, University of Rochester  
Microeconomic and Regional Studies Function



*The New York Fed provides a great environment where policy research and academic research come together, and the Resident Scholars Program lets me be a part of those conversations.*

Mark Gertler, Henry and Lucy Moses Professor of Economics, New York  
University; Resident Scholar, Federal Reserve Bank of New York





# Our Economists at a Glance: Current Research

Our economists engage in a variety of innovative research projects. Here are just a few examples:

- *Adam Ashcraft*—Empirical research on the monetary policy transmission mechanism, the market’s ability to discipline banks, and the impact of credit derivatives on financial volatility and the credit supply.
- *Arturo Estrella*—Research on the cyclical behavior of labor productivity growth, using frequency domain techniques.
- *James Kahn and Margaret McConnell*—Theoretical research on the role of inventories in reducing GDP volatility since the early 1980s.
- *Miklós Koren*—Theoretical and empirical research on GDP volatility in developing countries, the impact of trade on firm-level productivity, and the size distribution of firms.
- *Antoine Martin*—Theoretical research on money, banking, and payments, including currency competition, redistributive aspects of monetary policy, and central bank intraday credit policies.
- *Donald Morgan*—Theoretical and empirical research aimed at defining and detecting predatory lending by banks.
- *Paolo Pesenti*—Open-economy simulation models for policy analysis; productivity, product varieties, and net exports; protectionism and current account adjustment.
- *Robert Rich and Joseph Tracy*—Empirical research using survey data on inflation expectations to examine the relationship between forecast accuracy, forecast dispersion, and forecast uncertainty.

- *Joshua Rosenberg*—Research on risk management when risks are skewed and fat-tailed; research on asset pricing and hedging when volatility is stochastic.
- *João Santos*—Theoretical research on the determinants of systemic risk in the banking sector and on the design of regulation to account for systemic risk; empirical research on the implications of mixing banking and commerce in the United States.
- *Kevin Stiroh*—Empirical research on the contribution of information technology to the resurgence of U.S. productivity growth.
- *Andrea Tambalotti*—The use of dynamic stochastic general equilibrium models to identify fluctuations in potential output and the natural rate of interest.
- *Wilbert van der Klaauw*—Empirical research on the impact of social security reform on savings and retirement behavior, welfare reform, family structure dynamics, and child development.

*The New York Fed enables me to be near the financial markets and work on issues of direct importance to the operation of the U.S. financial system. The Bank strongly encourages innovative theory and critical thinking, and my fellow economists are a great resource for insight into monetary policy and open market operations.*

**Zhenyu Wang**, University of Minnesota  
Capital Markets Function



*My work in the Research Group gives me exciting exposure to a full range of policy issues. These issues in turn prove to be a fruitful source of research ideas.*

**Cédric Tille**, Princeton  
International Research Function



# The Research Group's Policy Work

## Ongoing Responsibilities and Recent Initiatives

The New York Fed's unique role in the Federal Reserve System enables economists to take part in important policy projects. A description of our six research functions' policy work suggests the wide range of our responsibilities and the breadth of expertise that we bring to them.

The *Banking Studies* area analyzes the performance and structure of the U.S. banking industry, the interaction between the financial system and the real economy, and the impact of evolving markets, instruments, and institutions on financial stability. Recently, the area has studied the impact of bank failures on the local economy, the effectiveness of market discipline of financial institutions, the industrial organization of U.S. banking, the interaction between banking and commerce, the importance of retail banking, credit derivatives and other financial innovation topics, and risk management issues.

In *Capital Markets*, economists study stock, bond, and credit market risks; links between financial markets and economic fundamentals; performance and vulnerabilities of financial markets and institutions; and technical aspects of pricing and trading securities and derivatives. Recent work includes analyses of dealer positioning and leverage and their relationship to market behavior, assessments of liquidity risk in fixed-income markets, and studies of inflationary expectations embedded in financial market prices.

*International Research* monitors developments in the global economy that affect the United States, tracking the performance of industrialized countries and developments in U.S. external imbalances. Recently, the staff has analyzed the sustainability of U.S. current account imbalances, international capital flows, the micro- and macroeconomic implications of U.S. exchange rate movements, the design of exchange rate regimes, models of international transmission of disturbances, and developments in international financial markets.

*Macroeconomic and Monetary Studies* economists monitor and analyze current national economic, fiscal, and monetary conditions; provide forecasts of GDP growth and inflation; and advise senior Bank management on monetary policy. Recently, they have studied rising home prices and their possible implications for the economy; the impact of higher oil prices on economic growth, inflation, and monetary policy; the measurement of risks to GDP growth and inflation; the effect of economic and financial market data on future inflation expectations; and the interaction of financial markets and monetary policy.

Economists in *Microeconomic and Regional Studies* track developments in four areas of specific interest for monetary policy: the labor market; cities and regions, with an emphasis on the Second Federal Reserve District; the public sector; and industries of particular interest, such as the information technology sector. Recent work includes analysis of New York City's recovery from the September 11 attacks and labor market responses to social security reform.

*Payments Studies* researches and analyzes domestic and international payments issues with the goals of increasing efficiency, lowering costs, and reducing risks associated with payments and securities settlement. Recent work includes research on large-value payments, examination of fraud risks in retail payments, and analysis of alternative strategies for mitigating risk in payments.

## The Interplay of Research and Policy

Academic research and policy analysis can give rise to great synergies at the New York Fed. Many of our economists conduct research on policy-related topics; others find that their policy work suggests new lines of inquiry for their research.

For example, Michael Fleming's research on the microstructure of the U.S. Treasury securities market—appearing in the *Journal of Finance* and elsewhere—was precipitated by policy interest in overseas trading of Treasuries and an opportunity to work in the Bank area responsible for this activity.

Margaret McConnell and Gabriel Perez-Quiros published in the *American Economic Review* one of the first papers to document the decline in GDP volatility in the early 1980s. This study began as a research project at the New York Fed.

Martin Lettau, Sydney Ludvigson, and Charles Steindel, writing in our *Economic Policy Review*, examined the consumption response to changes in consumer wealth. Their study, as well as a related paper in the *American Economic Review* by Lettau and Ludvigson, was motivated by policy concerns about the spending effects of the stock market boom in the second half of the 1990s.

Jamie McAndrews' theoretical research on incentives in payments systems—appearing in the *Journal of Money, Credit, and Banking*—has been used to analyze the likely effects of changes to payments system design.

*In a policymaking environment, your work often focuses on the interpretation and application of economic data, which in turn offers you new ways to understand the data. That fresh perspective is extremely useful in shaping your empirical research.*

**Margaret McConnell,** Ohio State  
Macroeconomic and Monetary Studies Function



New economists in the Research Group have many opportunities to pursue other connections between research and policy work. In doing so, they will find that the more experienced members of the Group are available to mentor them and to help identify synergies between their academic interests and policy responsibilities.

### Policy-Oriented Research Publications

While economists are encouraged to publish in external journals, they also reach a large and influential audience through two New York Fed publications that address policy-related economic and financial market issues.

- The *Economic Policy Review*, the Bank’s flagship research publication, has 8,000 subscribers, including policymakers, business and banking professionals, and academics.
- *Current Issues in Economics and Finance*, with a readership of 11,000, is geared toward a broad audience that includes the general public as well as decision makers in business and government.

Both publications receive frequent press attention and are valuable outlets for work that combines the research and policy interests of our economists.

# Research Functions and Personnel

### Director of Research Joseph S. Tracy

Joseph S. Tracy was named the director of research and an executive vice president of the Bank in December 2004. He had been the acting director of research since February 2004.

Joe served as a senior vice president of the Bank from 2003 to 2004, as a vice president from 1999 to 2002, and as an assistant vice president from 1998 to 1999. During his tenure, he has headed the Research and Statistics Group’s Domestic Research and Research Support areas and has served as the Group’s senior administrative officer.

In August 1996, Joe joined the Bank as a research officer in Domestic Research. Previously, he was an associate professor of economics at Columbia University and Yale University as well as the Olin Fellow at the National Bureau of Economic Research.

Joe has published in a range of economic and business journals, including the *American Economic Review* (“Strikes and Holdouts in Wage Bargaining: Theory and Data,” with Peter Cramton, 1992) and the *Journal of Political Economy* (“The Structure of Local Public Finance and the Quality of Life,” with Joseph Gyourko, 1991). His work in scholarly volumes includes “Unions, Bargaining, and Strikes” (in *International Handbook of Trade Unions*, ed. J. T. Addison and C. Schnabel, 2003) and “Quality of Life and Environmental Comparisons” (with Joseph Gyourko and Matthew Kahn, in *Handbook of Regional and Urban Economics*, vol. 3, ed. P. Cheshire and E. Mills, 1999).

Joe holds a bachelor’s degree in political economy from the University of Missouri and a doctorate in economics from the University of Chicago.



# Banking Studies

*The Banking Studies Function conducts research and analyzes a wide range of issues relating to the behavior and performance of banks, the structure of the U.S. banking system, and the interaction between financial institutions and the real economy.*

**Recent research topics include:**

- banks and the business cycle,
- the assessment of risk at financial institutions,
- judging and pricing bank risk,
- regulatory capital requirements for financial institutions,
- the design of financial systems, institutions, and contracts,
- the restructuring and deregulation of the financial services industry,
- the mingling of banking and commerce,
- retail banking and consumer welfare, and
- banking competition.

## Banking Studies Staff

- Kevin Stiroh**  
*Vice President and Function Head*  
*Ph.D., Harvard, 1995*  
Interests: Production and efficiency of financial institutions; information technology, productivity, and growth; sources of financial sector risk.
- Adam Ashcraft**  
*Senior Economist*  
*Ph.D., MIT, 2001*  
Interests: Monetary policy and the transmission mechanism; bank capital regulation; market discipline; causal methods in econometrics; labor economics.
- Nicola Cetorelli**  
*Senior Economist*  
*Ph.D., Brown, 1996*  
Interests: Banking; industrial organization; corporate finance; bank finance and real activity.

- Astrid Dick**  
*Economist*  
*Ph.D., MIT, 2002*  
Interests: Industrial organization; banking; personal bankruptcy.
- Beverly Hirtle**  
*Vice President*  
*Ph.D., MIT, 1986*  
Interests: Retail banking and bank branching; risk management and measurement; banks’ dividend and stock repurchase behavior; disclosure; bank capital.
- Donald Morgan**  
*Research Officer*  
*Ph.D., Wisconsin, 1989*  
Interests: Judging and pricing bank risk; geographic diversification at banks; bank credit standards and economic activity.
- Stavros Peristiani**  
*Research Officer*  
*Ph.D., Columbia, 1984*  
Interests: Banking and finance; real estate finance; theoretical and applied econometrics.
- João Santos**  
*Research Officer*  
*Ph.D., Boston University, 1994*  
Interests: Corporate finance; banking; banking regulation and the design of financial systems, institutions, and contracts.

- Til Schuermann**  
*Research Officer*  
*Ph.D., Pennsylvania, 1993*  
Interests: Financial institutions; risk measurement and management; capital markets; financial econometrics.
- James Vickery**  
*Economist*  
*Ph.D., MIT, 2004*  
Interests: Banking and financial institutions; corporate finance; consumer finance; development finance.

## Recent Publications and Papers

- Adam Ashcraft.** “Are Banks Really Special? New Evidence from the FDIC-Induced Failure of Healthy Banks.” *American Economic Review* 95, no. 5 (2005).
- Nicola Cetorelli.** “Finance as a Barrier to Entry: Bank Competition and Industry Structure in Local U.S. Markets,” with Philip Strahan. *Journal of Finance* 61, no. 1 (2006).
- Astrid Dick.** “Market Size, Service Quality, and Competition in Banking.” *Journal of Money, Credit, and Banking*, forthcoming.
- Beverly Hirtle.** “The Return to Retail and the Performance of U.S. Banks,” with Kevin Stiroh. *Journal of Banking and Finance*, forthcoming.

**Donald Morgan.** “Bank Integration and the Business Cycle,” with Philip Strahan and Bertrand Rime. *Quarterly Journal of Economics*, forthcoming.

**Stavros Peristiani.** “The Role of Bank Advisors in Mergers and Acquisitions,” with Linda Allen, Julapa Jagtiani, and Anthony Saunders. *Journal of Money, Credit, and Banking* 36, no. 2 (2004).

**João Santos.** “The American Keiretsu and Universal Banks: Investing, Voting, and Sitting on Nonfinancials’ Corporate Boards,” with Adrienne Rumble. *Journal of Financial Economics* 80, no. 2 (2006).

**Til Schuermann.** “Macroeconomic Dynamics and Credit Risk: A Global Perspective,” with M. Hashem Pesaran, Björn-Jakob Treutler, and Scott M. Weiner. *Journal of Money, Credit, and Banking* 38, no. 5 (2006).

**Kevin Stiroh.** “A Portfolio View of Banking with Interest and Noninterest Activities.” *Journal of Money, Credit, and Banking* 38, no. 5 (2006).

**James Vickery.** “(How and Why) Do Small Firms Manage Interest Rate Risk? Evidence from Commercial Loans.” *Journal of Financial Economics*, forthcoming.

# Capital Markets

*The Capital Markets Function specializes in research on domestic and international capital markets, focusing on such issues as credit and market risks, links between financial markets and economic fundamentals, the performance and vulnerabilities of financial markets and institutions, and technical aspects of pricing and trading securities and derivatives. A close working relationship with the Bank’s Trading Desk and well-established contacts with market participants create an unmatched opportunity to gain a practical understanding of how different financial markets operate. Recent conferences organized by Capital Markets have covered such issues as corporate governance in the banking and financial services industries and the interaction between market liquidity and funding liquidity in financial markets and institutions.*

## Recent research topics include:

- the term structure of interest rates as a predictor of the business cycle in developed countries,
- the effect of macroeconomic announcements on the U.S. Treasury market,
- executive compensation, pay-performance sensitivity, and incentives for risk taking,
- behavioral finance and real investment,
- corporate bond credit spreads and liquidity,
- estimating risk premia in stock and bond markets,
- empirical pricing kernels,
- mortgage-backed derivatives and prepayments,
- the effects of regulation on trading dynamics,
- the impact of hedging on short-term yield curve dynamics,
- market structure and organizational form in insurance markets,
- the effect of institutional money managers on asset prices, and
- trading risk and market liquidity.

## Capital Markets Staff

**John Kambhu**  
*Vice President and Function Head*  
*Ph.D., NYU, 1981*  
Interests: Market liquidity; risk management; economics of information.

**Tobias Adrian**  
*Economist*  
*Ph.D., MIT, 2003*  
Interests: Asset pricing; macroeconomics and finance; international finance.

**Arturo Estrella**

Senior Vice President

Ph.D., Harvard, 1983

Interests: Macroeconomics and finance; monetary policy; financial regulation; econometrics.

**Michael Fleming**

Assistant Vice President

Ph.D., Harvard, 1994

Interests: Fixed-income markets; market microstructure; repurchase agreement market.

**Kenneth Garbade**

Vice President

Ph.D., Princeton, 1975

Interests: U.S. Treasury securities; risk management; relative value analysis.

**Hamid Mehran**

Assistant Vice President

Ph.D., University of North Carolina, 1990

Interests: Corporate finance.

**Anthony Rodrigues**

Senior Economist

Ph.D., UC Berkeley, 1984

Interests: Yield curve modeling; credit risk models; risk management; applied econometrics; asset price and volatility models.

**Joshua Rosenberg**

Research Officer

Ph.D., UC San Diego, 1996

Interests: Derivatives pricing and hedging; stochastic volatility models; financial econometrics.

**Asani Sarkar**

Senior Economist

Ph.D., Pennsylvania, 1989

Interests: Market microstructure of futures, stock, and fixed-income markets; international finance; linkages between stock and bond markets; linkages between the macroeconomy and financial markets; corporate bond credit spreads and liquidity.

**Zhenyu Wang**

Vice President

Ph.D., University of Minnesota, 1995

Interests: Asset pricing; investment management; risk management.

**Chenyang Wei**

Economist

Ph.D., NYU, 2006

Interests: Empirical finance; corporate governance; credit risk; fixed-income investment.

**George Zanjani**

Senior Economist

Ph.D., Chicago, 2000

Interests: Insurance; financial institutions.

**Recent Publications and Papers**

**Tobias Adrian.** “Stock Returns and Volatility: Pricing the Permanent and Transitory Components of Market Risk,” with Joshua Rosenberg. Working paper, 2005.

**Arturo Estrella.** “Dynamic Inconsistencies: Counterfactual Implications of a Class of Rational Expectations Models,” with Jeffrey C. Fuhrer. *American Economic Review* 92, no. 4 (2002).

**Michael Fleming.** “Are Larger Treasury Issues More Liquid? Evidence from Bill Reopenings.” *Journal of Money, Credit, and Banking* 34, no. 3 (2002).

**Kenneth Garbade.** *Pricing Corporate Securities as Contingent Claims*. Cambridge: MIT Press, 2001.

**John Kambhu.** “Trading Risk, Market Liquidity, and Convergence Trading in the Interest Rate Swap Spread.” Federal Reserve Bank of New York *Economic Policy Review* 12, no. 1 (2006).

**Hamid Mehran.** “The Effect of Changes in Ownership Structure on Performance: Evidence from the Thrift Industry,” with Rebel A. Cole. *Journal of Financial Economics* 50, no. 3 (1998).

**Anthony Rodrigues.** “How Stable Is the Predictive Power of the Yield Curve? Evidence from Germany and the United States,” with Arturo Estrella and Sebastian Schich. *Review of Economics and Statistics* 85, no. 3 (2003).

**Joshua Rosenberg.** “A General Approach to Integrated Risk Management with Skewed, Fat-Tailed Risks,” with Til Schuermann. *Journal of Financial Economics*, forthcoming.

**Asani Sarkar.** “An Empirical Analysis of Stock and Bond Market Liquidity,” with Tarun Chordia and Avanidhar Subrahmanyam. *Review of Financial Studies* 18, no. 1 (2005).

**Zhenyu Wang.** “A Shrinkage Approach to Model Uncertainty and Asset Allocation.” *Review of Financial Studies* 18, no. 2 (2005).

**Chenyang Wei.** “Governance Mechanisms and Bond Prices,” with K. J. Martijn Cremers and Vinay B. Nair. *Review of Financial Studies*, forthcoming.

**George Zanjani.** “Regulation, Capital, and the Evolution of Organizational Form in U.S. Life Insurance.” *American Economic Review*, forthcoming.



# International Research

*The International Research Function conducts research and policy analysis in international economics, examining issues in macroeconomics, trade, and economic development. The area also oversees the tracking of industrialized countries for the Bank. Staff research is published in academic journals and Federal Reserve publications and is designed to contribute to the Bank’s overall perspective on international issues.*

**Recent research topics include:**

- financial architecture and currency crises,
- currency invoicing of international trade,
- causes and consequences of exchange rate movements,
- models of macroeconomic interdependence and monetary transmission,
- exchange rate pass-through into prices,

- current account sustainability and global rebalancing,
- international business cycles,
- outsourcing and foreign direct investment,
- determinants of international trade,
- comparisons of international money markets,
- international productivity and price differences, and
- European and Japanese economic issues.

## International Research Staff

**Linda Goldberg**  
*Vice President and Function Head*  
*Ph.D., Princeton, 1988*  
Interests: International banking; exchange rate effects on prices, labor markets, and investment; foreign direct investment; currency invoicing of international trade; market reactions to economic news.

**Mary Amiti**  
*Senior Economist*  
*Ph.D., London School of Economics and Political Science, 1997*  
Interests: Trade policy; new economic geography; industrial agglomerations; industrial organization; firm location decisions; regional development.

**Roc Armenter**  
*Economist*  
*Ph.D., Northwestern, 2004*  
Interests: Macroeconomics; fiscal and monetary policy credibility; exchange rate regimes.

**Leonardo Bartolini**  
*Senior Vice President*  
*Ph.D., Princeton, 1991*  
Interests: International financial markets; monetary policy implementation; interbank markets.

**James Harrigan**  
*Research Officer*  
*Ph.D., UCLA, 1991*  
Interests: International trade; the testing of trade theory; economic geography; the Japanese economy.

**Rebecca Hellerstein**  
*Economist*  
*Ph.D., UC Berkeley, 2003*  
Interests: Exchange rate pass-through; cross-border vertical contracts; applied econometrics; international trade.

**Thomas Klitgaard**  
*Assistant Vice President*  
*Ph.D., Stanford, 1985*  
Interests: European economic issues; capital flows; international trade; exchange rates.

**Miklós Koren**  
*Economist*  
*Ph.D., Harvard, 2005*  
Interests: Risk and specialization in international trade; trade and firm productivity; trade costs and international relative prices.

**Paolo Pesenti**  
*Assistant Vice President*  
*Ph.D., Yale, 1991*  
Interests: Multicountry simulation models for policy analysis; global macroeconomic adjustment; financial and currency crises.

**Cédric Tille**  
*Senior Economist*  
*Ph.D., Princeton, 1998*  
Interests: International transmission mechanisms; exchange rate movements and wealth transfers; design of international monetary policy; currency invoicing of international trade.

## Recent Publications and Papers

**Mary Amiti.** “Trade and Industrial Location with Heterogeneous Labor,” with Christopher Pissarides. *Journal of International Economics* 67, no. 2 (2005).

**Roc Armenter.** “A General Theory (and Some Evidence) of Expectation Traps in Monetary Policy.” Working paper, 2005.

**Leonardo Bartolini.** “Cross-Country Differences in Monetary Policy Execution and Money Market Rates’ Volatility,” with Alessandro Prati. *European Economic Review* 50, no. 2 (2006).

**Linda Goldberg.** “Exchange Rate Pass-Through into Import Prices,” with José Manuel Campa. *Review of Economics and Statistics* 87, no. 4 (2005).

**James Harrigan.** “Distance, Time, and Specialization: Lean Retailing in General Equilibrium,” with Carolyn Evans. *American Economic Review* 95, no. 1 (2005).

**Rebecca Hellerstein.** “Is There a Dead Spot? New Evidence on FOMC Votes before Elections.” *Journal of Money, Credit, and Banking*, forthcoming.

**Thomas Klitgaard.** “The Income Implications of Rising U.S. International Liabilities,” with Matthew Higgins and Cédric Tille. Federal Reserve Bank of New York *Current Issues in Economics and Finance* 11, no. 12 (2005).

**Miklós Koren.** “Volatility and Development,” with Silvana Tenreyro. *Quarterly Journal of Economics*, forthcoming.

**Paolo Pesenti.** “International Dimensions of Optimal Monetary Policy,” with Giancarlo Corsetti. *Journal of Monetary Economics* 52, no. 2 (2005).

**Cédric Tille.** “The Welfare Effect of International Asset Markets Integration under Nominal Rigidities.” *Journal of International Economics* 65, no. 1 (2005).

# Macroeconomic and Monetary Studies

*Economists in the Macroeconomic and Monetary Studies Function conduct scholarly research on topics in macroeconomics and monetary policy for publication in academic journals and Bank periodicals. They also provide rigorous analysis of current national economic, fiscal, and monetary conditions as well as advise senior Bank management on monetary policy.*

## Recent research topics include:

- monetary policy transmission,
- monetary policy and the zero bound,
- monetary policy and learning,
- sources of inflation dynamics,
- changes in the inflation-unemployment relationship,
- goods and services price inflation,
- methods of determining trend and cyclical productivity growth,
- the reduction in the volatility of economic fluctuations,
- changes in inventory dynamics and business cycles,
- the yield curve and recessions,
- forecasting using large macroeconomic panels,
- analysis of recent housing price trends and effects on consumer spending, and
- trends in labor force participation.

## Macroeconomic and Monetary Studies Staff

**Simon Potter**  
*Assistant Vice President and Function Head*  
*Ph.D., Wisconsin, 1990*  
Interests: Time series econometrics; macroeconomics; Bayesian statistics.

**Vasco Cúrdia**  
*Economist*  
*Ph.D., Princeton, expected 2006*  
Interests: Macroeconomics; monetary economics; international finance.

**Gauti Eggertsson**  
*Senior Economist*  
*Ph.D., Princeton, 2004*  
Interests: Macroeconomics; monetary economics; international finance; political economy.

**Stefano Eusepi**  
*Economist*  
*Ph.D., University of Warwick, U.K., 2004*  
Interests: Macroeconomics; monetary economics; nonlinear dynamics.

**Andrea Ferrero**

*Economist*

*Ph.D., NYU, 2006*

Interests: Macroeconomics; monetary economics; international finance.

**James Kahn**

*Vice President*

*Ph.D., MIT, 1986*

Interests: Empirical business cycle analysis; labor markets; growth and productivity.

**Todd Keister**

*Senior Economist*

*Ph.D., Cornell, 1998*

Interests: Macroeconomics; banking; liquidity; coordination failures.

**Jonathan McCarthy**

*Senior Economist*

*Ph.D., Wisconsin, 1992*

Interests: Macroeconomics; inventories; investment; housing; consumption.

**Margaret McConnell**

*Assistant Vice President*

*Ph.D., Ohio State, 1997*

Interests: Output fluctuations and inventory investment; cyclical behavior of labor markets; empirical macroeconomics and monetary policy.

**Richard Peach**

*Vice President*

*Ph.D., Maryland, 1983*

Interests: Housing and real estate finance; federal fiscal policy.

**Robert Rich**

*Research Officer*

*Ph.D., Brown, 1988*

Interests: Macroeconomics; time series econometrics.

**Argia Sbordone**

*Senior Economist*

*Ph.D., Chicago, 1993*

Interests: Macroeconomics; inflation.

**Charles Steindel**

*Senior Vice President*

*Ph.D., MIT, 1977*

Interests: Productivity growth; consumer behavior.

**Andrea Tambalotti**

*Economist*

*Ph.D., Princeton, 2004*

Interests: Macroeconomics; monetary economics.

**Recent Publications and Papers**

**Vasco Cúrdia.** “An Estimated DSGE Model for Sweden with a Monetary Regime Change,” with Daria Finocchiaro. Institute for International Economic Studies Seminar Paper no. 740 (2005).

**Gauti Eggertsson.** “Policy Options in a Liquidity Trap,” with Michael Woodford. *American Economic Review* 94, no. 2 (2004).

**Stefano Eusepi.** “Learnability and Monetary Policy: a Global Perspective.” *Journal of Monetary Economics*, forthcoming.

**Andrea Ferrero.** “Fiscal and Monetary Rules for a Currency Union.” European Central Bank Working Paper no. 502 (2005).

**James Kahn.** “Tracking the New Economy: Using Growth Theory to Detect Changes in Trend Productivity,” with Robert Rich. *Journal of Monetary Economics*, forthcoming.

**Todd Keister.** “Optimal Fiscal Policy with Multiple Equilibria,” with Huberto M. Ennis. *Journal of Monetary Economics* 52, no. 8 (2005).

**Jonathan McCarthy.** “Inventory Dynamics and Business Cycles: What Has Changed?” with Egon Zakrajšek. *Journal of Money, Credit, and Banking*, forthcoming.

**Margaret McConnell.** “Output Fluctuations in the United States: What Has Changed since the Early 1980s?” with Gabriel Perez-Quiros. *American Economic Review* 90, no. 5 (2000).

**Richard Peach.** “After the Refinancing Boom: Will Consumers Scale Back Their Spending?” with Margaret M. McConnell and Alex Al-Haschimi. Federal Reserve Bank of New York *Current Issues in Economics and Finance* 9, no. 12 (2003).

**Simon Potter.** “Forecasting Recessions Using the Yield Curve,” with Marcelle Chauvet. *Journal of Forecasting* 24, no. 2 (2005).

**Robert Rich.** “Using Regional Economic Indexes to Forecast Tax Bases: Evidence from New York,” with Jason Bram, Andrew Haughwout, James Orr, Rae Rosen, and Rebecca Sela. *Review of Economics and Statistics* 87, no. 4 (2005).

**Argia Sbordone.** “Do Expected Future Marginal Costs Drive Inflation Dynamics?” *Journal of Monetary Economics* 52, no. 6 (2005).

**Charles Steindel.** “A Review of Core Inflation and an Evaluation of Its Measures,” with Robert Rich. Federal Reserve Bank of New York *Staff Reports*, no. 236, December 2005.

**Andrea Tambalotti.** “Menu Costs at Work: Restaurant Prices and the Introduction of the Euro,” with Bart Hobijn and Federico Ravenna. *Quarterly Journal of Economics* 121, no. 3 (2006).



# Microeconomic and Regional Studies

*The Microeconomic and Regional Studies Function engages in rigorous analysis of microeconomic issues of interest to the nation and the Second Federal Reserve District in support of the Bank’s primary missions in monetary policy and regulation of the financial system. In addition, economists conduct long-term research in theoretical as well as applied areas of microeconomics and regional economics.*

**Recent research topics include:**

- economic restructuring and employment growth,
- inflation inequality in the United States,
- market imperfections and the cost of business cycles,
- the empirical content of models with multiple equilibria,
- informal hiring networks and labor market outcomes,

- statistical discrimination in labor markets,
- social insurance and the savings and labor supply behavior of U.S. households,
- design of educational reforms and their impact on student performance,
- commuting in the New York metropolitan area,
- the economic effects of 9/11, and
- fiscal interactions within U.S. metropolitan areas.

## Microeconomic and Regional Studies Staff

**Andrew Haughwout**  
*Research Officer and Function Head*  
*Ph.D., Pennsylvania, 1993*  
Interests: Public finance; urban and regional economics.

**Jason Bram**  
*Economist*  
*M.B.A., NYU, 1992*  
Interests: Regional economics; consumer behavior and demographics; urban development.

**Rajashri Chakrabarti**  
*Economist*  
*Ph.D., Cornell, 2004*  
Interests: Public economics and public policy; labor economics and economics of education; applied microeconomics; applied econometrics.

**Bart Hobijn**  
*Research Officer*  
*Ph.D., NYU, 2000*  
Interests: Technological progress and growth; time series analysis; price index measurement.

**Andrea Moro**  
*Senior Economist*  
*Ph.D., Pennsylvania, 1998*  
Interests: Applied microeconomics; theoretical and empirical analysis of statistical discrimination; public policy; political economy.

**James Orr**  
*Research Officer*  
*Ph.D., Pennsylvania, 1979*  
Interests: Regional economics; urban development.

**Ayşegül Şahin**  
*Economist*  
*Ph.D., University of Rochester, 2002*  
Interests: Macroeconomics; labor economics.

**Giorgio Topa**  
*Research Officer*  
*Ph.D., Chicago, 1996*  
Interests: Labor markets; networks and local spillovers; urban unemployment; neighborhood dynamics; spatial econometrics.

**Wilbert van der Klaauw**  
*Research Officer*  
*Ph.D., Brown, 1992*  
Interests: Labor economics; public policy; applied econometrics.

## Recent Publications and Papers

**Jason Bram.** “Using Regional Economic Indexes to Forecast Tax Bases: Evidence from New York,” with Andrew Haughwout, James Orr, Robert Rich, Rae Rosen, and Rebecca Sela. *Review of Economics and Statistics* 87, no. 4 (2005).

**Rajashri Chakrabarti.** “Impact of Voucher Design on Public School Performance: Evidence from Florida and Milwaukee Voucher Programs.” Working paper, 2006.

**Andrew Haughwout.** “Exogenous Shocks and the Dynamics of City Growth: Evidence from New York,” with Bess Rabin. Federal Reserve Bank of New York *Economic Policy Review* 11, no. 2 (2005).

**Bart Hobijn.** “Menu Costs at Work: Restaurant Prices and the Introduction of the Euro,” with Federico Ravenna and Andrea Tambalotti. *Quarterly Journal of Economics* 121, no. 3 (2006).

**Andrea Moro.** “Persistent Distortionary Policies with Asymmetric Information,” with Matthew F. Mitchell. *American Economic Review* 96, no. 1 (2006).

**James Orr.** “Challenges Facing the New York Metropolitan Area Economy,” with Giorgio Topa. Federal Reserve Bank of New York *Current Issues in Economics and Finance* 12, no. 1 (2006).

**Ayşegül Şahin.** “Costs of Business Cycles for Unskilled Workers,” with Toshihiko Mukoyama. *Journal of Monetary Economics*, forthcoming.

**Giorgio Topa.** “Estimating Dynamic Local Interactions Models,” with Timothy G. Conley. *Journal of Econometrics*, forthcoming.

**Wilbert van der Klaauw.** “The Effect of Disability Insurance on Labor Supply of Older Individuals in the 1990s,” with Susan Chen. *Journal of Econometrics*, forthcoming.

# Payments Studies

*The Payments Studies Function conducts research on the economics of payments system design and performance as well as on bank and consumer behavior. Payments systems of particular interest include the Fedwire Funds and Fedwire Securities Services and the Clearing House Interbank Payments System. Payments Studies works closely with other areas of the Bank and with other official agencies, including the Board of Governors of the Federal Reserve System, the Bank for International Settlements, and foreign central banks. Staff members, who have backgrounds in economics, business, and public policy, also represent the Bank in various payments industry groups.*

**Recent projects and research themes include:**

- examining operational events and the risk of fraud in new and emerging payments systems,
- analyzing the possible effects of paying interest on bank reserves,
- studying the effects of new Federal Reserve policies relating to the provision of daylight credit and the cash services made available to banks,
- characterizing the topology of large-value payments flows across banks, and
- providing support for the Federal Reserve’s management of its wholesale payments services.

**Payments Studies Staff**

**James McAndrews**  
*Vice President and Function Head*  
*Ph.D., University of Iowa, 1988*  
Interests: Industrial organization of financial markets.

**Olivier Armantier**  
*Senior Economist*  
*Ph.D., University of Pittsburgh, 1999*  
Interests: Industrial organization; econometrics; experimental economics; applied microeconomics; game theory.

**Morten Bech**  
*Economist*  
*Ph.D., UC Santa Barbara, 2002*  
Interests: Payments system theory and design.

**Michele Braun**  
*Financial Specialist*  
*M.S., Carnegie Mellon University, 1979*  
Interests: Payments system policy; retail payments; emerging payments.

**Antoine Martin**  
*Senior Economist*  
*Ph.D., University of Minnesota, 2001*  
Interests: Monetary economics; banking; financial intermediation; payment economics.

**David Skeie**  
*Economist*  
*Ph.D., Princeton, 2004*  
Interests: Corporate finance; banking; contract theory.

**Recent Publications and Papers**

**Olivier Armantier.** “Estimation and Comparison of Treasury Auction Formats When Bidders Are Asymmetric,” with Erwann Sbair. *Journal of Applied Econometrics*, forthcoming.

**Morten Bech.** “The Intraday Liquidity Management Game,” with Rod Garrett. *Journal of Economic Theory* 109, no. 2 (2003).

**Michele Braun.** “Improving Business Payments by Asking What Corporations Really Want,” with Sandy Krieger. Federal Reserve Bank of New York *Current Issues in Economics and Finance* 11, no. 5 (2005).

**Antoine Martin.** “Currency Competition: A Partial Vindication of Hayek,” with Stacey Schreft. *Journal of Monetary Economics*, forthcoming.

**James McAndrews.** “Alternative Arrangements for the Distribution of Intraday Liquidity.” Federal Reserve Bank of New York *Current Issues in Economics and Finance* 12, no. 3 (2006).

**David Skeie.** “Money and Modern Banking without Bank Runs.” Federal Reserve Bank of New York *Staff Reports*, no. 242, March 2006.

# Federal Reserve Bank of New York Research Series

The Research and Statistics Group produces a wide range of publications:

- **The *Economic Policy Review***—a policy-oriented journal focusing on economic and financial market issues.
- ***EPR Executive Summaries***—online versions of selected *Economic Policy Review* articles, in abridged form.
- ***Current Issues in Economics and Finance***—concise studies of topical economic and financial issues.
- ***Second District Highlights***—a regional supplement to *Current Issues*.
- ***Staff Reports***—technical papers intended for publication in leading economic and finance journals.
- ***Research Update***—a quarterly newsletter describing the Group’s current research.
- ***Publications and Other Research***—an annual catalogue of the Group’s research output.

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[www.newyorkfed.org/careers/phd.html](http://www.newyorkfed.org/careers/phd.html)





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the Federal Reserve Bank of New York  
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the Research Group, visit our website:**

**[www.newyorkfed.org/research](http://www.newyorkfed.org/research)**