

Harry M. Markowitz,
Merton H. Miller, William F.
Sharpe, Robert C. Merton
and Myron S. Scholes

Edited by

Howard R. Vane

*Professor of Economics
Liverpool John Moores University, UK*

and

Chris Mulhearn

*Reader in Economics
Liverpool John Moores University, UK*

PIONEERING PAPERS OF THE NOBEL MEMORIAL LAUREATES IN ECONOMICS

An Elgar Reference Collection
Cheltenham, UK • Northampton, MA, USA

Contents

<i>Acknowledgements</i>	ix
<i>General Introduction</i> Howard R. Vane and Chris Mulhearn	xi

PART I HARRY M. MARKOWITZ

<i>Introduction to Part I: Harry M. Markowitz (b. 1927)</i>	3
1. Harry Markowitz (1952a), 'Portfolio Selection', <i>Journal of Finance</i> , VII (1), March, 77–91	7
2. Harry Markowitz (1952b), 'The Utility of Wealth', <i>Journal of Political Economy</i> , LX (2), April 151–8	22
3. H. Levy and H.M. Markowitz (1979), 'Approximating Expected Utility by a Function of Mean and Variance', <i>American Economic Review</i> , 69 (3), June, 308–17	30
4. Harry M. Markowitz and Eric L. van Dijk (2003), 'Single-Period Mean–Variance Analysis in a Changing World', <i>Financial Analysts Journal</i> , 59 (2), March/April, 30–44	40

PART II MERTON H. MILLER

<i>Introduction to Part II: Merton H. Miller (1923–2000)</i>	57
5. Franco Modigliani and Merton H. Miller (1958), 'The Cost of Capital, Corporation Finance and the Theory of Investment', <i>American Economic Review</i> , XLVIII (3), June, 261–97	61
6. Franco Modigliani and Merton H. Miller (1959), 'The Cost of Capital, Corporation Finance, and the Theory of Investment: Reply', <i>American Economic Review</i> , 49 (4), September, 655–69	98
7. Merton H. Miller and Franco Modigliani (1961), 'Dividend Policy, Growth, and the Valuation of Shares', <i>Journal of Business</i> , XXXIV (4), October, 411–33	113
8. Franco Modigliani and Merton H. Miller (1963), 'Corporate Income Taxes and the Cost of Capital: A Correction', <i>American Economic Review</i> , LIII (3), June, 433–43	136
9. Merton H. Miller and Franco Modigliani (1966), 'Some Estimates of the Cost of Capital to the Electric Utility Industry, 1954–57', <i>American Economic Review</i> , LVI (3), June, 333–91	147
10. Merton H. Miller (1977), 'Debt and Taxes', <i>Journal of Finance</i> , XXXII (2), May, 261–75	206

PART III WILLIAM F. SHARPE

<i>Introduction to Part III: William F. Sharpe (b. 1934)</i>	223
11. William F. Sharpe (1963), 'A Simplified Model For Portfolio Analysis', <i>Management Science</i> , 9 (2), January, 277–93	227
12. William F. Sharpe (1964), 'Capital Asset Prices: A Theory of Market Equilibrium Under Conditions of Risk', <i>Journal of Finance</i> , XIX (3), September, 425–42	244
13. William F. Sharpe (1966), 'Mutual Fund Performance', <i>Journal of Business</i> , XXXIX (1, Part 2), January, 119–38	262
14. William F. Sharpe (1978), 'Bank Capital Adequacy, Deposit Insurance, and Security Values', <i>Journal of Financial and Quantitative Analysis</i> , XIII (4), November, 701–18	282

PART IV ROBERT C. MERTON

<i>Introduction to Part IV: Robert C. Merton (b. 1944)</i>	303
15. Robert C. Merton (1969), 'Lifetime Portfolio Selection Under Uncertainty: The Continuous-Time Case', <i>Review of Economics and Statistics</i> , LI (3), August, 247–57	309
16. Robert C. Merton (1971), 'Optimum Consumption and Portfolio Rules in a Continuous-Time Model', <i>Journal of Economic Theory</i> , 3 (4), December, 373–413	320
17. Robert C. Merton (1973a), 'Theory of Rational Option Pricing', <i>Bell Journal of Economics and Management Science</i> , 4 (1), Spring, 141–83	361
18. Robert C. Merton (1973b), 'An Intertemporal Capital Asset Pricing Model', <i>Econometrica</i> , 41 (5), September, 867–87	404
19. Robert C. Merton (1974), 'On the Pricing of Corporate Debt: The Risk Structure of Interest Rates', <i>Journal of Finance</i> , 29 (2), May, 449–70	425
20. Robert C. Merton (1977), 'On the Pricing of Contingent Claims and the Modigliani–Miller Theorem', <i>Journal of Financial Economics</i> , 5 (2), November, 241–9	447

PART V MYRON S. SCHOLES

<i>Introduction to Part V: Myron S. Scholes (b. 1941)</i>	459
21. Fischer Black and Myron Scholes (1972), 'The Valuation of Option Contracts and a Test of Market Efficiency', <i>Journal of Finance</i> , 27 (2), May, 399–417	463

-
22. Fischer Black and Myron Scholes (1973), 'The Pricing of Options and Corporate Liabilities', *Journal of Political Economy*, **81** (3), May–June, 637–54 482
 23. Fischer Black and Myron Scholes (1974), 'The Effects of Dividend Yield and Dividend Policy on Common Stock Prices and Returns', *Journal of Financial Economics*, **1** (1), May, 1–22 500
 24. Myron Scholes and Joseph Williams (1977), 'Estimating Betas from Nonsynchronous Data', *Journal of Financial Economics*, **5** (3), December, 309–27 522
 25. Merton H. Miller and Myron S. Scholes (1978), 'Dividends and Taxes', *Journal of Financial Economics*, **6** (4) December, 333–64 541
- Name Index* 573