

Contents

Introduction 1

- 1 Joseph E. Stiglitz and Economics for an Imperfect World 3
Richard Arnott, Bruce Greenwald, Ravi Kanbur, and Barry Nalebuff
- 1 Imperfect Information** 9
- 2 A Small Pearl for Doctor Stiglitz's Sixtieth Birthday: When Risk Averters Positively Relish "Excess Volatility" 11
Paul A. Samuelson
- 3 On the Role of Good Faith in Insurance Contracting 17
Avinash Dixit and Pierre Picard
- 4 Markets under Stress: The Case of Extreme Event Insurance 35
Dwight Jaffee and Thomas Russell
- 5 Per-Mile Premiums for Auto Insurance 53
Aaron S. Edlin
- 6 Capital Adequacy Regulation: In Search of a Rationale 83
Franklin Allen and Douglas Gale
- 7 Learning Revisited 111
Margaret Bray

- 8 Regulating Nonlinear Environmental Systems under Knightian Uncertainty 127
William Brock and Anastasios Xepapadeas
- 9 Conflicting Preferences and Voluntary Restrictions on Choices 145
Jacob Glazer and Andrew Weiss
- 10 Punctuality: A Cultural Trait as Equilibrium 163
Kaushik Basu and Jörgen W. Weibull
- 11 A Few Righteous Men: Imperfect Information, Quit-for-Tat, and Critical Mass in the Dynamics of Cooperation 183
Serge Moresi and Steven Salop
- 12 Market Structure, Organizational Structure, and R&D Diversity 195
Joseph Farrell, Richard J. Gilbert, and Michael L. Katz
- 13 Patent Oppositions 221
Jonathan Levin and Richard Levin
- 14 The Economics of Vertical Restraints 247
Patrick Rey
- II Macroeconomics, Public Economics, and Development 269**
- 15 Stumbling Toward a Macroeconomics of the Medium Run 271
Robert M. Solow
- 16 Waiting for Work 283
George A. Akerlof, Andrew K. Rose, and Janet L. Yellen
- 17 Welfare Economics in Imperfect Economies 299
Kenneth Arrow, Partha Dasgupta and Karl-Göran Måler
- 18 Optimality or Sustainability? 331
Geoffrey Heal

- 19 Labor Market Flexibility and the Welfare State 349
A. B. Atkinson
- 20 The Fiscal Politics of Big Governments: Do Coalitions
Matter? 367
Luisa Lambertini and Costas Azariadis
- 21 Indirect Taxation and Redistribution: The Scope of the Atkinson-
Stiglitz Theorem 387
Robin Boadway and Pierre Pestieau
- 22 Optimum Income Taxation When Earnings Are Imperfectly
Correlated with Productivity 405
David L. Bevan
- 23 Can Government Collect Resources without Hurting Investors?
Taxation of Returns from Assets 419
Raaj Sah and Kenji Wada
- 24 Reforming the Taxation of Human Capital: A Modest Proposal
for Promoting Economic Growth 439
Paul A. David
- 25 Birth, Recoveries, Vaccinations, and Externalities 469
Mark Gersovitz
- 26 The Road Less Traveled: Oligopoly and Competition Policy in
General Equilibrium 485
J. Peter Neary
- 27 Trade, Geography, and Monopolistic Competition: Theory and
an Application to Spatial Inequalities in Developing
Countries 501
Anthony J. Venables
- 28 Public Policy for Growth and Poverty Reduction 519
Nicholas Stern

- 29 Risk, Reform, and Privatization 535
David M. Newbery
- 30 Can Privatization Come Too Soon? Politics after the Big Bang in
Post-Communist Societies 549
Karla Hoff
- Appendix** 567
- 31 Information and the Change in the Paradigm in
Economics 569
Joseph E. Stiglitz
- 32 Joseph E. Stiglitz Bibliography 641
- Index 683