American Economic Review Vol. 98, No. 2, May 2008 Editors' Introduction (page viii) William R. Johnson and Jane E. Voros

Foreword (page x)

Articles Richard T. Ely Lecture The Economics of Climate Change (pp. 1-37) Nicholas Stern

The Impact of Hurricanes on Residents and Local Labor Markets Returning to New Orleans after Hurricane Katrina (pp. 38-42) Christina Paxson and Cecilia Elena Rouse

The Effect of Hurricane Katrina on the Labor Market Outcomes of Evacuees (pp. 43-48) Jeffrey A. Groen and Anne E. Polivka

How Hurricanes Affect Wages and Employment in Local Labor Markets (pp. 49-53) Ariel R. Belasen and Solomon W. Polachek

Measuring the Labor Market Impacts of Hurricane Katrina Migration: Evidence from Houston, Texas (pp. 54-57) Molly Fifer McIntosh

Rare Disasters and Asset Markets Consumption Disasters in the Twentieth Century (pp. 58-63) Robert J. Barro and Jose F. Ursua

Variable Rare Disasters: A Tractable Theory of Ten Puzzles in Macro-finance (pp. 64-67) Xavier Gabaix

Disasters and Recoveries (pp. 68-73) *Francois Gourio*

Disasters and the Welfare Cost of Uncertainty (pp. 74-78)

Ian W. R. Martin

US Fiscal Institutions: Reforming Tax Expenditures

How Big Are Total Individual Income Tax Expenditures, and Who Benefits from Them? (pp. 79-83) Leonard E. Burman, Christopher Geissler and Eric J. Toder

Tax Expenditures for Owner-Occupied Housing: Deductions for Property Taxes and Mortgage Interest and the Exclusion of Imputed Rental Income (pp. 84-89) James Poterba and Todd Sinai

Using Tax Expenditures to Achieve Energy Policy Goals (pp. 90-94) Gilbert E. Metcalf

Design and Reform of Institutions in LDCs and Transition Economies Institutions: Top Down or Bottom Up? (pp. 95-99) William Easterly Second-Best Institutions (pp. 100-104) Dani Rodrik

The Administrative Foundations of Self-Enforcing Constitutions (pp. 105-09) Yadira Gonzalez de Lara, Avner Greif and Saumitra Jha

Current and Future Institutions for the World Economy The Future of the IMF and the World Bank (pp. 110-15) Raghuram G. Rajan

Rethinking Global Environmental Governance to Deal with Climate Change: The Multiple Logics of Global Collective Action (pp. 116-21) Daniel C. Esty

Designing Institutions to Deal with Terrorism in the United States (pp. 122-26) *Martin Feldstein*

Reforming Economic Institutions of the European Union EU Institutional Reform: Evidence on Globalization and International Cooperation (pp. 127-32) Richard Baldwin

Widening and Deepening: Reforming the European Union (pp. 133-37) *Erik Berglof, Mike Burkart, Guido Friebel and Elena Paltseva*

Should the Euro Area Be Run as a Closed Economy? (pp. 138-45)

Carlo Favero and Francesco Giavazzi

Empirical Work on Asymmetric Information in Insurance Markets Modeling Competition and Market Equilibrium in Insurance: Empirical Issues (pp. 146-50) Pierre-Andre Chiappori and Bernard Salanie

Does the Secondary Life Insurance Market Threaten Dynamic Insurance? (pp. 151-56) *Glenn Daily, Igal Hendel and Alessandro Lizzeri*

Preference Heterogeneity and Insurance Markets: Explaining a Puzzle of Insurance (pp. 157-62) David M. Cutler, Amy Finkelstein and Kathleen McGarry

Neuroeconomic Models of Economic Decision Making The Impact of Computation Time and Experience on Decision Values (pp. 163-68) K. Carrie Armel and Antonio Rangel

Economic Insights from "Neuroeconomic" Data (pp. 169-74) Andrew Caplin and Mark Dean

Theories of the Mind (pp. 175-80) *Isabelle Brocas and Juan D. Carrillo*

Information Aggregation by Voting Information Aggregation in Standing and Ad Hoc Committees (pp. 181-86) S. Nageeb Ali, Jacob K. Goeree, Navin Kartik and Thomas R. Palfrey

Costly Expertise (pp. 187-93) Dino Gerardi and Leeat Yariv

Information Aggregation and Strategic Abstention in Large Laboratory Elections (pp. 194-200) Marco Battaglini, Rebecca B. Morton and Thomas R. Palfrey

Work Incentives, Motivation, and Identity Intrinsic Motivation and Incentives (pp. 201-05) Canice Prendergast

Status Incentives (pp. 206-11) Timothy Besley and Maitreesh Ghatak Identity, Supervision, and Work Groups (pp. 212-17) George A. Akerlof and Rachel E. Kranton

Expertise and Macroeconomic Policy Insiders versus Outsiders in Monetary Policymaking (pp. 218-23) Timothy Besley, Neil Meads and Paolo Surico

Do Monetary Policy Committees Need Leaders? A Report on an Experiment (pp. 224-29) *Alan S. Blinder and John Morgan*

The FOMC versus the Staff: Where Can Monetary Policymakers Add Value? (pp. 230-35) Christina D. Romer and David H. Romer

Complexity and Dynamics in Macroeconomics: Alternatives to the DSGE Models Beyond DSGE Models: Toward an Empirically Based Macroeconomics (pp. 236-40) David Colander, Peter Howitt, Alan Kirman, Axel Leijonhufvud and Perry Mehrling

Frequency-Specific Effects of Stabilization Policies (pp. 241-45) *William A. Brock, Steven N. Durlauf and Giacomo Rondina*

Modeling Macroeconomies as Open-Ended Dynamic Systems of Interacting Agents (pp. 246-50) Blake LeBaron and Leigh Tesfatsion

Allowing the Data to Speak Freely: The Macroeconometrics of the Cointegrated Vector Autoregression (pp. 251-55) Kevin D. Hoover, Soren Johansen and Katarina Juselius

Labor Market Flows The Ins and Outs of European Unemployment (pp. 256-62) Barbara Petrongolo and Christopher A. Pissarides

The Decline of Job Loss and Why It Matters (pp. 263-67) Steven J. Davis The Probability of Finding a Job (pp. 268-73) Robert Shimer

Price Manipulation in Financial Markets How to Define Illegal Price Manipulation (pp. 274-79)

Albert S. Kyle and S. Viswanathan

Microstructure Bluffing with Nested Information (pp. 280-84) Archishman Chakraborty and Bilge Yilmaz

Manipulation and Equity-Based Compensation (pp. 285-90) Lin Peng and Ailsa Roell

Life-Cycle Investing Contingent Claims Analysis and Life-Cycle Finance (pp. 291-96) Zvi Bodie, Doriana Ruffino and Jonathan Treussard

Optimal Life-Cycle Investing with Flexible Labor Supply: A Welfare Analysis of Life-Cycle Funds (pp. 297-303) *Francisco J. Gomes, Laurence J. Kotlikoff and Luis M. Viceira*

Why Don t People Insure Late-Life Consumption? A Framing Explanation of the Under-Annuitization Puzzle (pp. 304-09) Jeffrey R. Brown, Jeffrey R. Kling, Sendhil Mullainathan and Marian V. Wrobel

Assets and Credit among Low-Income Households Mortgages, Risk, and Homeownership among Low- and Moderate-Income Families (pp. 310-14) Raphael W. Bostic and Kwan Ok Lee

Rates for Vehicle Loans: Race and Loan Source (pp. 315-20) Kerwin Kofi Charles, Erik Hurst and Melvin Stephens

Saving whilst Gambling: An Empirical Analysis of UK Premium Bonds (pp. 321-26)

Peter Tufano

New Perspectives on Financial Globalization The Drivers of Financial Globalization (pp. 327-32) Philip R. Lane and Gian Maria Milesi-Ferretti

Home Bias at the Fund Level (pp. 333-38) Harald Hau and Helene Rey

Is the 2007 US Sub-prime Financial Crisis So Different? An International Historical Comparison (pp. 339-44)

Carmen M. Reinhart and Kenneth S. Rogoff

Applications of Recent Methodology in Project Evaluation Using Selection on Observed Variables to Assess Bias from Unobservables When Evaluating Swan-Ganz Catheterization (pp. 345-50) Joseph G. Altonji, Todd E. Elder and Christopher R. Taber

Treatment Effect Bounds under Monotonicity Assumptions: An Application to Swan-Ganz Catheterization (pp. 351-56) Jay Bhattacharya, Azeem M. Shaikh and Edward Vytlacil

Estimating Average Treatment Effects with Continuous and Discrete Covariates: The Case of Swan-Ganz Catheterization (pp. 357-62) *Qi Li, Jeffrey S. Racine and Jeffrey M. Wooldridge*

Gender Differences in Careers, Education, and Games Transitions: Career and Family Life Cycles of the Educational Elite (pp. 363-69) Claudia Goldin and Lawrence F. Katz

Exploring the Impact of Financial Incentives on Stereotype Threat: Evidence from a Pilot Study (pp. 370-75) Roland G. Fryer, Steven D. Levitt and John A. List

Do Women Supply More Public Goods Than Men? Preliminary Experimental Evidence from Matrilineal and Patriarchal Societies (pp. 376-81) Steffen Andersen, Erwin Bulte, Uri Gneezy and John A. List

Macroeconomic Factors Affecting Poverty and Income Distribution among African Americans African American and White Differences in the Impacts of Monetary Policy on the Duration of Unemployment (pp. 382-86) William M. Rodgers

The Changing Incidence and Severity of Poverty Spells among Female-Headed Families (pp. 387-91) David Card and Rebecca M. Blank

Poverty Volatility and Macroeconomic Quiescence (pp. 392-97) *Philip N. Jefferson* Non-white Poverty and Macroeconomy: The Impact of Growth (pp. 398-402) Gary A. Hoover, Walter Enders and Donald G. Freeman

Women, Finances, and Children Understanding the Returns to Delayed Childbearing for Working Women (pp. 403-07) Kasey Buckles

The Effect of Children (pp. 408-12) Kristin Mammen

Planning and Financial Literacy: How Do Women Fare? (pp. 413-17) Annamaria Lusardi and Olivia S. Mitchell

Who Chooses Annuities? An Experimental Investigation of the Role of Gender, Framing, and Defaults (pp. 418-22)

Julie R. Agnew, Lisa R. Anderson, Jeffrey R. Gerlach and Lisa R. Szykman

Sources of International Price Stickiness

A Structural Approach to Explaining Incomplete Exchange-Rate Pass-Through and Pricing-to-Market (pp. 423-29) Pinelopi Koujianou Goldberg and Rebecca Hellerstein

Pass-Through in Retail and Wholesale (pp. 430-37)

Emi Nakamura

Welfare Costs of Inflation in a Menu Cost Model (pp. 438-43) Ariel Burstein and Christian Hellwig

Firm Heterogeneity and International Trade Endogenous Variety and the Gains from Trade (pp. 444-50) Costas Arkolakis, Svetlana Demidova, Peter J. Klenow and Andres Rodriguez-Clare

R&D Investments, Exporting, and the Evolution of Firm Productivity (pp. 451-56) Bee Yan Aw, Mark J. Roberts and Daniel Yi Xu

Firm-Level Heterogeneous Productivity and Demand Shocks: Evidence from Bangladesh (pp. 457-62) *Hiau Looi Kee and Kala Krishna* Height, Health, and Economic Development Height, Health, and Cognitive Function at Older Ages (pp. 463-67) Anne Case and Christina Paxson

Height, Health, and Inequality: The Distribution of Adult Heights in India (pp. 468-74) Angus Deaton

Height and Economic Development in Italy, 1730-1980 (pp. 475-81)

Franco Peracchi

Psychology and Development: Theory and Experimental Evidence How High Are Rates of Return to Fertilizer? Evidence from Field Experiments in Kenya (pp. 482-88) Esther Duflo, Michael Kremer and Jonathan Robinson

Limited Attention and Income Distribution (pp. 489-93) Abhijit V. Banerjee and Sendhil Mullainathan

Spite and Development (pp. 494-99) Ernst Fehr, Karla Hoff and Mayuresh Kshetramade

New Research in Development Economics: Marriage, Motherhood, and Conflict Motherhood and Female Labor Force Participation: Evidence from Infertility Shocks (pp. 500-504) Jorge M. Aguero and Mindy S. Marks

Segregation, Rent Control, and Riots: The Economics of Religious Conflict in an Indian City (pp. 505-10) *Erica Field, Matthew Levinson, Rohini Pande and Sujata Visaria*

Stress and Birth Weight: Evidence from Terrorist Attacks (pp. 511-15)

Adriana Camacho

Prostitutes and Brides? (pp. 516-22) *Raj Arunachalam and Manisha Shah*

New Comparative Economic History

Made in America? The New World, the Old, and the Industrial Revolution (pp. 523-28) Gregory Clark, Kevin H. O'Rourke and Alan M. Taylor

Trade Costs, 1870-2000 (pp. 529-34)

David S. Jacks, Christopher M. Meissner and Dennis Novy

A Century of Global Equity Market Correlations (pp. 535-40)

Dennis P. Quinn and Hans-Joachim Voth

Assessment of Economics in US High Schools and Undergraduate Programs

The National Assessment of Educational Progress in Economics: Findings for General Economics (pp. 541-46) William B. Walstad and Stephen Buckles

The Test of Understanding of College Economics (pp. 547-51) *William B. Walstad and Ken Rebeck*

Assessment Practices and Trends in Undergraduate Economics Courses (pp. 552-56) Georg Schaur, Michael Watts and William E. Becker

Awards

Susan C. Athey: John Bates Clark Medalist 2007 (pp. 559-60) Georg Schaur, Michael Watts and William E. Becker

Reports

Minutes of the Annual Meeting: New Orleans, LA, January 5, 2008 (pp. 561-62) John J. Siegfried

Minutes of the Executive Committee Meetings (pp. 563-72) John J. Siegfried

Report of the Secretary for 2007 (pp. 573-76) John J. Siegfried

Report of the Treasurer (pp. 577-80) John J. Siegfried

Report of the Editor: American Economic Review (pp. 581-90) Robert A. Moffitt

Report of the Editor: Journal of Economic Literature (pp. 591-93)

Roger Gordon

Report of the Editor: Journal of Economic Perspectives (pp. 594-95) Andrei Shleifer Report of the Editor: American Economic Journal: Applied Economics (pp. 596-98) Esther Duflo

Report of the Editor: American Economic Journal: Economic Policy (pp. 599-600) *Alan J. Auerbach*

Report of the Editor: American Economic Journal: Macroeconomics (pp. 601-02) *Olivier Blanchard*

Report of the Editor: American Economic Journal: Microeconomics (pp. 603-04) *Andrew Postlewaite*

Report of the Director: Job Openings for Economists (pp. 605-07) John J. Siegfried

Report of the Committee on Economic Education (pp. 608-10) *Michael Watts*

Report of the Committee on the Status of Women in the Economics Profession 2007 (pp. 611-18) *Lisa M. Lynch*

Report on the Committee on the Status of Minority Groups in the Economics Profession (pp. 619-27) *Cecilia Rouse*

Report of the Committee on Economic Statistics (pp. 628-28) *Katharine Abraham*

Report of the Search Committee for the Editor of the Journal of Economic Perspectives (pp. 629-29) Rebecca Blank

American Economic Association Universal Academic Questionnaire Summary Statistics (pp. 630-33) Charles E. Scott and John J. Siegfried