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The modern study and analysis of macroeconomics begins by considering how microeconomic units — consumers and firms — make decisions, and then investigates how these choices interact to yield economy-wide outcomes. This innovative textbook takes this “modern” approach, teaching macroeconomics through its microeconomic foundations. It does so by adopting the representative agent paradigm. By modeling the representative consumer and the representative firm, students will learn to describe macroeconomic outcomes and consider the effects of macroeconomic policies. Unique in its coverage of monopolistic competition, financial markets, and the interaction of fiscal and monetary policy, Modern Macroeconomics is suitable for use in intermediate undergraduate, advanced undergraduate, and graduate level courses.

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Texts recommended for course adoption are designated throughout the catalog.
NEW

AN ECONOMIST IN THE REAL WORLD
The Art of Policymaking in India
Kaushik Basu

In December 2009, the economist Kaushik Basu left the rarefied world of academic research for the nuts and bolts of policymaking. Appointed by the then Prime Minister of India, Manmohan Singh, to be chief economic adviser (CEA) to the Government of India, Basu—a theorist, with special interest in development economics, and a professor of economics at Cornell University—discovered the complexity of applying economic models to the real world. Effective policymaking, Basu learned, integrates technical knowledge with political awareness. In this book, Basu describes the art of economic policymaking, viewed through the lens of his two and a half years as CEA.

“This is a beautifully written and engaging book describing Basu’s years as chief economic adviser to the Government of India. An Economist in the Real World reveals a brilliant and lively mind combined with a compassionate humanity. But more than that, it conveys an understanding of the rich complexities of India, the challenges and the hopes of this great subcontinent with more than a billion people. A must-read for anyone interested in development or India — or who simply wants to learn about the adventures of an academic entering the terrain of high-stakes politics.”

2015 — 280 pp. — 6 illus. — $32.00/£22.95
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WHAT HAVE WE LEARNED?
Macroeconomic Policy after the Crisis
edited by George Akerlof, Olivier Blanchard, David Romer, and Joseph E. Stiglitz

2014 — 376 pp. — 96 illus. — $30.95/£21.95
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IN THE WAKE OF THE CRISIS
Leading Economists Reassess Economic Policy
edited by Olivier Blanchard, David Romer, Michael Spence, and Joseph Stiglitz

2014 — 256 pp. — 36 illus. — paper — $12.95/£8.95
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NEW

PROGRESS AND CONFUSION
The State of Macroeconomic Policy
edited by Olivier Blanchard, Raghuram Rajan, Kenneth Rogoff, and Lawrence Summers

What will economic policy look like once the global financial crisis is finally over? Will it resume the pre-crisis consensus, or will it be forced to contend with a post-crisis “new normal”? Have we made progress in addressing these issues, or does confusion remain? In April of 2015, the International Monetary Fund gathered leading economists, both academics and policymakers, to address the shape of future macroeconomic policy. This book is the result, with prominent figures—including Ben Bernanke, Lawrence Summers, and Paul Volcker—offering essays that address topics that range from the measurement of systemic risk to foreign exchange intervention.

The chapters address whether we have entered a “new normal” of low growth, negative real rates, and deflationary pressures, with contributors taking opposing views; whether new financial regulation has stemmed systemic risk; the effectiveness of macro prudential tools; monetary policy, the choice of inflation targets, and the responsibilities of central banks; fiscal policy, stimulus, and debt stabilization; the volatility of capital flows; and the international monetary and financial system, including the role of international policy coordination.

In light of these discussions, is there progress or confusion regarding the future of macroeconomic policy? In the final chapter, volume editor Olivier Blanchard answers: both. Many lessons have been learned; but, as the chapters of the book reveal, there is no clear agreement on several key issues.


May 2016 — 320 pp. — 46 illus. — $31.95/£22.95
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UNDERSTANDING GLOBAL CRISES
An Emerging Paradigm
Assaf Razin

Financial crises have some common storylines, among them bursting asset bubbles, bank failures, sharp tightening of credit, and downturn in trade. They are also different from one another. Some start with sudden reversal of international capital flows, others with domestic credit implosions. A challenge to economic research is to integrate common as well as disparate threads into a coherent analytical framework that is at the same time empirically testable. In Understanding Global Cries, Assaf Razin offers a review of an emerging paradigm that is consistent with the key features of recent global financial crises. This paradigm presents in a transparent way basic analytical elements of the theories of financial and monetary crises and how these elements fit together in macroeconomic analysis of global crises.

“Assaf Razin provides here the definitive introduction and overview of the historical and analytical literatures on financial crises. Students new to the subject and specialists alike will appreciate the crystal clear exposition. Razin’s book is the obvious starting point for all those concerned to understand risks to financial stability. And, given recent events, ‘all those concerned’ is likely to connote a very large number.” — Barry Eichengreen, University of California, Berkeley

2015 — 256 pp. — 23 illus. — $35.00/£24.95
978-0-262-02859-2

THE GREAT RECESSION
Lessons for Central Bankers
edited by Jacob Braude, Zvi Eckstein, Stanley Fischer, and Karnit Flug

The recent financial crisis shook not only the global economy but also conventional wisdom about economic policy. After the collapse of Lehman Brothers in September 2008, policy makers reversed course and acted on an unprecedented scale. The policy response was remarkable both for its magnitude and for the variety of measures undertaken. This book examines both the major role central banks played in the crisis and the role they might play in preventing or preparing for future crises.

2014 — 392 pp. — 156 illus. — paper $22.00/£15.95
978-0-262-52673-9
(Cloth 2012)

OPEN ECONOMY MACROECONOMICS
IN DEVELOPING COUNTRIES
Carlos A. Végh

2013 — 896 pp. — 172 illus. — $99.00/£68.95
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Philippe Aghion and Peter Howitt

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LECTURES ON MACROECONOMICS
Olivier Jean Blanchard and Stanley Fischer

1989 — 664 pp. — $97.00/£66.95
978-0-262-02283-5

POST-CRISIS FISCAL POLICY
edited by Carlo Cottarelli, Philip Gerson, and Abdelhak Senhadji

Fiscal policy makers have faced an extraordinarily challenging environment over the last few years. At the outset of the global financial crisis, the International Monetary Fund (IMF) for the first time advocated a fiscal expansion across all countries able to afford it, a seeming departure from the long-held consensus among economists that monetary policy rather than fiscal policy was the appropriate response to fluctuations in economic activity. Since then, the IMF has emphasized that the speed of fiscal adjustment should be determined by the specific circumstances in each country. Its recommendation that deficit reduction proceed steadily, but gradually, positions the IMF between the fiscal doves and the fiscal hawks. This volume brings together the analysis underpinning the IMF’s position on the evolving role of fiscal policy.

2014 — 600 pp. — 170 illus., 63 tables — $63.00/£43.95
978-0-262-02718-2
THE BUBBLE ECONOMY
Is Sustainable Growth Possible?

Robert U. Ayres

The global economy has become increasingly, perhaps chronically, unstable. Since 2008, we have heard about the housing bubble, subprime mortgages, banks “too big to fail,” financial regulation (or the lack of it), and the European debt crisis. Wall Street has discovered that it is more profitable to make money from other people’s money than by investing in the real economy, which has limited access to capital — resulting in slow growth and rising inequality. What we haven’t heard much about is the role of natural resources — energy in particular — as drivers of economic growth, or the connection of “global warming” to the economic crisis. In The Bubble Economy, Robert Ayres — an economist and physicist — connects economic instability to the economics of energy.

“In an era of monistic specialization, Robert U. Ayres brings us this integrative command of the variables, evidence, and remedies in one grounded and optimistic volume. Written in a personal style, interspersed with instructive stories and academic rigor, The Bubble Economy shows the pathways to equitable, sustainable economies. A book for everyone who wants to help shape that stable future.”

— Ralph Nader, author of The Seventeen Solutions

2014 — 386 pp. — 37 illus. — $32.95/£22.95
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Understanding Economics in the News
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BIG IDEAS IN MACROECONOMICS
A Nontechnical View

Kartik B. Athreya

with a new preface by the author

Macroeconomists have been caricatured either as credulous savants in love with the beauty of their mathematical models or as free-market fundamentalists who admit no doubt as to the market’s wisdom. In this book, Kartik Athreya draws a truer picture, offering a nontechnical description of prominent ideas and models in macroeconomics, and arguing for their value as interpretive tools as well as their policy relevance. Athreya deliberately leaves out the technical machinery, providing an essential guide to the sometimes abstract ideas that drive macroeconomists’ research and practical policy advice.

Athreya describes the main approach to macroeconomic model construction, the foundational Walrasian general-equilibrium framework, and its modern version, the Arrow-Debreu-McKenzie (ADM) model. In the heart of the book, Athreya shows how the Walrasian approach shapes and unifies much of modern macroeconomics. He details models central to ongoing macroeconomic analyses: the neoclassical and stochastic growth models, the standard incomplete-markets model, the overlapping-generations model, and the standard search model. Athreya’s accessible primer traces the links between the views and policy advice of modern macroeconomists and their shared theoretical approach.

“This fine book succeeds very nicely at its stated task: to explain the standard macroeconomic theory used by central banks around the world without equations. This book is complex and sophisticated, yet clearly and transparently written.”

— Herbert Gintis, Santa Fe Institute

2015 — 440 pp. — 3 illus. — paper
$26.00/£17.95
978-0-262-52830-6
(Cloth 2013)
REFORMING THE UNREFORMABLE
Lessons from Nigeria
Ngozi Okonjo-Iweala

Corrupt, mismanaged, and seemingly hopeless: that’s how the international community viewed Nigeria in the early 2000s. Then Nigeria implemented a sweeping set of economic and political changes and began to reform the unreformable. This book tells the story of how a dedicated and politically committed team of reformers set out to fix a series of broken institutions, and in the process repositioned Nigeria’s economy in ways that helped create a more diversified springboard for steadier long-term growth.

The author, Harvard- and MIT-trained economist Ngozi Okonjo-Iweala, currently Nigeria’s Coordinating Minister for the Economy and Minister of Finance and formerly Managing Director of the World Bank, played a crucial part in her country’s economic reforms. In Nigeria’s Debt Management Office, and later as Minister of Finance, she spearheaded negotiations with the Paris Club that led to the wiping out of $30 billion of Nigeria’s external debt, 60 percent of which was outright cancellation.

Reforming the Unreformable offers an insider’s view of those debt negotiations; it also details the fight against corruption and the struggle to implement a series of macroeconomic and structural reforms. ‘This insider’s account of the valiant effort to reform Nigeria’s economy will inspire anyone committed to changing the course of their country.’ — Joseph E. Stiglitz, Nobel Laureate in Economic Sciences, 2001

‘An important book which incisively reveals what the real barriers to development are, and the political constraints to removing them. Inspiring and compulsory reading for development scholars and practitioners.’ — James Robinson, David Florence Professor of Government, Harvard University

978-0-262-52687-6 (Cloth 2012)

THE ELUSIVE QUEST FOR GROWTH
Economists’ Adventures and Misadventures in the Tropics
William R. Easterly

2002 — 356 pp. — 4 illus. — paper — $34.95/£24.95
978-0-262-55042-0 (Cloth 2001)

THE ECONOMICS OF MICROFINANCE
Second Edition
Beatriz Armendáriz and Jonathan Morduch

2010 — 456 pp. — 17 illus. — paper — $42.00/£28.95
978-0-262-51398-2

THE ATLAS OF ECONOMIC COMPLEXITY
Mapping Paths to Prosperity
Ricardo Hausmann, César A. Hidalgo et al.

Why do some countries grow and others do not? The authors of The Atlas of Economic Complexity offer readers an explanation based on “Economic Complexity,” a measure of a society’s productive knowledge. Prosperous societies are those that have the knowledge to make a larger variety of more complex products. The Atlas of Economic Complexity attempts to measure the amount of productive knowledge countries hold and how they can move to accumulate more of it by making more complex products. Through the graphical representation of the “Product Space,” the authors are able to identify each country’s “adjacent possible,” or potential new products, making it easier to find paths to economic diversification and growth. In addition, they argue that a country’s economic complexity and its position in the product space are better predictors of economic growth than many other well-known development indicators, including measures of competitiveness, governance, finance, and schooling.

Using innovative visualizations, the book locates each country in the product space, provides complexity and growth potential rankings for 128 countries, and offers individual country pages with detailed information about a country’s current capabilities and its diversification options. ‘These diagrams are the early fruits of a new approach to the most important unsolved problem of the last century: how to make a rich country out of a poor one. . . . We can now visualize the differences between national economies in new ways.’ — Tim Harford, The New York Times Magazine

2013 — 368 pp. — paper — $58.00/£39.95
978-0-262-52542-8

2014 — 368 pp. — paper — $58.00/£39.95
978-0-262-52542-8 (Cloth 2011)
RUSSIA
A Long View
Yegor Gaidar
translated by Antonina W. Bouis
Foreword by Anders Åslund

It is not so easy to take the long view of socioeconomic history when you are participating in a revolution. For that reason, Russian economist Yegor Gaidar put aside an early version of this work to take up a series of government positions — as Minister of Finance and as Boris Yeltsin’s acting Prime Minister — in the early 1990s. In government, Gaidar shepherded Russia through its transition to a market economy after years of socialism. Once out of government, Gaidar turned again to his consideration of Russia’s economic history and long-term economic and political challenges. This book, revised and updated shortly before his death in 2009, is the result.

2014 — 568 pp. — 44 illus. — paper
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FIRMS IN THE
INTERNATIONAL ECONOMY
Firm Heterogeneity Meets International Business
edited by Sjoerd Beugelsdijk, Steven Brakman, Hans van Ees, and Harry Garretsen

Essays by leading scholars suggest that insights from international business could enrich firm heterogeneity research in international economics.

2014 — 416 pp. — 58 illus. — $42.00/£28.95
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COMPARATIVE ECONOMICS IN A TRANSFORMING WORLD ECONOMY
Second Edition
J. Barkley Rosser, Jr. and Marina V. Rosswe

2004 — 672 pp. — 160 illus. — $120.00/£82.95
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International Student Edition — paper — $58.00/£41.95
978-0-262-68153-7
(International Student Edition not available in the USA or Canada)

CHINA’S NEXT STRATEGIC ADVANTAGE
From Imitation to Innovation
George S. Yip and Bruce McKern

The history-making development of the Chinese economy has entered a new phase. China is moving aggressively from a strategy of imitation to one of innovation. Driven both by domestic needs and by global ambition, China is establishing itself at the forefront of technological innovation. Western businesses need to prepare for a tidal wave of innovation from China that is about to hit Western markets, and Chinese businesses need to understand the critical importance of innovation in their future.

Experts George Yip and Bruce McKern explain this epic transformation and propose strategies for both Western and Chinese companies. This book is for everyone who does business with China or in China, or is interested in the development of the world’s fastest-growing economy. Western CEOs can learn from Chinese companies and can create an effective innovation process in China, for China and the world. Chinese CEOs can benefit from understanding the strategies of their peers as they strive to enter foreign markets. And all Western businesses should prepare for disruption from their new competitors.

Yip and McKern provide case studies of successful firms, outline ten ways in which the managerial and innovative capabilities of these firms differ from those of Western firms, and describe how multinationals doing business in China can become part of the Chinese ecosystem of new knowledge and technology. Yip and McKern argue that these innovation capabilities will be the basis for creating world-class products and services to meet the challenges of a new era of global competition.

May 2016 — 272 pp. — 18 illus. — $29.95/£20.95
978-0-262-03458-6

THE CHINESE ECONOMY
Transitions and Growth
Barry Naughton

2007 — 504 pp. — 53 illus., 7 maps — paper
$32.00/£22.95
978-0-262-64064-0
Econometrics is a study of good and bad ways to measure economic relations. In this book, Bernt Stigum considers the role that economic theory ought to play in such measurements and proposes a formal science of economics that provides the means to solve the measurement problems faced by econometric researchers. After describing the salient parts of a formal science of economics, Stigum compares its methods with the methods of contemporary applied econometrics. His goal is to develop a basis for meaningful discussion of the best way to incorporate economic theory in empirical analysis.

“This book crystallizes Stigum’s deep investigation into the philosophical underpinnings of empirical economics. Here he contrasts theories of Frisch and Haavelmo and then his own that illuminate how we do econometrics today. The book is a complex read with nuggets along the way. Stigum may be the James Joyce of econometrics.”

— Robert Engle, 2003 Nobel Laureate, Economics
NEW

ANALYTICAL METHODS FOR DYNAMIC MODELERS
edited by Hazhir Rahmandad, Rogelio Oliva, and Nathaniel D. Osgood
Foreword by George Richardson

Simulation modeling is increasingly integrated into research and policy analysis of complex sociotechnical systems in a variety of domains. Model-based analysis and policy design inform a range of applications in fields from economics to engineering to health care. This book offers a hands-on introduction to key analytical methods for dynamic modeling. Bringing together tools and methodologies from fields as diverse as computational statistics, econometrics, and operations research in a single text, the book can be used for graduate-level courses and as a reference for dynamic modelers who want to expand their methodological toolbox.

The focus is on quantitative techniques for use by dynamic modelers during model construction and analysis, and the material presented is accessible to readers with a background in college-level calculus and statistics. Each chapter describes a key method, presenting an introduction that emphasizes the basic intuition behind each method, tutorial style examples, references to key literature, and exercises. The chapter authors are all experts in the tools and methods they present. The book covers estimation of model parameters using quantitative data; understanding the links between model structure and its behavior; and decision support and optimization. An online appendix offers computer code for applications, models, and solutions to exercises.

2015 — 440 pp. — 117 illus. — $60.00/£41.95
978-0-262-02949-0

EMPIRICAL MODEL DISCOVERY AND THEORY EVALUATION
Automatic Selection Methods in Econometrics
David F. Hendry and Jurgen A. Doornik

Economic models of empirical phenomena are developed for a variety of reasons, the most obvious of which is the numerical characterization of available evidence, in a suitably parsimonious form. Another is to test a theory, or evaluate it against the evidence; still another is to forecast future outcomes. Building such models involves a multitude of decisions, and the large number of features that need to be taken into account can overwhelm the researcher. Automatic model selection, which draws on recent advances in computation and search algorithms, can create, and then empirically investigate, a vastly wider range of possibilities than even the greatest expert. In this book, leading econometricians David Hendry and Jurgen Doornik report on their several decades of innovative research on automatic model selection.

2014 — 384 pp. — 47 illus. — $40.00/£27.95
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Arne Ryde Memorial Lectures series

NEW

A GENTLE INTRODUCTION TO EFFECTIVE COMPUTING IN QUANTITATIVE RESEARCH
What Every Research Assistant Should Know
Harry J. Paarsch and Konstantin Golyaev

This book offers a practical guide to the computational methods at the heart of most modern quantitative research. It will be essential reading for research assistants needing hands-on experience; students entering PhD programs in business, economics, and other social or natural sciences; and those seeking quantitative jobs in industry. No background in computer science is assumed. Using the example as its principal pedagogical device, the book offers tried-and-true prototypes that illustrate many important computational tasks required in quantitative research. The best way to use the book is to read it at the computer keyboard and learn by doing.

The book begins by introducing basic skills: how to use the operating system, how to organize data, and how to complete simple programming tasks. For its demonstrations, the book uses a UNIX-based operating system and a set of free software tools: the scripting language Python for programming tasks; the database management system SQLite; and the freely available R for statistical computing and graphics. The book goes on to describe particular tasks: analyzing data, implementing commonly used numerical and simulation methods, and creating extensions to Python to reduce cycle time. Finally, the book describes the use of LaTeX, a document markup language and preparation system.

June 2016 — 840 pp. — 76 illus. — $49.00/£33.95
978-0-262-03411-1

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NEW 
COGNITIVE UNCONSCIOUS AND HUMAN RATIONALITY
edited by Laura Macchi, Maria Bagassi, and Riccardo Viale
Foreword by Keith Frankish

This volume contributes to a current debate within the psychology of thought that has wide implications for our ideas about creativity, decision making, and economic behavior. The essays focus on the role of implicit, unconscious thinking in creativity and problem solving, the interaction of intuition and analytic thinking, and the relationship between communicative heuristics and thought. The analyses move beyond the conventional conception of mind informed by extra-psychological theoretical models toward a genuinely psychological conception of rationality—a rationality no longer limited to conscious, explicit thought, but able to exploit the intentional implicit level.

The contributors consider a new conception of human rationality that must cope with the uncertainty of the real world; the implications of abandoning the normative model of classic logic and adopting a probabilistic approach instead; the argumentative and linguistic aspects of reasoning; and the role of implicit thought in reasoning, creativity, and its neurological base.


April 2016 — 384 pp. — 24 illus. — $54.00/£37.95
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A COURSE IN GAME THEORY
Martin J. Osborne and Ariel Rubinstein
1994 — 368 pp. — paper — $51.00/£35.95
978-0-262-65040-3

GAME THEORY
Drew Fudenberg and Jean Tirole
1991 — 604 pp. — $100.00/£52.95
978-0-262-06141-4

MEASURING HAPPINESS
The Economics of Well-Being
Joachim Weimann, Andreas Knabe, and Ronnie Schöb
translated by Brian Browne

Can money buy happiness? Is income a reliable measure for life satisfaction? In the West after World War II, happiness seemed inextricably connected to prosperity. Beginning in the 1960s, however, other values began to gain ground: peace, political participation, civil rights, environmentalism. “Happiness economics”—a somewhat incongruous-sounding branch of what has been called “the dismal science”—has taken up the puzzle of what makes people happy, conducting elaborate surveys in which people are asked to quantify their satisfaction with “life in general.” In this book, three economists explore the happiness-prosperity connection, investigating how economists measure life satisfaction and well-being.

“This book helps to overcome the outdated economists’ way of thinking that postulates ‘More is Better than Less.’ The authors do that in a substantial way, showing alternatives to this materialistic view, making their book a fascinating experience to read.” — Bruno S. Frey, Senior Professor of Political Economy, Zeppelin University, Germany; author of Happiness: A Revolution in Economics

2015 — 224 pp. — 9 illus. — $27.95/£19.95
978-0-262-02844-8

THE THEORY OF LEARNING IN GAMES
Drew Fudenberg and David K. Levine

1998 — 286 pp. — $55.00/£37.95
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A PRIMER ON AUCTION DESIGN, MANAGEMENT, AND STRATEGY

David J. Salant

Auctions are highly structured market transactions primarily used in thin markets (markets with few participants and infrequent transactions). In auctions, unlike most other markets, offers and counteroffers are typically made within a structure defined by a set of rigid and comprehensive rules. Because auctions are essentially complex negotiations that occur within a fully defined and rigid set of rules, they can be analyzed by game theoretic models more accurately and completely than can most other types of market transactions. This book offers a guide for modeling, analyzing, and predicting the outcomes of auctions, focusing on the application of game theory and auction theory to real-world auction design and decision making.

“An invaluable guide for those who want to study auction theory or to put it to practical use — from a well-known practitioner with a wealth of experience.”

—Paul Klemperer, Edgeworth Professor of Economics, University of Oxford

“Salant draws on his own firsthand experience in advising bidders and auctioneers to explain how game theory and auction theory have guided incisive analyses and good decisions when millions or billions are at stake.”

—Paul Milgrom, Ely Professor of Economics, Stanford University

2014 — 184 pp. — 3 illus. — $35.00/£24.95
978-0-262-02826-4

NEW AUCTIONS

Timothy P. Hubbard and Harry J. Paarsch

Although it is among the oldest of market institutions, the auction is ubiquitous in today’s economy, used for everything from government procurement to selling advertising on the Internet to course assignment at MIT’s Sloan School. And yet beyond the small number of economists who specialize in the subject, few people understand how auctions really work. This concise, accessible, and engaging book explains both the theory and the practice of auctions. It describes the main auction formats and pricing rules, develops a simple model to explain bidder behavior, and provides a range of real-world examples.

March 2016 — 264 pp. — 6 illus. — paper $15.95/£10.95
978-0-262-52853-5

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DYNAMIC ALLOCATION AND PRICING

A Mechanism Design Approach

Alex Gershkov and Benny Moldovanu

Dynamic allocation and pricing problems occur in numerous frameworks, including the pricing of seasonal goods in retail, the allocation of a fixed inventory in a given period of time, and the assignment of personnel to incoming tasks. Although most of these problems deal with issues treated in the mechanism design literature, the modern revenue management (RM) literature focuses instead on analyzing properties of restricted classes of allocation and pricing schemes. In this book, Alex Gershkov and Benny Moldovanu propose an approach to optimal allocations and prices based on the theory of mechanism design, adapted to dynamic settings.

“The authors have been at the forefront of applying the tools of modern mechanism design to problems of optimal dynamic pricing with strategic agents. This monograph nicely outlines their research and provides a wealth of new ideas. It is a must-read for any researcher or graduate student with an interest in dynamic markets.”

— Ilya R. Segal, Roy and Betty Anderson Professor in the Humanities and Sciences, Department of Economics, Stanford University

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Suzanne Berger with the MIT Task Force on Production and Innovation
America is the world leader in innovation, but many of the innovative ideas that are hatched in American start-ups, labs, and companies end up going abroad to reach commercial scale. Apple, the superstar of innovation, locates its production in China (yet still reaps most of its profits in the United States). When innovation does not find the capital, skills, and expertise it needs to come to market in the United States, what does it mean for economic growth and job creation? Inspired by the MIT Made in America project of the 1980s, Making in America brings experts from across MIT to focus on a critical problem for the country.
“Clear, concise writing and dynamic case studies make this a satisfactory read for anyone interested in economics.” — Publishers Weekly

“Politicians play fast and loose with what it takes to return manufacturing to the USA — this book deals with the root cause of the demise of manufacturing jobs and just how difficult it will be to reverse this trend — a must-read for anyone interested in the future of our economy.” — Craig R. Barrett, Retired CEO/Chairman, Intel Corporation
2015 — 264 pp. — 8 illus. — paper $15.95/£10.95
978-0-262-52837-5 (Cloth 2013)

MADE IN THE USA
The Rise and Retreat of American Manufacturing
Vaclav Smil
In Made in the USA, Vaclav Smil powerfully rebuts the notion that manufacturing is a relic of predigital history and that the loss of American manufacturing is a desirable evolutionary step toward a pure service economy. Smil argues that no advanced economy can prosper without a strong, innovative manufacturing sector and the jobs it creates.

“Smil is one of my favorite authors. The term “polymath” was made for people like him. . . . I learn more by reading Vaclav Smil than just about anyone else.” — Bill Gates, The Gates Notes

“Smil’s fascinating and lucid exploration of the history and state of manufacturing in America comes at a critical time and should be the starting point for any discussion about the future for the USA.” — Mark P. Mills, Senior Fellow, Manhattan Institute
2015 — 256 pp. — 14 illus. — paper — $17.95/£12.95
978-0-262-52835-1 (Cloth 2013)

THE ECONOMICS OF CONTRACTS
A Primer
Bernard Salanié
2005 — 224 pp. — 25 illus. — $44.00/£30.95
978-0-262-19525-6

CONTRACT THEORY
Patrick Bolton and Mathias Dewatripont
2005 — 688 pp. — 32 illus. — $86.00/£49.95
978-0-262-02576-8

PRODUCTION IN THE INNOVATION ECONOMY
edited by Richard M. Locke and Rachel L. Wellhausen
Production in the Innovation Economy emerges from several years of interdisciplinary research at MIT on the links between manufacturing and innovation in the United States and the world economy. Authors from political science, economics, business, employment and operations research, aeronautics and astronautics, and nuclear engineering come together to explore the extent to which manufacturing is key to an innovative and vibrant economy.

“A sober, cautiously optimistic assessment.” — Richard N. Cooper, Foreign Affairs
2015 — 288 pp. — 20 illus. — paper — $19.00/£13.95
978-0-262-52825-2 (Cloth 2013)
INSIDE THE FORD-UAW TRANSFORMATION
Pivotal Events in Valuing Work and Delivering Results
Joel Cutcher-Gershenfeld, Dan Brooks, and Martin Mulloy

In 2009, the Ford Motor Company was the only one of the Big Three automakers not to take the federal bailout package. How did Ford remain standing when its competitors were brought to their knees? It was a gutsy decision, but it didn’t happen in isolation. The United Auto Workers joined with Ford to make this possible — not only in 2009, but in a series of more than fifty pivotal events during three decades that add up to a transformation that simultaneously values work and delivers results.

The pivotal events — some planned and some unplanned; some at the facility level and some at the enterprise level — were not all successful. All had the potential, however, to further the transformation, and all provide insight into how large-scale system change really happens. The authors — each with years of experience with Ford, the UAW, and the industry — provide an unprecedented inside look at how core operating assumptions are shifted and at the emergence of integrated operating systems for quality, safety, and other aspects of the enterprise. It is a transformation built on a foundation of dignity and mutual respect, guided by a vision of combining good jobs with high performance.

“No other history of a labor management relationship matches the richness, analytical focus, and contribution provided by the trio of management, labor, and scholar/consultant authors of Inside the Ford-UAW Transformation. By focusing on the ‘pivotal events’ over a thirty-year period, Cutcher-Gershenfeld, Brooks, and Mulloy provide a depth of understanding that could only come from being directly involved. The lessons they outline from Ford and the UAW’s successes and failures over these years should be of great help to future agents of change in navigating through similar challenges and opportunities.”
— Thomas A. Kochan, George M. Bunker Professor, MIT Sloan School of Management and Co-Director, MIT Institute for Work and Employment Research

2009 — 336 pp. — 59 illus. — $29.95/£20.95
978-0-262-02916-2

LABOR ECONOMICS
Second Edition
Pierre Cahuc, Stéphane Carcillo, and André Zylberberg

This landmark graduate-level text combines depth and breadth of coverage with recent, cutting-edge work in all the major areas of modern labor economics. Its command of the literature and its coverage of the latest theoretical, methodological, and empirical developments make it also a valuable resource for practicing labor economists.

This second edition has been substantially updated and augmented. It incorporates examples drawn from many countries, and it presents empirical methods using contributions that have proved to be milestones in labor economics. The data and codes of these research publications, as well as numerous tables and figures describing the functioning of labor markets, are all available on a dedicated website (www.labor-economics.org), along with slides that can be used as course aids and a discussion forum.

“Labor Economics brings facts to motivate theory that is carefully exposed. Empirical methods and results are integrated with the theory and the book covers an exceptional range of topics, models, and empirical research. The depth and the range of topics make Labor Economics a required volume on the shelves of all academic economists.”
— Zvi Eckstein, Dean, The School of Economics, The Interdisciplinary Center (IDC) Herzliya

2014 — 1072 pp. — 207 illus. — $125.00/£59.95
978-0-262-02770-0

THE NATURAL SURVIVAL OF WORK
Job Creation and Job Destruction in a Growing Economy
Pierre Cahuc and André Zylberberg
translated by William McCuaig

2009 — 360 pp. — 5 illus. — paper — $24.95/£17.95
978-0-262-51246-6
(Cloth 2006)

The French edition of The Natural Survival of Work won the 2004 European Economics Book Award.

25% Discount Offer! http://mitpress.mit.edu/ECO • Enter code M16ECO25 at checkout
The idea of America as politically polarized — that there is an unbridgeable divide between right and left, red and blue states — has become a cliché. What commentators miss, however, is that increasing polarization has been closely accompanied by fundamental social and economic changes — most notably, a parallel rise in income inequality. In this second edition of Polarized America, Nolan McCarty, Keith Poole, and Howard Rosenthal use the latest data to examine the relationships of polarization, wealth disparity, immigration, and other forces. They find that inequality feeds directly into political polarization, and polarization in turn creates policies that further increase inequality.

Paul Krugman called the first edition of Polarized America "Important . . . . Essential reading for anyone who wants to understand what’s happening to America." The second edition has been thoroughly brought up to date. All statistical analyses, tables, and figures have been updated with data that run through 2012 or 2014, and the text has been revised to reflect the latest evidence. The chapter on campaign finance has been completely rewritten (with Adam Bonica as coauthor); the analysis shows that with so much "soft" money coming from very wealthy ideological extremists, there is even greater campaign contribution inequality than income inequality.

March 2016 — 272 pp. — 73 illus. — paper $29.00/£19.95
978-0-262-52862-7
Walras-Pareto Lectures series

Illegal immigration continues to roil American politics. The right-wing media stir up panic over "anchor babies," job stealing, welfare dependence, bilingualism, al-Qaeda terrorists disguised as Latinos, even a conspiracy by Latinos to "retake" the Southwest. State and local governments have passed more than 300 laws that attempt to restrict undocumented immigrants’ access to hospitals, schools, food stamps, and driver’s licenses. Federal immigration authorities stage factory raids that result in arrests, deportations, and broken families — and leave owners scrambling to fill suddenly open jobs. The DREAM Act, which would grant permanent residency to high school graduates brought here as minors, is described as "amnesty." And yet polls show that a majority of Americans support some kind of path to citizenship for those here illegally. What is going on? In this book, John Tirman shows how the resistance to immigration in America is more cultural than political. Although cloaked in language about jobs and secure borders, the cultural resistance to immigration expresses a fear that immigrants are changing the dominant white, Protestant, "real American" culture.

"Dream Chasers bravely wades into the complexities of this mosaic to offer a tessellated, theoretical understanding informed by social science research." — Times Higher Education

2015 — 230 pp. — 2 illus. — $27.95/£19.95
978-0-262-02892-9

Modern economics has largely ignored the issue of outright conflict as an alternative way of allocating goods, assuming instead the existence of well-defined property rights enforced by an undefined third party. And yet even in ostensibly peaceful market transactions, conflict exists as an outside option, sometimes constraining the outcomes reached through voluntary agreement. In this volume, economists offer a crucial rational-choice perspective on conflict, using methodological approaches that range from the game theoretic to the experimental.

2014 — 280 pp. — 42 illus. — $42.00/£28.95
978-0-262-02689-5

THE ECONOMICS OF CONFLICT
Theory and Empirical Evidence
edited by Karl Wärneryd

THE ECONOMIC EFFECTS OF CONSTITUTIONS
Torsten Persson and Guido Tabellini

2005 — 320 pp. — 7 illus. — paper — $25.00/£17.95
978-0-262-66192-8
(Cloth 2003)
Munich Lectures in Economics series
NEW

THE ECONOMICS OF INFRASTRUCTURE PROVISIONING
The Changing Role of the State
Edited by Arnold Picot, Massimo Florio, Nico Grove, and Johann Kranz

Infrastructures — tangible, intangible, and institutional public facilities, from bridges to health care — are a vital precondition for economic and societal wellbeing. There has been an increasing awareness that we cannot rely on market forces for infrastructure investment and maintenance. In this volume, experts from Europe, North and South America, and Asia examine the complexities of financing, installing, implementing, and regulating public infrastructures. Their contributions span a range of methodological approaches, including historical and empirical research, analytical models, theoretical analysis, and sector and regional case studies; they consider the economics of infrastructure provisioning by government, through private-public partnerships, and privatization arrangements.

The book first treats general investment, growth, and policy issues, and then offers sector-specific analyses of transportation, energy, telecommunications, and water infrastructures. The chapters cover topics that include the evolution of historical infrastructure; the relationships between the state and private finance in funding and financing infrastructure; and the relevance of infrastructure for economic growth.


2015 — 536 pp. — 45 illus. — $35.00/£24.95
978-0-262-02965-0
CESifo Seminar series

THE KNOWLEDGE CAPITAL OF NATIONS
Education and the Economics of Growth
Eric A. Hanushek and Ludger Woessmann

In this book Eric Hanushek and Ludger Woessmann make a simple, central claim, developed with rigorous theoretical and empirical support: knowledge is the key to a country’s development. Of course, every country acknowledges the importance of developing human capital, but Hanushek and Woessmann argue that message has become distorted, with politicians and researchers concentrating not on valued skills but on proxies for them. The common focus is on school attainment, although time in school provides a very misleading picture of how skills enter into development. Hanushek and Woessmann contend that the cognitive skills of the population — which they term the “knowledge capital” of a nation — are essential to long-run prosperity.

“Hanushek and Woessmann exploit recently connected data from TIMMS and PISA and other international assessments to construct the most sophisticated and comprehensive measures yet seen of learning across countries and over time.”

— Education Next

“Knowledge is the foundation of economic prosperity. Sensible as it sounds, this idea has been sidelined recently by studies that find measures of educational attainment to be poor predictors of economic growth and by explanations that focus on the quality of legal and political institutions instead. This book redresses the balance, powerfully demonstrating that conventional measures of schooling miss a big part of the picture. It places learning and cognitive skills at the front and center of the policy agenda — for developed and developing nations alike.”

— Dani Rodrik, Albert O. Hirschman Professor, Institute for Advanced Study, and author of The Globalization Paradox

2015 — 256 pp. — 37 illus. — $28.00/£19.95
978-0-262-02917-9
CESifo Book series

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NEW

PUBLIC SECTOR ECONOMICS AND THE NEED FOR REFORMS
edited by Apostolis Philippopoulos

The public sector has grown substantially in the last fifty years. In the euro area, for example, total government expenditures have been around fifty percent of GDP since the early 2000s, resulting in a growing tax burden or high public debt or both. At the same time, government had intervened in all aspects of economic life, from the provision of public goods and services to product and labor market regulation. Research shows that the effect of government size on economic performance is positive in countries where the public sector is efficient but negative in countries where it is inefficient. In this book, experts from academe and central banking discuss reforms that would make the public sector more efficient and/or more equitable.

After a rich review of the public sector reform policy agenda, with particular attention to the role of the public sector and how to improve the provision of public goods and services, the contributors offer theoretically and empirically informed perspectives on some specific policy topics. These include public wage and employment policy, the role of international institutions such as the World Bank in promoting public sector reforms, the optimal mix of tax policy, the measurement of public sector efficiency, and the study of fiscal sustainability. The contributors relate these topics to such deeper issues as individual incentives as well as to policy debates over privatization, and austerity.


June 2016 — 392 pp. — 57 illus. — $38.00/£26.95
978-0-262-03444-9
 CESifo Seminar series
TAX SYSTEMS
Joel Slemrod and Christian Gillitzer

Despite its theoretical elegance, the standard optimal tax model has significant limitations. In this book, Joel Slemrod and Christian Gillitzer argue that tax analysis must move beyond the emphasis on optimal tax rates and bases to consider such aspects of taxation as administration, compliance, and remittance.

Slemrod and Gillitzer explore what they term a tax-systems approach, which takes tax evasion seriously; revisits the issue of remittance, or who writes the check to cover tax liability (employer or employee, retailer or consumer); incorporates administrative and compliance costs; recognizes a range of behavioral responses to tax rates; considers nonstandard instruments, including tax base breadth and enforcement effort; and acknowledges that tighter enforcement is sometimes a more socially desirable way to raise revenue than an increase in statutory tax rates. Policy makers, Slemrod and Gillitzer argue, would be well advised to recognize the interrelationship of tax rates, bases, enforcement, and administration, and acknowledge that tax policy is really tax-systems policy.

"Research on tax design often overlooks essential issues of policy implementation. Tax Systems addresses this important oversight, providing insightful analysis on topics including compliance, complexity, remittance, and the design of information reports. Researchers and policy-makers will find this volume a compelling demonstration of how economic analysis can inform the key questions of tax administration."
— James Poterba, Mitsui Professor of Economics, MIT, and President, National Bureau of Economic Research

2014 — 248 pp. — 1 illus. — $32.00/£22.95
978-0-262-02672-7
Zeuthen Lectures series

THE ECONOMICS OF TAXATION
Second Edition
Bernard Salanié

2011 — 216 pp. — 15 illus. — $44.00/£30.95
978-0-262-01634-6

THE COMING GENERATIONAL STORM
What You Need to Know about America’s Economic Future
Laurence J. Kotlikoff and Scott Burns

The United States is bankrupt, flat broke. Thanks to accounting that would make Enron blush, America’s insolvency goes far beyond what our leaders are disclosing. The United States is a fiscal basket case. How did this happen? In The Clash of Generations, experts Laurence Kotlikoff and Scott Burns document our six-decade, off-balance-sheet, unsustainable financing scheme. They explain how we have balanced our longer lives on the backs of our (relatively few) children.

Kotlikoff and Burns sounded the alarm in their widely acclaimed The Coming Generational Storm, but politicians didn’t listen. Now the need for action is even more urgent. It’s up to us to demand radical reform of our tax system, our healthcare system, and our Social Security system, and to insist on better paths to investment return than those provided by Wall Street (mis)managers. Kotlikoff and Burns’s proposals have been endorsed by a who’s who of economists and their revolutionary investment strategy for individuals replaces the idea of financial capital with “life decision capital.”

Of course, we won’t be doing all this just for ourselves. We need to fix America’s fiscal mess before our kids inherit it.

“This is a great book of great importance, and every paragraph contains some new and interesting observation.”
— George Akerlof, Nobel Laureate in Economics, 2001

“This is a truly important book, and I hope that it will be so widely read as to inspire a meaningful widespread dialog among individuals, families, and policymakers.”
— Geoff Considine, The Portfolioist

2005 — 328 pp. — paper — $21.95/£15.95
978-0-262-61208-1 (Cloth 2004)
This book introduces students to the growing research field of health economics. Rather than offer details about health systems around the world without providing a theoretical context, Health Economics combines economic concepts with empirical evidence to enhance readers’ economic understanding of how health care institutions and markets function. It views the subject in both microeconomic and macroeconomic terms, moving from the individual and firm level to the market level to a macroeconomic view of the role of health and health care within the economy as a whole.

The book includes discussion of recent empirical evidence on the U.S. health system and can be used for an undergraduate course on U.S. health economics. It also contains sufficient material for an undergraduate or masters course on global health economics, or for a course on health economics aimed at health professionals. It includes a chapter on nurses as well as a chapter on the economics of hospitals and pharmaceuticals, which can be used in master’s courses for students in these fields. It supplements its analysis with readings (both classic and current), extensive references, links to Web sites on policy developments and public programs, review and discussion questions, and exercises. Downloadable supplementary material for instructors includes solutions to half the problem sets and 600 slides that can be used for class presentations.

“This textbook is Sloan’s magnum opus, in which he shares with readers his exceptionally broad and rich understanding of all aspects of the field. There are very few people who could have written this book, and among them very few who would have been willing to expend the time and effort to synthesize decades of research and make it all clear and accessible. This textbook is a gift to the next generation of health economists.”
— John Cawley, Cornell University

Contrary to popular opinion, one of the main problems in providing uniformly excellent health care is not lack of money but lack of knowledge — on the part of both doctors and patients. The studies in this book show that many doctors and most patients do not understand the available medical evidence. Both patients and doctors are "risk illiterate"— frequently unable to tell the difference between actual risk and relative risk. Further, unwarranted disparity in treatment decisions is the rule rather than the exception in the United States and Europe. All of this contributes to much wasted spending in health care.

The contributors to Better Doctors, Better Patients, Better Decisions investigate the roots of the problem, from the emphasis in medical research on technology and blockbuster drugs to the lack of education for both doctors and patients. They call for a new, more enlightened health care, with better medical education, journals that report study outcomes completely and transparently, and patients in control of their personal medical records, not afraid of statistics but able to use them to make informed decisions about their treatments.

Better Doctors, Better Patients, Better Decisions
Envisioning Health Care 2020
edited by Gerd Gigerenzer and J. A. Muir Gray

2013 — 416 pp. — paper — $22.00/£15.95
978-0-262-51852-9
(Cloth 2011)

Strüngmann Forum Reports

HEALTH CARE TURNING POINT
Why Single Payer Won’t Work
Roger M. Battistella

2012 — 192 pp. — paper — $11.95/£7.95
978-0-262-51725-6
(Cloth 2010)

CHAOS AND ORGANIZATION IN HEALTH CARE
Thomas H. Lee, M.D., and James J. Mongan, M.D.

2012 — 296 pp. — 19 illus. — paper — $15.95/£10.95
978-0-262-51762-1
(Cloth 2009)
WHY ARE WE WAITING?
The Logic, Urgency, and Promise of Tackling Climate Change
Nicholas Stern
The risks of climate change are potentially immense. The benefits of taking action are also clear: we can see that economic development, reduced emissions, and creative adaptation go hand in hand. A committed and strong low-carbon transition could trigger a new wave of economic and technological transformation and investment, a new era of global and sustainable prosperity. Why, then, are we waiting? In this book, Nicholas Stern explains why, notwithstanding the great attractions of a new path, it has been so difficult to tackle climate change effectively. He makes a compelling case for climate action now and sets out the forms that action should take.

“It might be argued that humanity’s limited capacity for noble self-sacrifice and its puny reserves of foresight are never going to save the planet. I’d prefer to think that our better angels will prevail, and I suspect Nicholas Stern would agree, but it’s always useful to have another hammer in your intellectual toolbox. This wonderful book provides one. So many books about climate change offer a diagnosis without providing a course of treatment. Stern takes out his prescription pad.”

— Geographical

2015 — 376 pp. — 21 illus. — $27.95/£19.95
978-0-262-02918-6
The Lionel Robbins Lectures series

GREENING THE GLOBAL ECONOMY
Robert Pollin
In order to control climate change, the International Panel on Climate Change (IPCC) estimates that greenhouse gas emissions will need to fall by about forty percent by 2030. Achieving the target goals will be highly challenging. Yet in Greening the Global Economy, economist Robert Pollin shows that they are attainable through steady, large-scale investments — totaling about 1.5 percent of global GDP on an annual basis — in both energy efficiency and clean renewable energy sources. Not only that: Pollin argues that with the right investments, these efforts will expand employment and drive economic growth.

Drawing on years of research, Pollin explores all aspects of the problem: how much energy will be needed in a range of industrialized and developing economies; what efficiency targets should be; and what kinds of industrial policy will maximize investment and support private and public partnerships in green growth so that a clean energy transformation can unfold without broad subsidies.

All too frequently, inaction on climate change is blamed on its potential harm to the economy. Pollin shows greening the economy is not only possible but necessary: global economic growth depends on it.

2015 — 304 pp. — $22.95/£15.95
978-0-262-02823-3
A Boston Review Book

DOUBLE DIVIDEND
Environmental Taxes and Fiscal Reform in the United States
Dale W. Jorgenson, Richard J. Goettle, Mun S. Ho, and Peter J. Wilcoxen
Energy utilization, especially from fossil fuels, creates hidden costs in the form of pollution and environmental damages. The costs are well documented but are hidden in the sense that they occur outside the market, are not reflected in market prices, and are not taken into account by energy users. Double Dividend presents a novel method for designing environmental taxes that correct market prices so that they reflect the true cost of energy. The resulting revenue can be used in reducing the burden of the overall tax system and improving the performance of the economy, creating the double dividend of the title.

“Of all the potential tax reforms, taxing pollution and carbon dioxide emissions has the greatest promise. The analysis in Double Dividend provides a rigorous and thoughtful examination of the costs, benefits, and distributional impacts of green taxes. Any country contemplating tax reforms should begin with a study of the important conclusions in this volume.”

— William Nordhaus, Sterling Professor of Economics, Yale University

2014 — 640 pp. — 160 illus., 98 tables — $79.00/£54.95
978-0-262-02709-0

25% Discount Offer! http://mitpress.mit.edu/ECO Enter code M16ECO25 at checkout
Emissions trading schemes figure prominently among policy instruments used to tackle the problem of climate change, and the European Union Emissions Trading Scheme (EU ETS), begun in 2005, is the largest cap-and-trade market so far established. In the EU ETS, firms regulated by the scheme are provided with emissions allowances (each a one-time right to emit one ton of greenhouse gases) and can sell their unused allowances to firms that have higher rates of emissions. In this volume, leading economists offer empirical and theoretical perspectives on the early phases of the EU ETS implementation.


2015 — 304 pp. — 102 illus. — $35.00/£24.95
978-0-262-02928-5
CESifo Seminar series
NEW
WATER RESOURCE ECONOMICS
The Analysis of Scarcity, Policies, and Projects
Second Edition
Ronald C. Griffin

Economics brings powerful insights to water management, but most water professionals receive limited training in it. The second edition of this text offers a comprehensive development of water resource economics that is accessible to engineers and natural scientists as well as to economists. The goal is to build a practical platform for understanding and performing economic analysis using both theoretical and empirical tools. Familiarity with microeconomics or natural resource economics is helpful, but all the economics needed is presented and developed progressively in the text.

The book focuses on the scarcity of water quantity (rather than on water quality). The author presents the economic theory of resource allocation, recognizing the peculiarities imposed by water, and then goes on to treat a range of subjects including conservation, groundwater depletion, water law, policy analysis, cost–benefit analysis, water marketing, privatization, and demand and supply estimation. Added features of this updated edition include a new chapter on water scarcity risk (with climate change and necessary risk tools introduced progressively) and new risk-attentive material elsewhere in the text; sharper treatment of block rates and pricing doctrine; expanded attention to contemporary literature and issues; and new appendixes on input–output analysis, water footprinting and virtual water, and cost allocation. Each chapter ends with a summary and exercises.

March 2016 — 496 pp. — 12 illus. — $96.00/£66.95
978-0-262-03404-3

ENVIRONMENTAL & RESOURCE ECONOMICS

ENGLISH & ECONOMIC GROWTH, AND GEOPOLITICAL FUTURES
Eight Long-Range Scenarios
Evan Hillebrand and Stacy Closson

This book presents eight varied scenarios of possible global futures, emphasizing the interconnectedness of three drivers of change: energy prices, economic growth, and geopolitics. Other published global future scenarios focus on only one of these factors, viewing, for example, economic growth as unaffected by energy prices or energy prices in isolation from geopolitical conditions. In this book, Evan Hillebrand and Stacy Closson offer a new approach to scenario construction that acknowledges the codependence of these key drivers and integrates qualitative analysis with a quantitative model.

The eight scenarios represent possible combinations of high or low energy prices, strong or weak economic growth, and global harmony or disharmony across three time periods: the 2010s, 2020 to 2040, and 2040 to 2050. The “Regional Mercantilism” scenario, for example, envisions high energy prices, weak economic growth, and global disharmony. To impose numerical consistency across scenarios, Hillebrand and Closson employ the International Futures (IFs) model developed by Barry Hughes. (Interested readers can download this interactive model to alter or build scenarios themselves.) Assessing the probability of each scenario, they conclude that increased U.S. energy supply and the sustainability of the Chinese growth miracle are the most significant drivers over the next forty years.

2015 — 240 pp. — 12 illus. — $35.00/£24.95
978-0-262-02889-9

ENVIRONMENTAL LAW, POLICY, AND ECONOMICS
Reclaiming the Environmental Agenda
Nicholas A. Ashford and Charles C. Caldart

2008 — 1088 pp. — 48 illus. — $105.00/£72.95
978-0-262-01238-6

25% Discount Offer! http://mitpress.mit.edu/ECO • Enter code M16ECO25 at checkout
REGULATION

MERGERS, MERGER CONTROL, AND REMEDIES
A Retrospective Analysis of U.S. Policy
John Kwoka

In recent decades, antitrust investigations and cases targeting mergers — including those involving Google, Ticketmaster, and much of the domestic airline industry — have reshaped industries and changed business practices profoundly. And yet there has been a relative dearth of detailed evaluations of the effects of mergers and the effectiveness of merger policy. In this book, John Kwoka, a noted authority on industrial organization, examines all reliable empirical studies of the effect of specific mergers and develops entirely new information about the policies and remedies of antitrust agencies regarding these mergers. Combined with data on outcomes, this policy information enables analysis of, and creates new insights into, mergers, merger policies, and the effectiveness of remedies in preventing anticompetitive outcomes.

2015 — 280 pp. — 8 illus. — $40.00/£27.95
978-0-262-02848-6

CHASING THE TAPE
Information Law and Policy in Capital Markets
Onnig H. Dombalagian

Financial information is both a public resource and a commodity that market participants produce and distribute in connection with other financial products and services. Legislators, regulators, and other policy makers must therefore balance the goal of making information transparent, accessible, and useful for the collective benefit of society against the need to maintain appropriate incentives for information originators and intermediaries. In Chasing the Tape, Onnig Dombalagian examines the policy objectives and regulatory tools that shape the information production chain in capital markets in the United States, the European Union, and other jurisdictions. His analysis offers a unique cross section of capital market infrastructure, spanning different countries, regulated entities, and financial instruments.

2015 — 376 pp. — $35.00/£24.95
978-0-262-02862-2

SYSTEMIC RISK, CRISES, AND MACROPRUDENTIAL REGULATION
Xavier Freixas, Luc Laeven, and José-Luis Peydró

The recent financial crisis has shattered all standard approaches to banking regulation. Regulators now recognize that banking regulation cannot be simply based on individual financial institutions’ risks. Instead, systemic risk and macroprudential regulation have come to the forefront of the new regulatory paradigm. Yet our knowledge of these two core aspects of regulation is still limited and fragmented. This book offers a framework for understanding the reasons for the regulatory shift from a microprudential to a macroprudential approach to financial regulation. It defines systemic risk and macroprudential policy, cutting through the generalized confusion as to their meaning; contrasts macroprudential to microprudential approaches; discusses the interaction of macroprudential policy with macroeconomic policy (monetary policy in particular); and describes macroprudential tools and experiences with macroprudential regulation around the world.

2015 — 472 pp. — 20 illus. — $58.00/£39.95
978-0-262-02869-1

GUARDIANS OF FINANCE
Making Regulators Work for Us
James R. Barth, Gerard Caprio Jr., and Ross Levine

How the unaccountable, unmonitorable, and unchecked actions of regulators precipitated the global financial crisis; and how to reform the system.

“This is a timely, well-written, and nontechnical book by established experts in the field.”
— R. Grossman, Choice

“For those involved in policy formulation and regulation, whether at national or international level, in government or financial institutions, this is compulsory reading.”
— Richard Parlour, Central Banking Journal

2014 — 296 pp. — 2 illus. — paper $16.95/£11.95
978-0-262-52684-5 (Cloth 2012)
NEW
THE REGULATION OF INTERNATIONAL TRADE
Volume 1: GATT
Petros C. Mavroidis

The General Agreement on Tariffs and Trade (GATT) was created alongside other towering achievements of the post-World War II era, including the United Nations, the World Bank, and the International Monetary Fund. GATT, the first successful agreement to generate multilateral trade liberalization, became the principal institution to administer international trade for the next six decades. In this book, Petros Mavroidis offers detailed examination of the GATT regime for international trade, discussing the negotiating record, policy background, economic rationale, and case law.

Mavroidis offers a substantive first chapter that provides a detailed historical background to GATT that stretches from the 1927 World Economic Conference through Bretton Woods and the Atlantic Charter. Each of the following chapters examines the disciplines agreed to, their negotiating record, their economic rationale, and subsequent practice. Mavroidis focuses on cases that have influenced the prevailing understanding of the norm, as well as on literature that has contributed to its interpretation, and the final outcome. In particular, he examines quantitative restrictions and tariffs; the most favored nation clause (MFN), the cornerstone of the GATT edifice; preferential trade agreements and special treatment for products originating in developing countries; domestic instruments; and exceptions to the obligations assumed under GATT. This book’s companion volume examines World Trade Organization (WTO) agreements regulating trade in goods.

“Petros Mavroidis is widely considered to be the most eminent of the scholars today on international trade law. These volumes show why.”
— Jagdish Bhagwati, University Professor, Columbia University; author of In Defense of Globalization

“Petros Mavroidis is exceptional among GATT/WTO legal scholars for his extensive and highly original contributions with economists. Readers of these two volumes will enjoy the fruits of his unique talents.”
— André Sapir, University Professor, Université libre de Bruxelles, Belgium; former Economic Advisor to the President of the European Commission

February 2016 — 632 pp. — 2 illus. — $86.00/£59.95 978-0-262-02984-1

NEW
THE REGULATION OF INTERNATIONAL TRADE
Volume 2: The WTO Agreements on Trade in Goods
Petros C. Mavroidis

The General Agreement on Tariffs and Trade (GATT) has extended its institutional arsenal since the Kennedy round in the early 1960s. The current institutional design is the outcome of the Uruguay round and agreements reached in the ongoing Doha round (begun in 2001). One of the institutional outgrowths of GATT is the World Trade Organization (WTO), created in 1995. In this book, Petros Mavroidis offers a detailed examination of WTO agreements regulating trade in goods, discussing legal context, policy background, economic rationale, and case law.

Each chapter examines a given legal norm and its subsequent practice. In particular, he discusses agreements dealing with customs clearance; “contingent protection” instruments, which allow WTO members unilaterally to add to the negotiated amount of protection when a certain contingency (for example, dumping) has occurred; TBT (Technical Barriers to Trade) and SPS (Sanitary and Phyto-sanitary Measures) agreements, both of which deal with such domestic instruments as environmental, health policy, or consumer information; the agreement on Trade Related Investment Measures (TRIM); sector-specific agreements on agriculture and textiles; plurilateral agreements (binding a subset of WTO membership) on government procurement and civil aviation; and transparency in trade relations. This book’s companion volume examines the GATT regime for international trade.

“The Regulation of International Trade is a tour de force that comprehensively analyzes the complete range of WTO treaty rules and case-law on an agreement-by-agreement basis, bringing to bear insightful and thorough legal and economic analysis. I would expect it to become the standard treatise on WTO law, an indispensable tool for students, legal practitioners, and trade negotiators.”
— William J. Davey, Guy Raymond Jones Chair Emeritus, University of Illinois College of Law

May 2016 — 808 pp. — 10 illus. — $92.00/£63.95 978-0-262-02999-5

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Explicit collusion is an agreement among competitors to suppress rivalry that relies on interfirm communication and/or transfers. Rivalry between competitors erodes profits; the suppression of rivalry through collusion is one avenue by which firms can enhance profits. Many cartels and bidding rings function for years in a stable and peaceful manner despite the illegality of their agreements and incentives for deviation by their members. In *The Economics of Collusion*, Robert Marshall and Leslie Marx offer an examination of collusive behavior: what it is, why it is profitable, how it is implemented, and how it might be detected.

“Robert Marshall and Leslie Marx bring to this book a deep understanding of the scholarly body of research and an intimate and broad knowledge of actual cartels and collusive practices. While there are many scholars who possess the former, and many practitioners who possess the latter, it is a rare few who are in possession of both sources of insight. The Economics of Collusion delivers one of the most comprehensive and instructive studies of cartels ever written.”

— Joseph Harrington, Johns Hopkins University

“This is a must read... economic theory, empirics, and storytelling at its very best.”

— Michael R. Baye, Indiana University, Kelley School of Business
As the global economic crisis continues to cause damage, some policymakers have called for a more Keynesian approach to current economic problems. In this book, the economists Peter Temin and David Vines provide an accessible introduction to Keynesian ideas that connects Keynes's insights to today's global economy and offers readers a way to understand current policy debates. They survey economic thinking before Keynes and explain how difficult it was for Keynes to escape from conventional wisdom. They also set out the Keynesian analysis of a closed economy and expand the analysis to the international economy, using a few simple graphs to present Keynes's formal analyses in an accessible way. Finally, they discuss problems of today's world economy, showcasing the usefulness of a simple Keynesian approach to current economic policy choices. Keynesian ideas, they argue, can lay the basis for a return to economic growth.

"Highly relevant for today’s world.”
– Thomas Piketty, author of Capital in the Twenty-First Century

“Brings Keynesian thinking alive, and explores how similar today’s problems are to those experienced between the wars.”
– Simon Wren-Lewis, Professor of Economics, Merton College, University of Oxford

FINANCE

NEW

CAPITAL MARKETS
Institutions, Instruments, and Risk Management
Fifth Edition
Frank J. Fabozzi

Over the last fifty years, an extensive array of instruments for financing, investing, and controlling risk has become available in financial markets, with demand for these innovations driven by the needs of investors and borrowers. The recent financial crisis offered painful lessons on the consequences of ignoring the risks associated with new financial products and strategies. This substantially revised fifth edition of a widely used text covers financial product innovation with a new emphasis on risk management and regulatory reform. Chapters from the previous edition have been updated, and new chapters cover material that reflects recent developments in financial markets.

The book begins with an introduction to financial markets, offering a new chapter that provides an overview of risk — including the key elements of financial risk management and the identification and quantification of risk. The book then covers market participants, including a new chapter on collective investment products managed by asset management firms; the basics of cash and derivatives markets, with new coverage of financial derivatives and securitization; theories of risk and return, with a new chapter on return distributions and risk measures; the structure of interest rates and the pricing of debt obligations; equity markets; debt markets, including chapters on money market instruments, municipal securities, and credit sensitive securitized products; and advanced coverage of derivative markets. Each chapter ends with a review of key points and questions based on the material covered.

2015 — 1064 pp. — 63 illus. — $126.00/£86.95
978-0-262-02948-3

NEW

MANAGING RISK AND UNCERTAINTY
A Strategic Approach
Richard Friberg

This book offers a framework for making decisions under risk and uncertainty. Synthesizing research from economics, finance, decision theory, management, and other fields, the book provides a set of tools and a way of thinking that determines the relative merits of different strategies. It takes as its premise that we make better decisions if we use the whole toolkit of economics and related fields to inform our decision making.

The text explores the distinction between risk and uncertainty and covers standard models of decision making under risk as well as more recent work on decision making under uncertainty, with a particular focus on strategic interaction. It also examines the implications of incomplete markets for managing under uncertainty. It presents four core strategies: a benchmark strategy (proceeding as if risk and uncertainty were low), a financial hedging strategy (valuable if there is much risk), an operational hedging strategy (valuable for conditions of much uncertainty), and a flexible strategy (valuable if there is much risk and/or uncertainty). The book then examines various aspects of these strategies in greater depth, building on empirical work in several different fields. Topics include price-setting, real options and Monte Carlo techniques, organizational structure, and behavioral biases. Many chapters include exercises and appendixes with additional material. The book can be used in graduate or advanced undergraduate courses in risk management, as a guide for researchers, or as a reference for management practitioners.

2015 — 376 pp. — 84 illus. — $55.00/£37.95
978-0-262-52819-1

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NEW
CONNECTEDNESS AND CONTAGION
Protecting the Financial System from Panics
Hal S. Scott

The Dodd–Frank Act of 2010 was intended to reform financial policies in order to prevent another massive crisis such as the financial meltdown of 2008. Dodd–Frank is largely premised on the diagnosis that connectedness was the major problem in that crisis — that is, that financial institutions were overexposed to one another, resulting in a possible chain reaction of failures. In this book, Hal Scott argues that it is not connectedness but contagion that is the most significant element of systemic risk facing the financial system. Contagion is an indiscriminate run by short-term creditors of financial institutions that can render otherwise solvent institutions insolvent. It poses a serious risk because, as Scott explains, our financial system still depends on approximately $7.4 to $8.2 trillion of runnable and uninsured short-term liabilities, 60 percent of which are held by nonbanks.

Scott argues that efforts by the Federal Reserve, the FDIC, and the Treasury to stop the contagion that exploded after the bankruptcy of Lehman Brothers lessened the economic damage. And yet Congress, spurred by the public’s aversion to bailouts, has dramatically weakened the power of the government to respond to contagion, including limitations on the Fed’s powers as a lender of last resort. Offering uniquely detailed forensic analyses of the Lehman Brothers and AIG failures, and suggesting alternative regulatory approaches, Scott makes the case that we need to restore and strengthen our weapons for fighting contagion.

July 2016 — 432 pp. — 8 illus. — $38.00/£26.95
978-0-262-03437-1

PERSPECTIVES ON DODD-FRANK AND FINANCE
edited by Paul H. Schultz

Experts debate the possible consequences of the Dodd–Frank Act, discussing such topics as banking regulation, derivatives, the Volcker rule, and mortgage reform.

“This useful volume examines the principal objectives of Dodd–Frank and its main provisions and also identifies some important things that were omitted from the law — some deliberately, others not.”
— Richard N. Cooper, Foreign Affairs

2014 — 288 pp. — 1 illus. — $45.00/£31.95
978-0-262-02803-5

TAXATION AND REGULATION OF THE FINANCIAL SECTOR
edited by Ruud de Mooij and Gaëtan Nicodème

The global financial crisis has prompted economists to rethink fundamental questions on how governments should intervene in the financial sector. Many countries have already begun to reform the taxation and regulation of the financial sector — in the United States, for example, the Dodd–Frank Act became law in 2010; in Europe, different countries have introduced additional taxes on the sector and made substantial progress toward a banking union for the eurozone. Only recently, however, has a new field in economics emerged to study the interplay between public finance and banking. This book offers the latest thinking on the topic by American and European economists.

2015 — 392 pp. — 48 illus. — $35.00/£24.95
978-0-262-02797-7
CESifo Seminar series

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FINANCIAL MODELING
Fourth Edition
Simon Benninga

Financial Modeling is now the standard text for explaining the implementation of financial models in Excel. This long-awaited fourth edition maintains the “cookbook” features and Excel dependence that have made the previous editions so popular. As in previous editions, basic and advanced models in the areas of corporate finance, portfolio management, options, and bonds are explained with detailed Excel spreadsheets. Sections on technical aspects of Excel and on the use of Visual Basic for Applications (VBA) round out the book to make Financial Modeling a complete guide for the financial modeler.

The new edition of Financial Modeling includes a number of innovations. A new section explains the principles of Monte Carlo methods and their application to portfolio management and exotic option valuation. A new chapter discusses term structure modeling, with special emphasis on the Nelson–Siegel model. The discussion of corporate valuation using pro forma models has been rounded out with the introduction of a new, simple model for corporate valuation based on accounting data and a minimal number of valuation parameters.

“Financial Modeling belongs on the desk of every finance professional. Its no-nonsense, hands-on approach makes it an indispensable tool.”
— Hal R. Varian, Dean, School of Information Management and Systems, University of California, Berkeley

2014 — 976 pp. — 95 illus. — $115.00/£61.95
978-0-262-02728-1
FUNDAMENTAL MODELS IN FINANCIAL THEORY

Doron Peleg

This book provides an innovative, integrated, and methodical approach to understanding complex financial models, integrating topics usually presented separately into a comprehensive whole. The book brings together financial models and high-level mathematics, reviewing the mathematical background necessary for understanding these models organically and in context. It begins with underlying assumptions and progresses logically through increasingly complex models to operative conclusions. Readers who have mastered the material will gain the tools needed to put theory into practice and incorporate financial models into real-life investment, financial, and business scenarios.

2014 — 464 pp. — 115 illus. — $83.00/£57.95
978-0-262-02667-3

MANAGING EQUITY PORTFOLIOS

Putting Behavioral Finance to Work

Michael A. Ervolini
Foreword by Terrance Odean

A groundbreaking framework for improving portfolio performance that goes beyond traditional analytics, offering new ways to understand investment skills, process, and behaviors.

“For fund managers seeking to improve their investing skills there are many publications offering tantalizing but fragmented paths for progress. In this book Michael Ervolini brings together topics such as fast and slow thinking, checklists, and self-awareness to construct coherent and pragmatic solutions. Using the principles of the scientific method he shows how a successful investment process can evolve through time, improving the consistency of decision making and keeping investing skills relevant in an ever-changing world.”

— Simon Savage, Asset Manager, GLG Partners

2014 — 280 pp. — 7 illus. — $30.95/£21.95
978-0-262-02834-9

One of the Best Business Books of 2012, strategy-business.com

COMPETITIVE STRATEGY
Options and Games

Benoît Chevalier-Roignant and Lenos Trigeorgis

A new paradigm for balancing flexibility and commitment in management strategy through the amalgamation of real options and game theory.

“Competitive Strategy provides a powerful synthesis of modern finance and corporate strategy. Today we can anticipate innovation in strategic advice and its implementation. Who better to prepare us for it than Lenos Trigeorgis, with his experiences as serious academic researcher, skilled consultant and seasoned teacher, and Benoît Chevalier-Roignant with the fresh, innovative mind of a young scholar? Their carefully developed exposition exemplifies the power of real options and games to clarify and quantify the strategic decision-making of the firm. The authors skillfully transform the art of strategy into ‘strategic science’.”

— Robert C. Merton, Nobel Laureate in Economic Sciences

“For readers interested in the theoretical underpinnings of competition and strategic choice, it’s an important contribution to the field as well as an engaging book.”


2014 — 520 pp. — 129 illus. — paper — $30.00/£20.95
978-0-262-52671-5
(Cloth 2011)

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NEW

THE DISRUPTION DILEMMA
Joshua Gans

“Disruption” is a business buzzword that has gotten out of control. Today everything and everyone seem to be characterized as disruptive — or, if they aren’t disruptive yet, it’s only a matter of time before they become so. In this book, Joshua Gans cuts through the chatter to focus on disruption in its initial use as a business term, identifying new ways to understand it and suggesting new tools to manage it.

Almost twenty years ago Clayton Christensen popularized the term in his book *The Innovator’s Dilemma*, writing of disruption as a set of risks that established firms face. Since then, few have closely examined his account. Gans does so in this book. He looks at companies that have proven resilient and those that have fallen, and explains why some companies have successfully managed disruption — Fujifilm and Canon, for example — and why some like Blockbuster and Encyclopedia Britannica have not. Departing from the conventional wisdom, Gans identifies two kinds of disruption: demand-side, when successful firms focus on their main customers and underestimate market entrants with innovations that target niche demands; and supply-side, when firms focused on developing existing competencies become incapable of developing new ones.

Gans describes the full range of actions business leaders can take to deal with each type of disruption, from “self-disrupting” independent internal units to tightly integrated product development. But therein lies the disruption dilemma: A firm cannot practice both independence and integration at once. Gans shows business leaders how to choose their strategy so their firms can deal with disruption while continuing to innovate.

April 2016 — 176 pp. — 2 illus. — $24.95/£17.95 978-0-262-03448-7

ARCHITECTING THE FUTURE ENTERPRISE
Deborah J. Nightingale and Donna H. Rhodes

Two experts in enterprise architecting lay out a holistic approach to creating a blueprint for future enterprise transformation.

2015 — 200 pp. — 19 illus. — $29.95/£20.95 978-0-262-02882-0

NEW

THE POWER OF RESILIENCE
How the Best Companies Manage the Unexpected
Yossi Sheffi

The interconnectedness of the global economy today means that unexpected events in one corner of the globe can ripple through the world’s supply chain and affect customers everywhere. In this book, Yossi Sheffi shows why modern vulnerabilities call for innovative processes and tools for creating and embedding corporate resilience and risk management. Sheffi offers fascinating case studies that illustrate how companies have prepared for, coped with, and come out stronger following disruption.

“Yossi Sheffi is one of the most inventive and comprehensive thinkers in the supply chain and resiliency spaces. His latest book is a must-read for organizations hoping to leverage the strategic competitive advantages that resiliency and preparedness provide.” — Chris Sultemeier, Executive Vice President, Logistics, Walmart

2015 — 488 pp. — 7 illus. — $29.95/£20.95 978-0-262-02979-7

• Honorable Mention, 2012 PROSE Award in Business, Finance & Management, Association of American Publishing/Professional Scholarly Publishing

LOGISTICS CLUSTERS
Delivering Value and Driving Growth
Yossi Sheffi

How logistics clusters can create jobs while providing companies with competitive advantage.

2014 — 368 pp. — paper — $16.95/£11.95 978-0-262-52679-1

(Clutch 2012)

• Winner, 2005 Gold “Book of the Year” in Business and Economics, Foreword Magazine

THE RESILIENT ENTERPRISE
Yossi Sheffi


(Cloth 2005)
NEW WINNING THE REPUTATION GAME
Creating Stakeholder Value and Competitive Advantage
Grahame R. Dowling

What does a company have to do to be admired and respected? Why does Apple have a better reputation than, say, Samsung? In Winning the Reputation Game, Grahame Dowling explains. Companies’ reputations do not derive from consultant-recommended campaigns to showcase efforts at corporate transparency, environmental sustainability, or social responsibility. Companies are admired and respected because they are “simply better” than their competitors. Companies that focus on providing outstanding goods and services and backed with a strong reputation that helps them gain competitive advantage.

May 2016 — 272 pp. — 15 illus. — $36.95/£25.95
978-0-262-03446-3

NEW HANDBOOK OF COLLECTIVE INTELLIGENCE
edited by Thomas W. Malone and Michael S. Bernstein

Intelligence does not arise only in individual brains; it also arises in groups of individuals. This is collective intelligence: groups of individuals acting collectively in ways that seem intelligent. In recent years, a new kind of collective intelligence has emerged: interconnected groups of people and computers, collectively doing intelligent things. Today these groups are engaged in tasks that range from writing software to predicting the results of presidential elections. This volume reports on the latest research in the study of collective intelligence, laying out a shared set of research challenges from a variety of disciplinary and methodological perspectives. Taken together, these essays — by leading researchers from such fields as computer science, biology, economics, and psychology — lay the foundation for a new multidisciplinary field.


2015 — 224 pp. — 9 illus. — $30.00/£20.95
978-0-262-02981-0

NEW CUSTOMER-CENTRIC MARKETING
A Pragmatic Framework
R. Ravi and Baohong Sun

The revolution in big data has enabled a game-changing approach to marketing. The asynchronous and continuous collection of customer data carries rich signals about consumer preferences and consumption patterns. Use of this data can make marketing adaptive, dynamic, and responsive to changes in individual customer behavior. This book introduces state-of-the-art analytic and quantitative methods for customer-centric marketing (CCM). Rather than using a snapshot from the data to plot a single campaign-centric marketing plan, these methods draw on cutting-edge research in optimization and interactive marketing with the goal of maximizing long-term profit from data collected over time. The aim is to teach readers to apply optimization tools to derive analytical solutions leading to customized, dynamic, proactive, and real-time marketing decisions.

March 2016 — 128 pp. — 9 illus. — paper $32.00/£22.95
978-0-262-52905-1

NEW FROM LITTLE’S LAW TO MARKETING SCIENCE
Essays in Honor of John D. C. Little
edited by John R. Hauser and Glen L. Urban

John D. C. Little of MIT’s Sloan School of Management is famous for his contributions to operations research and marketing science. He formulated a fundamental theorem in queuing theory known as Little’s Law, which is used widely in a variety of fields. His work on such topics as optimal advertising experimentation, advertising budgeting, and aggregate marketing models, and its subsequent applications, has generated entire streams of research. This volume gathers papers from prominent researchers, including many of Little’s colleagues and former colleagues, that reflect this pioneering scholar’s lasting influence.

February 2016 — 536 pp. — 59 illus. — $55.00/£37.95
978-0-262-02991-9

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THE INNOVATOR’S HYPOTHESIS
How Cheap Experiments Are Worth More Than Good Ideas

Michael Schrage
with a new preface for the paperback edition

The Innovator’s Hypothesis addresses the innovation priorities of companies that live in the real world of limits. Michael Schrage advocates a cultural and strategic shift: small teams, collaboratively — and competitively — crafting business experiments that make top management sit up and take notice. He introduces the 5x5 framework: giving diverse teams of five people up to five days to come up with portfolios of five business experiments costing no more than $5,000 each and taking no longer than five weeks to run. Successful 5x5s, Schrage shows, make people more effective innovators, and more effective innovators mean more effective innovations.

“If you’re a Lean Startup fan looking for more insights about how to ‘test and learn’ effectively, look no further.” — San Francisco Chronicle

March 2016 — 256 pp. — paper — $19.95/£13.95
978-0-262-52896-2
(Cloth 2014)

LEADING OPEN INNOVATION
Users, Communities, and Open Innovation
edited by Dietmar Harhoff and Karim R. Lakhani

The last two decades have witnessed an extraordinary growth of new models of managing and organizing the innovation process that emphasizes users over producers. Large parts of the knowledge economy now routinely rely on users, communities, and open innovation approaches to solve important technological and organizational problems. This view of innovation, pioneered by the economist Eric von Hippel, counters the dominant paradigm, which cast the profit-seeking incentives of firms as the main driver of technical change. In a series of influential writings, von Hippel and colleagues found empirical evidence that flatly contradicted the producer-centered model of innovation. Since then, the study of user-driven innovation has continued and expanded, with further empirical exploration in a variety of contexts and the development of theory to explain the economic underpinnings of user innovation. This volume provides a comprehensive and multidisciplinary view of the still-emerging paradigm of user and open innovation, reflecting advances in the field over the last several decades.


February 2016 — 544 pp. — 23 illus.
$50.00/£34.95
978-0-262-02977-3

LEADING OPEN INNOVATION
edited by Anne Sigismund Huff, Kathrin M. Möslein, and Ralf Reichwald

In today’s competitive globalized market, firms are increasingly reaching beyond conventional internal methods of research and development to use ideas developed through processes of open innovation (OI). Organizations including Siemens, Nokia, Wikipedia, Hyve, and innosabi may launch elaborate OI initiatives, actively seeking partners to help them innovate in specific areas. Individuals affiliated by common interests rather than institutional ties use OI to develop new products, services, and solutions to meet unmet needs. This volume describes the ways that OI expands the space for innovation, describing a range of OI practices, participants, and trends.

2015 —336 pp. — 109 illus. — paper — $24.00/£16.95
978-0-262-52747-7
(Cloth 2013)
LIVES OF THE LAUREATES  
Twenty-three Nobel Economists  
Sixth Edition  
edited by Roger W. Spencer and David A. Macpherson

Lives of the Laureates offers readers an informal history of modern economic thought as told through autobiographical essays by twenty-three Nobel Prize laureates in Economics. The essays not only provide unique insights into major economic ideas of our time but also shed light on the processes of intellectual discovery and creativity. The accounts are accessible and engaging, achieving clarity without sacrificing inherently difficult content.

The Laureates  
Lawrence R. Klein • Kenneth J. Arrow • Paul A. Samuelson • Milton Friedman • George J. Stigler • James Tobin • Franco Modigliani • James M. Buchanan • Robert M. Solow • William F. Sharpe • Douglass C. North • Myron S. Scholes • Gary S. Becker • Robert E. Lucas, Jr. • James J. Heckman • Vernon L. Smith • Edward C. Prescott • Thomas C. Schelling • Edmund S. Phelps • Eric S. Maskin • Joseph E. Stiglitz • Paul Krugman • Peter A. Diamond

“For anyone who seeks to understand the economy, this book is pure inspiration. What could be better than looking into the minds and souls of the world’s greatest economic thinkers?”
— N. Gregory Mankiw, Robert M. Beren Professor of Economics, Harvard University

2014 — 448 pp. — 23 illus. — $35.00/£24.95  
978-0-262-02796-0

SECRETS OF ECONOMICS EDITORS  
edited by Michael Szenberg and Lall Ramrattan  
Foreword by Robert M. Solow

Experienced economics editors discuss navigating the world of scholarly journals, with details on submission, reviews, acceptance, rejection, and editorial policy.

2014 — 400 pp. — 3 illus. —paper — $37.00/£25.95  
978-0-262-52546-6

A GUIDE FOR THE YOUNG ECONOMIST  
Second Edition  
William Thomson

2011 — 200 pp. — 27 illus. — paper — $24.00/£16.95  
978-0-262-51589-4

NEW

SHARING THE WORK  
What My Family and Career Taught Me about Breaking Through (and Holding the Door Open for Others)  
Myra Strober  
Foreword by John Donahoe, Chair of the Board, PayPal, and former CEO, eBay

Myra Strober became a feminist on the Bay Bridge, heading toward San Francisco. It is 1970. She has just been told by the chairman of Berkeley’s economics department that she can never get tenure. Driving home afterward, wondering if she got something out of the freezer for her family’s dinner, she realizes the truth: she is being denied a regular faculty position because she is a mother. Flooded with anger, she also finds her life’s work: to study and fight sexism, in the workplace, in academia, and at home.

Strober’s generous memoir captures the spirit of a revolution lived fully, from her Brooklyn childhood (and her shock at age twelve when she’s banished to the women’s balcony at shul) to her groundbreaking Stanford seminar on women and work. Strober’s interest in women and work began when she saw her mother’s frustration at the limitations of her position as a secretary. Her consciousness of the unfairness of the usual distribution of household chores came when she unsuccessfully asked her husband for help with housework. Later, when a group of conservative white male professors sputtered at the idea of government-subsidized child care, Strober made the case for its economic benefits.

In the 1970s, the terms “Tokenism” and “sexual harassment” had not yet been coined. Occupational segregation, quantifying the value of work in the home, and the cost of discrimination were new ideas. Strober was a pioneer, helping to create a new academic field and founding institutions to establish it. But she wasn’t alone: she benefited from the women’s movement, institutional change, and new federal regulations that banned sex discrimination. She continues the work today and invites us to join her.

May 2016 — 240 pp. — $29.95/£20.95  
978-0-262-03438-8

THE INVISIBLE HEART  
An Economic Romance  
Russell Roberts

2002 — paper — $25.95/£17.95  
978-0-262-68113-3

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THE SHARING ECONOMY
The End of Employment and the Rise of Crowd-Based Capitalism
Arun Sundararajan

Sharing isn’t new. Giving someone a ride, having a guest in your spare room, running errands for someone, participating in a supper club — these are not revolutionary concepts. What is new, in the “sharing economy,” is that you are not helping a friend for free; you are providing these services to a stranger for money.

In this book, Arun Sundararajan, an expert on the sharing economy, explains the transition to what he describes as “crowd-based capitalism” — a new way of organizing economic activity that may supplant the traditional corporate-centered model. As peer-to-peer commercial exchange blurs the lines between the personal and the professional, how will the economy, government regulation, what it means to have a job, and our social fabric be affected?

Drawing on extensive research and numerous real-world examples — including Airbnb, Lyft, Uber, Etsy, TaskRabbit, France’s BlaBlaCar, China’s Didi Kuaidi, and India’s Ola, Sundararajan explains the basics of crowd-based capitalism. He describes the intriguing mix of “gift” and “market” in its transactions, demystifies emerging blockchain technologies, and clarifies the dizzying array of emerging on-demand platforms. He considers how this new paradigm changes economic growth and the future of work. Will we live in a world of empowered entrepreneurs who enjoy professional flexibility and independence? Or will we become disenfranchised digital laborers scurrying between platforms in search of the next wedge of piecework? Sundararajan highlights the important policy choices and suggests possible new directions for self-regulatory organizations, labor law, and funding our social safety net.

May 2016 — 224 pp. — 16 illus. — $26.95/£18.95
978-0-262-03457-9

Printed in the U.S.A.