

Journal of **APPLIED** **ECONOMETRICS** **NEWSLETTER**

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From the Editor

This year the *JAE* Annual Editorial Meeting took place at the University of Macedonia, in Thessaloniki, during the 2nd Conference of the International Association for Applied Econometrics (IAAE), June 25-27, 2015, <http://www.iaae2015.org/>. The IAAE is sponsored by the *Journal of Applied Econometrics/Wiley*.



JAE Editorial Members (from left to right): [Marcelle Chauvet](#) (Assistant Editor), [M. Hashem Pesaran](#) (Former Editor), [Barbara Rossi](#) (Editor), [Jonathan Wright](#) (Co-Editor), [Fabio Canova](#) (Co-Editor), [Herman K. van Dijk](#) (Co-Editor).

Not in the picture: [Edward Vytlačil](#) (Co-Editor), [Thierry Magnac](#) (Co-Editor), [Andrew Patton](#) (Co-Editor), [Badi H. Baltagi](#) (Replication Section Editor), [James G. MacKinnon](#) (Coordinator of the Data Archive).

The IAAE Lecture (formerly the *JAE* Lecture) was delivered at the Conference by [Charles Manski](#) (Northwestern University). The abstract of his talk is provided below. Keynote speakers at the IAAE Conference were [Stephane Bonhomme](#) (University of Chicago), [Victor Chernozhukov](#) (MIT), [Lawrence Christiano](#) (Northwestern University), [Marco Del Negro](#) (Federal Reserve Bank of New York), and [John Rust](#) (Georgetown University). The conference Program Chairs were [Francis Vella](#) (Georgetown University) and [Jonathan Wright](#) (Johns Hopkins). The conference was a success, with more than 400 papers and posters on the program.

We are already working on the 2016 IAAE conference, which will take place at the University of Milan-Bicocca on June 22-25, 2016. The call for papers for the 2016 IAAE Conference is at the IAAE website: <http://appliedeconometrics.org/conferences>. Those interested in hosting the IAAE conference in the future are welcome to apply by sending a formal application to marcelle.chauvet@ucr.edu.

I regret that [Tim Bollerslev](#) (Duke University) has stepped down as coeditor of the *JAE* after many years of service. On behalf of the board of editors, I would like to thank him for his valuable help over the years and his contribution in making the journal a success. It is a real pleasure to welcome Professor [Andrew Patton](#) (Duke University) as a new coeditor of the *JAE*.

It is also a real pleasure for me to welcome Professor [Andrew Jones](#) (University of York), Professor [James MacKinnon](#) (Queen's University), Professor [Hashem Pesaran](#) (University of Cambridge; University of Southern California), Professor [Bernard Salanié](#) (Columbia University), Professor [Efthymios \(Mike\) G. Tsionas](#) (Lancaster University), Professor [Arthur H. O. van Soest](#) (Tilburg University) and Professor [Jonathan H. Wright](#) (Johns Hopkins University) as *JAE* Distinguished Authors in 2015. They join a long list of highly accomplished researchers (available on the [JAE website](#)), and I would like to congratulate them on their achievements!

As a reminder, please be aware that the IAAE has replaced the *JAE* in supporting conferences and workshops in econometrics. We receive many worthy applications and, given the competition, it is important that applicants submit full proposals after consulting the [terms and conditions of the IAAE Conference Sponsorship Grant](#). The IAAE Board of Directors also needs sufficient time to process the applications. So do please allow plenty of time between the date of submission of your proposal and the conference date. Decisions are made three times a year.

Finally, the *JAE* Dissertation Prize has now been replaced by the IAAE Student Prize, which is given to the best paper presented by a PhD graduate student at the IAAE conference. I would like to take this opportunity to announce this year's winner of the IAAE Student Prize, who is [Eduard Suari Andreu](#) (University of Groningen); a special honor was awarded to [Andres Garcia-Suaza](#) (Univ. Carlos III). Please see more information on this year's rules at: <http://www.iaae2015.org/student-prize/>.

Barbara Rossi, Editor

2015 IAAE Lecture delivered by

Charles F. Manski

Department of Economics and Institute for Policy Research
Northwestern University

“Statistical Decision Theory for Treatment Choice”

Background. An important objective of empirical research is to analyze treatment response in order to inform treatment choice. Identification problems combine with the necessity of statistical inference from sample data to limit the informativeness of studies. Researchers commonly use methods of statistical inference whose foundations are distant from the problem of treatment choice. It is common to use local asymptotic theory to motivate inferential methods, even though the available data often derive from samples too small to make asymptotic approximations credible. It is common to perform hypothesis tests and to judge estimates by statistical significance, even though these concepts are remote from decision making.

Statistical Decision Theory. The Wald (1950) development of statistical decision theory provides a coherent framework for the use of sample data to make decisions. Wald posed the task as choice of a *statistical decision function*, which maps potentially available data into a choice among the feasible actions. He recommended ex ante evaluation of statistical decision functions as procedures, chosen prior to realization of the data, specifying how a decision maker would use whatever data may be realized. Thus, the theory is frequentist. The Wald framework has breathtaking generality. In principle, it enables comparison of essentially all statistical decision functions. It enables comparison of alternative sampling processes. It applies whatever the sampling process and sample size may be, without recourse to asymptotic approximations. It applies whatever information the decision maker may have. The state space may be finite dimensional or larger (nonparametric). The true state of nature may be point or partially identified. Following publication of Wald (1950), a surge of important extensions and applications followed in the 1950s. However, this period of rapid development came to a close by the 1960s with the exception of Bayesian statistical decision theory. Bayesian analysis has continued to developed but as a self-contained field of study, disconnected from the broad Wald framework. Why did statistical decision theory lose momentum long ago? One reason may have been the technical difficulty of the subject. Wald's ideas are easy to describe in the abstract, but applying them can be analytically and computationally demanding. Another reason may have been diminishing interest in decision making as the motivation for statistical analysis. Modern statisticians and econometricians tend to view their objectives as estimation and hypothesis testing rather than decision making.

Application of Statistical Decision Theory to Treatment Choice. My interest in treatment choice with sample data grew out of my research on identification of treatment response. Finding the Wald theory appealing, I suggested in Manski (ECMA, 2004) that it be used to study how a planner wanting to maximize social welfare might use sample data on treatment response to choose treatments for a heterogeneous population. In this setting, a statistical decision function uses the data to choose a treatment allocation. I called such a function a *statistical treatment rule (STR)*. I called the mean

sampling performance of an STR its *expected welfare*. I have used the minimax-regret criterion to evaluate STRs in Manski (*ECMA*, 2004; *Social Choice with Partial knowledge of Treatment Response*, 2005; *JoE*, 2007). See also my textbook *Identification for Prediction and Decision* (2007). Manski and Tetenov (*JSPI*, 2007) studied admissibility in a particular setting, building on a classical result of Karlin and Rubin (*AMS*, 1956). Schlag (2006), Hirano and Porter (*ECMA*, 2009), Stoye (*JoE*, 2009; *JoE*, 2012), and Tetenov (*JoE*, 2012) have continued study of the minimax regret and related decision criteria. New work includes Manski and Tetenov (2014, 2015) on quantile performance of STRs and $\hat{\alpha}$ -optimality of experimental designs.”

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Abstracts of Forthcoming Articles

[Daily House Price Indices: Construction, Modeling, and Longer-Run Predictions](#) by Tim Bollerslev, Andrew J. Patton, and Wenjing Wang

We construct *daily* house price indices for 10 major US metropolitan areas. Our calculations are based on a comprehensive database of several million residential property transactions and a standard repeat-sales method that closely mimics the methodology of the popular monthly Case–Shiller house price indices. Our new daily house price indices exhibit dynamic features similar to those of other daily asset prices, with mild autocorrelation and strong conditional heteroskedasticity of the corresponding daily returns. A relatively simple multivariate time series model for the daily house price index returns, explicitly allowing for commonalities across cities and GARCH effects, produces forecasts of longer-run monthly house price changes that are superior to various alternative forecast procedures based on lower-frequency data.

[Modelling Inflation Volatility](#) by Eric Eisenstat and Rodney W. Strachan

This paper discusses estimation of US inflation volatility using time-varying parameter models, in particular whether it should be modelled as a stationary or random walk stochastic process. Specifying inflation volatility as an unbounded process, as implied by the random walk, conflicts with priors beliefs, yet a stationary process cannot capture the low-frequency behaviour commonly observed in estimates of volatility. We therefore propose an alternative model with a change-point process in the volatility that allows for switches between stationary models to capture changes in the level and dynamics over the past 40 years. To accommodate the stationarity restriction, we develop a new representation that is equivalent to our model but is computationally more efficient. All models produce effectively identical estimates of volatility, but the change-point model provides more information on the level and persistence of volatility and the probabilities of changes. For example, we find a few well-defined switches in the volatility process and, interestingly, these switches line up well with economic slowdowns or changes of the Federal Reserve Chair. Moreover, a decomposition of inflation shocks into permanent and transitory components shows that a spike in volatility in the late 2000s was entirely on the transitory side and characterized by a rise above its long-run mean level during a period of higher persistence.

[Panel Data Models with Grouped Factor Structure Under Unknown Group Membership](#) by Tomohiro Ando and Jushan Bai

This paper studies panel data models with unobserved group factor structures. The group membership of each unit and the number of groups are left unspecified. We estimate the model by minimizing the sum of least squared errors with a shrinkage penalty. The number of explanatory variables can be large. The regressions coefficients can be homogeneous or group specific. The consistency and asymptotic normality of the estimator are established. We also introduce new C_p -type criteria for selecting the number of groups, the numbers of group-specific common factors and relevant regressors. Monte Carlo results show that the proposed method works well. We apply the method to the study of US mutual fund returns and to the study of individual stock returns of the China mainland stock markets.

[The Zero Lower Bound and Parameter Bias in an Estimated DSGE Model](#) by Yasuo Hirose and Atsushi Inoue

This paper examines how and to what extent parameter estimates can be biased in a dynamic stochastic general equilibrium (DSGE) model that omits the zero lower bound (ZLB) constraint on the nominal interest rate. Our Monte Carlo experiments using a standard sticky-price DSGE model show that no significant bias is detected in parameter estimates and that the estimated impulse response functions are quite similar to the true ones. However, as the frequency of being at the ZLB or the duration of ZLB spells increases, the parameter bias becomes larger and therefore leads to substantial differences between the estimated and true impulse responses. It is also demonstrated that the model missing the ZLB causes biased estimates of structural shocks even with the virtually unbiased parameters.

[Identification and Estimation of Distributional Impacts of Interventions Using Changes in Inequality Measures](#) by Sergio Firpo and Cristine Pinto

This paper presents estimators of distributional impacts of interventions when selection to the program is based on observable characteristics. Distributional impacts are calculated as differences in inequality measures of the marginal distributions of potential outcomes of receiving and not receiving the treatment. The estimation procedure involves a first non-parametric estimation of the propensity score. In the second step weighted versions of inequality measures are computed using weights based on the estimated propensity score. Consistency, semi-parametric efficiency and validity of inference based on the percentile bootstrap are shown for the estimators. Results from Monte Carlo exercises show its good performance in small samples.

[Forecast Rationality Tests in the Presence of Instabilities, with Applications to Federal Reserve and Survey Forecasts](#) by Barbara Rossi and Tatevik Sekhposyan

This paper proposes a framework to implement regression-based tests of predictive ability in unstable environments, including, in particular, forecast unbiasedness and efficiency tests, commonly referred to as tests of forecast rationality. Our framework is general: it can be applied to model-based forecasts obtained either with recursive or rolling window estimation schemes, as well as to forecasts that are model free. The proposed tests provide more evidence against forecast rationality than previously found in the Federal Reserve's

Greenbook forecasts as well as survey-based private forecasts. It confirms, however, that the Federal Reserve has additional information about current and future states of the economy relative to market participants.

[Effect of Online Dating on Assortative Mating: Evidence from South Korea](#) by Soohyung Lee

Online dating services have increased in popularity around the world, but a lack of quality data hinders our understanding of their role in family formation. This paper studies the effect of online dating services on marital sorting, using a novel dataset with verified information on people and their spouses. Estimates based on matching techniques suggest that, relative to other spouse search methods, online dating promotes marriages that exhibit weaker sorting along occupation and geographical proximity but stronger sorting along education and other demographic traits. Sensitivity analysis, including the Rosenbaum Bounds approach, suggests that online dating's impact on marital sorting is robust to potential selection bias.

[Exponent of Cross-Sectional Dependence: Estimation and Inference](#) by Natalia Bailey, George Kapetanios and M. Hashem Pesaran

This paper provides a characterisation of the degree of cross-sectional dependence in a two dimensional array, $\{x_{it}, i = 1, 2, \dots, N; t = 1, 2, \dots, T\}$ in terms of the rate at which the variance of the cross-sectional average of the observed data varies with N . Under certain conditions this is equivalent to the rate at which the largest eigenvalue of the covariance matrix of $\mathbf{x}_t = (x_{1t}, x_{2t}, \dots, x_{Nt})'$ rises with N . We represent the degree of cross-sectional dependence by α , which we refer to as the 'exponent of cross-sectional dependence', and define it by the standard deviation, $Std(\bar{x}_t) = O(N^{\alpha-1})$, where \bar{x}_t is a simple cross-sectional average of x_{it} . We propose bias corrected estimators, derive their asymptotic properties for $\alpha > 1/2$ and consider a number of extensions. We include a detailed Monte Carlo simulation study supporting the theoretical results. We also provide a number of empirical applications investigating the degree of inter-linkages of real and financial variables in the global economy.

[Estimating Health Demand for an Aging Population: A Flexible and Robust Bayesian Joint Model](#) by Arnab Mukherji, Satrajit Roychoudhury, Pulak Ghosh and Sarah Brown

We analyse two frequently used measures of the demand for health—hospital visits and out-of-pocket health care expenditure—which have been analysed separately in the existing literature. Given that these two measures of health demand are highly likely to be closely correlated, we propose a framework to jointly model hospital visits and out-of-pocket medical expenditure, which allows for the presence of nonlinear effects of covariates using splines to capture the effects of aging on health demand. The findings from our empirical analysis of the US Health and Retirement Survey indicate that the demand for health varies with age.

[Accounting for the Political Uncertainty Factor](#) by Eric M. Scheffel

We build our analysis upon previous work by Bloom *et al.* (Measuring the Effect of Political Uncertainty. Working Paper, Stanford University, 2012) and Baker *et al.* (Political Uncertainty: A New Indicator. *CentrePiece* 2012; **16**(3): 21–23), who estimate the dynamic effects of a shock to a newly constructed surrogate measure of political uncertainty (PU) on the US economy. Comparable to their results we demonstrate that a shock to PU has pervasive

effects on the dynamic evolution of the US economy. Using an estimated structural dynamic factor model we find that more globally integrated markets exhibit significantly more pronounced responses than other measures of real economic activity. Impulse responses reveal a small but statistically significant 'flight-to-safety' effect, depressing government bond yields across the entire term structure following a shock to PU. Forecast error variance decompositions are predominantly composed of supply, demand, and PU shocks over all horizons, with PU shocks contributing less and supply shocks contributing more to forecast errors at longer horizons. Technology shocks, by contrast, are found to affect forecast accuracy closer to impact with quickly decaying contributions over extended forecast horizons.

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Most Downloaded Papers from 'Early View' in the last 6 months

Title	Authors	First Published online
Doubly Robust Estimation of Causal Effects with Multivalued Treatments: An Application to the Returns to Schooling	S. Derya Uysal	14 Mar, 2014
Purchasing Power Parity and the Taylor Rule	Hyeongwoo Kim, Ippei Fujiwara, Bruce E. Hansen, Masao Ogaki	3 Apr, 2013
Combining Matching and Nonparametric Instrumental Variable Estimation: Theory and an Application to the Evaluation of Active Labour Market Policies	Markus Frölich, Michael Lechner	13 Oct 2014
Effect of FDI and Time on Catching Up: New Insights from a Conditional Nonparametric Frontier Analysis	Camilla Mastromarco, Léopold Simar	24 Feb 2014
Commodity Price Volatility and the Sources of Growth	Tiago V. De V. Cavalcanti, Kamiar Mohaddes, Mehdi Raissi	9 Sep 2014
Replacing Sample Trimming with Boundary Correction in Nonparametric Estimation of First-Price Auctions	Brent R. Hickman, Timothy P. Hubbard	10 Mar 2014
Estimating and Forecasting the Yield Curve Using a Markov Switching Dynamic Nelson and Siegel Model	Constantino Hevia, Martin Gonzalez-Rozada, Martin Sola, Fabio Spagnolo	26 Jun 2014
Anticipating Long-Term Stock Market Volatility	Christian Conrad, Karin Loch	11 Aug 2014
The Environmental Kuznets Curve, Cointegration and Nonlinearity	Martin Wagner	30 Sep 2014
Spline Regression in the Presence of Categorical Predictors	Shujie Ma, Jeffrey S. Racine, Lijian Yang	2 Sep 2014

Most Downloaded Published Articles in 2015

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Does Peer Ability Affect Student Achievement?	Eric A. Hanushek, John F. Kain, Jacob M. Markman, Steven G. Rivkin	30 Sep 2003
Bounds Testing Approaches to the Analysis of Level Relationships	M. Hashem Pesaran, Yongcheol Shin, Richard J. Smith	22 Jun 2001
Multivariate GARCH Models: A Survey	Luc Bauwens, Sebastien Laurent, Jeroen V. K. Rombouts	16 Feb 2006
Computation and Analysis of Multiple Structural Change Models	Jushan Bai, Pierre Perron	8 Oct 2002
A Forecast Comparison of Volatility Models: Does anything beat a GARCH(1,1)?	Peter R. Hansen, Asger Lunde	30 Mar 2005
Exploring the International Linkages of the Euro Area: A Global VAR Analysis	Stephane Dees, Filippo di Mauro, M. Hashem Pesaran, L. Vanessa Smith	14 Mar 2007
Counterfactual Decomposition of Changes in Wage Distributions Using Quantile Regression	Jose A. F. Machado, Jose Mata	31 Mar 2005
A Simple Panel Unit Root Test in the Presence of Cross-Section Dependence	M. Hashem Pesaran	18 Apr 2007
Simple Solutions to The Initial Conditions Problem in Dynamic, Nonlinear Panel Data models with Unobserved Heterogeneity	Jeffrey M. Wooldridge	3 Feb 2005
An empirical growth model for major oil exporters	Hadi Salehi Esfahani, Kamiar Mohaddes, M. Hashem Pesaran	10 Aug 2010

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IAAE Annual Conference



International Association for
APPLIED ECONOMETRICS

IAAE 2016 Annual Conference

International Association for Applied Econometrics

Call for Papers

University of Milan-Bicocca (Italy), June 22-25, 2016

Deadline for submission: February 1st, 2016

Following the success of the last two Annual Conferences of the International Association for Applied Econometrics, our Third Annual Conference will be held at the University of Milan-Bicocca in Milan (Italy), on June 22-25, 2016. The conference will bring together leading researchers in the field and will be a major forum where all aspects of econometrics (theory and practice) will be discussed and debated.

Keynote Speakers

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Tatevik Sekhposyan, Texas A&M University
Xiaoxia Shi, University of Wisconsin
Kyungchul Song, University of British Columbia
Paolo Surico, London Business School
Ross Valkanov, University of California San Diego
Edward Vytlačil, Yale University
Bas van der Klaauw, VU University Amsterdam
Michael Weber, University of Chicago
Martin Weidner, University College London
Frank Windmeijer, University of Bristol
Joachim Winter, University of Munich
Jonathan Wright, Johns Hopkins University
Cynthia Wu, University of Chicago

Registration: Conference details are posted on the IAAE's website: <http://appliedeconometrics.org/> and in the [IAAE 2016 Conference website](#).

Logistics: The conference will be hosted by the University of Milan-Bicocca in Milan (Italy), on June 22-25, 2016, and it will take place at the University campus. For further logistic information, please contact Claudio Morana at IAAE2016@unimib.it, or visit the local organizers' website at www.iaae2016.info.

Full Paper Submission Procedure: Authors are invited to submit theoretical and empirical papers on the suggested topics (submission of abstracts or synopses will not be accepted). **Papers should be submitted electronically (pdf only) no later than February 1, 2016 to:**

https://editorialexpress.com/cgi-bin/conference/conference.cgi?action=login&db_name=IAAE2016

Student Submission: Graduate students should indicate so when they submit their papers to the IAAE Conference, on the Conference Maker site, as this will make them eligible to receive travel sponsorship on a competitive basis, and to participate in the Student Prize contest.

Student Prize

The IAAE will award a 500 USD prize for the best paper presented by a graduate student in a regular or

poster session. To be eligible, candidates' paper submissions should be followed up by a letter from a professor certifying that the submitter is a graduate student in good standing. *Papers co-authored with senior economists will not be considered.* The paper should be submitted at the conference website. The letter should be submitted electronically to marcelle.chauvet@ucr.edu. The winner will be announced during the conference.

Conferences Sponsored by IAAE in 2014/2015

More than just an outlet for innovative and quantitative research in the application of econometric techniques to a wide variety of problems in economic and related fields, the *Journal of Applied Econometrics* has sponsored innumerable conferences over the years. The *JAE's* Research Fund is now used to sponsor the International Association for Applied Econometrics (IAAE). IAAE has been using part of this fund to sponsor Conferences, Workshops, and Seminars (see [here](#)). The IAAE offers [financial support](#) (up to \$3,000) towards the cost of organizing conferences to promote research in applied econometrics. For more information click [here](#).

Conference sponsorships for Oct 2014-Dec 2015

Conference (website)	Venue	Dates
Conference "Recent Innovations in Info-Metrics"	American University, Washington, DC	31 Oct – 1 Nov 2014
25th European Seminar on Bayesian Econometrics	ESSEC Business School, La Defense Campus, Paris France	6-7 November 2014
Seminars in Econometrics and Empirical Economics series	Toulouse School of Economics, France	Sep 2014 – Mar 2015
Queen's University Quantitative Workshop	Queen's University, Kingston, Ontario, Canada	2014/2015
Conference in Honor of Aman Ullah	University of California, Riverside	14-15 March 2015
Netherlands Econometric Study Group (NESG)	Maastricht University, The Netherlands	12-13 June 2015
Bayesian Econometric Forecasting and Policy Analysis	Erasmus University, Rotterdam	19 June, 2015
The Econometric Society Africa Region Training Workshop	University of Zambia, Lusaka	22-24 July 2015
Conference in Honor of Don Andrews "Frontiers of Theoretical Econometrics"	University of Konstanz, Germany	1-2 August 2015
2015 Canadian Econometric Study Group (CESG) Meetings	University of Guelph, Canada	25-27 September 2015
25th Annual Meeting of the Midwest Econometrics Group	Federal Reserve Bank of Saint Louis, Missouri	9-10 October 2015
2015 Conference on Real-Time Data Analysis, Methods, and Applications	CIRANO/Philadelphia Fed, Montreal, Canada	9-10 October 2015
26th (EC²) Conference "Theory and Practice of Spatial Econometrics"	Heriot-Watt University, Edinburgh, UK	18-19 December 2015

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Distinguished Authors

DISTINGUISHED AUTHORS ANNOUNCEMENT

In recognition of the authors who have made significant contributions to this Journal, the Editorial Committee introduced in 1999 a scheme to honor those authors who have published the equivalent of three single-author articles by naming them *Journal of Applied Econometrics Distinguished Authors*.

Distinguished Authors are given a one-year free online subscription to the Journal to mark the award. The list of Distinguished Authors is also published regularly in the Journal.

The *Journal of Applied Econometrics* is pleased to welcome the following as Distinguished Authors in 2015:

Professor Andrew Jones

University of York

Andrew Jones has published the following articles in the *Journal of Applied Econometrics*:

1. "A double-hurdle model of cigarette consumption", Jones, AM, *Journal of Applied Econometrics*, 1989, 4:1, pp.23-39.
2. "Individual heterogeneity and censoring in panel data estimates of tobacco expenditure", Jones, AM; Labeaga, JM, *Journal of Applied Econometrics*, 2003, 18:2, pp.157-177.
3. "The dynamics of health in the British Household Panel Survey", Contoyannis, P; Jones, AM; Rice, N, *Journal of Applied Econometrics*, 2004, 19:4, pp.473-503.
4. "How does heterogeneity shape the socioeconomic gradient in health satisfaction?", Jones, AM; Schurer, S, *Journal of Applied Econometrics*, 2011, 26:4, pp.549-579.
5. "Applying beta-type size distributions to healthcare cost regressions", Jones, AM; Lomas, J; Rice, N, *Journal of Applied Econometrics*, 2014, 29:4, pp.649-670.

Professor James G. MacKinnon

Queen's University

James MacKinnon has published the following articles in the *Journal of Applied Econometrics*:

1. "Are price equations really money demand equations on their heads?", MacKinnon, JG; Milbourne, RD, *Journal of Applied Econometrics*, 1988, 3:4, pp.295-305.
2. "Numerical distribution functions for unit root and cointegration tests", MacKinnon, JG, *Journal of Applied Econometrics*, 1996, 11:6, pp.601-618.

3. "Numerical distribution functions of likelihood ratio tests for cointegration", MacKinnon, JG; Haug, AA; Michelis, L, *Journal of Applied Econometrics*, 1999, 14:5, pp.563-577.
4. "The case against JIVE", Davidson, R; MacKinnon, JG, *Journal of Applied Econometrics*, 2006, 21:6, pp.827-833.
5. "Numerical distribution functions of fractional unit root and cointegration tests", MacKinnon, JG; Nielsen, MO, *Journal of Applied Econometrics*, 2014, 29:1, pp.161-171.

Professor M. Hashem Pesaran
University of Southern California

The previous editor of the journal, **Hashem Pesaran**, has long since published sufficient articles to qualify as a Distinguished Author but was scrupulous in not being seen to give himself any awards. Following his retirement, we have great pleasure in adding Hashem to the list of Distinguished Authors. He has published the following articles in the *Journal of Applied Econometrics*:

1. "A duration model of irreversible oil investment - theory and empirical-evidence", Favero, CA; Pesaran, MH; Sharma, S, *Journal of Applied Econometrics*, 1994, 9:S1, pp.S95-S112.
2. "Growth and convergence in a multi-country empirical stochastic Solow model", Lee, K; Pesaran, MH; Smith, R, *Journal of Applied Econometrics*, 1997, 12:4, pp.357-392.
3. "Bounds testing approaches to the analysis of level relationships", Pesaran, MH; Shin, YC; Smith, RJ, *Journal of Applied Econometrics*, 2001, 16:3, pp.289-326.
4. "Exploring the international linkages of the Euro area: a global VAR analysis", Dees, S; Di Mauro, F; Pesaran, MH; Smith, LV, *Journal of Applied Econometrics*, 2007, 22:1, pp.1-38.
5. "Heterogeneity and cross section dependence in panel data models: theory and applications - introduction", Baltagi, BH; Pesaran, MH, *Journal of Applied Econometrics*, 2007, 22:2, pp.229-232.
6. "A simple panel unit root test in the presence of cross-section dependence", Pesaran, M. Hashem, *Journal of Applied Econometrics*, 2007, 22:2, pp.265-312.
7. "An empirical growth model for major oil exporters", Esfahani, HS; Mohaddes, K; Pesaran, MH, *Journal of Applied Econometrics*, 2014, 29:1, pp.1-21.

Professor Bernard Salanié
Columbia University

Bernard Salanié has published the following articles in the *Journal of Applied Econometrics*:

1. "Wage and price adjustment in a multimarket disequilibrium model", Salanié, B, *Journal of Applied Econometrics*, 1991, 6:1, pp.1-15.
2. "Simulation-based estimation of models with lagged latent-variables", Laroque, G; Salanié, B, *Journal of Applied Econometrics*, 1993, 8:S1, pp.S119-S133.
3. "Labour market institutions and employment in France", Laroque, G; Salanié, B, *Journal of Applied Econometrics*, 2002, 17:1, pp.25-48.
4. "Identifying the response of fertility to financial incentives", Laroque, G; Salanié, B, *Journal of Applied Econometrics*, 2014, 29:2, pp.314-332.

Professor Efthymios (Mike) G. Tsionas

Lancaster University

Mike Tsionas has published the following articles in the *Journal of Applied Econometrics*:

1. "Stochastic frontier models with random coefficients", Tsionas, EG, *Journal of Applied Econometrics*, 2002, 17:2, pp.127-147.
2. "Inference in dynamic stochastic frontier models", Tsionas, EG, *Journal of Applied Econometrics*, 2006, 21:5, pp.669-676.
3. "Stochastic error specification in primal and dual production systems", Kumbhakar, SC; Tsionas, EG, *Journal of Applied Econometrics*, 2011, 26:2, pp.270-297.
4. "Firm heterogeneity, persistent and transient technical inefficiency: a generalized true random-effects model", Tsionas, EG; Kumbhakar, SC, *Journal of Applied Econometrics*, 2014, 29:1, pp.110-132.

Professor Arthur H. O. van Soest

Tilburg University

Arthur van Soest has published the following articles in the *Journal of Applied Econometrics*:

1. "A micro-econometric analysis of vacation behavior", Van Soest, A; Kooreman, P, *Journal of Applied Econometrics*, 1987, 2:3, pp.215-226.
2. "Parametric and semi-parametric modelling of vacation expenditures", Melenberg, B; Van Soest, A, *Journal of Applied Econometrics*, 1996, 11:1, pp.59-76.
3. "Testing the predictive value of subjective labour supply data", Euwals, R; Melenberg, B; Van Soest, A, *Journal of Applied Econometrics*, 1998, 13:5, pp.567-585.
4. "The effects of the gender of children on expenditure patterns in rural China: a semiparametric analysis", Gong, XD; Van Soest, A; Zhang, P, *Journal of Applied Econometrics*, 2005, 20:4, pp.509-527.
5. "How sensitive are retirement decisions to financial incentives? A stated preference analysis", Van Soest, A; Vonkova, H, *Journal of Applied Econometrics*, 2014, 29:2, pp.246-264.

6. "Rounding, focal point answers and nonresponse to subjective probability questions", Kleinjans, KJ; Van Soest, A, *Journal of Applied Econometrics*, 2014, 29:4, pp.567-585.

Professor Jonathan H. Wright

Johns Hopkins University

Jonathan Wright has published the following articles in the *Journal of Applied Econometrics*:

1. "Testing for a unit root in the volatility of asset returns", Wright, JH, *Journal of Applied Econometrics*, 1999, 14:3, pp.309-318.
2. "Evaluating real-time VAR forecasts with an informative democratic prior", Wright, JH, *Journal of Applied Econometrics*, 2013, 28:5, pp.762-776.
3. "Reverse regressions and long-horizon forecasting", Wei, M; Wright, JH, *Journal of Applied Econometrics*, 2013, 28:3, pp.353-371.
4. "Forecasting Interest Rates With Shifting Endpoints", van Dijk, D; Koopman, SJ; van der Wel, M; Wright, JH, *Journal of Applied Econometrics*, 2014, 29:5, pp.693-712.

Past Distinguished Authors are:

Professor George Kapetanios (Queen Mary, University of London), **Professor Siem Jan Koopman** (VU University Amsterdam and CREATES, Amsterdam), **Professor Massimiliano Marcellino** (Bocconi University, Milan), and **Professor Yiu-Kuen Tse** (Singapore Management University, Singapore), DAs in 2014

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