

THE REVIEW OF ECONOMIC STUDIES

The *Review* was started in 1933 by a group of young British and American Economists. It is published by The Review of Economic Studies Ltd, whose object is to encourage research in theoretical and applied economics, especially by young economists, and to publish the results in *The Review of Economic Studies*.

EDITORIAL COMMITTEE

Joint Managing Editors

MAITREESH GHATAK, *London School of Economics* ANDREA PRAT, *London School of Economics*

BERNARD SALANIÉ, *Columbia University*

JUUSO VÄLIMÄKI, *Helsinki School of Economics and University of Southampton*

FABRIZIO ZILIBOTTI, *IIES, Stockholm University*

Secretary and Business Manager

CHRISTOPHER WALLACE, *Trinity College, Oxford*

Foreign Editors

DONALD ANDREWS, *Yale University*

PER KRUSELL, *Princeton University*

DIRK BERGEMANN, *Yale University*

PINELOPI KOUJIANOU GOLDBERG, *Yale University*

MARTIN CRIPPS, *Washington University*

KIMINORI MATSUYAMA, *Northwestern*

GARY B. GORTON, *University of Pennsylvania*

University

NARAYANA KOCHERLAKOTA, *University of Minnesota*

DEBRAJ RAY, *New York University*

Editorial Board

MARK ARMSTRONG (*Chairman*), *University College London*

JAAP ABBRING, *Free University, Amsterdam*

OLIVER B. LINTON, *London School of Economics*

JEROME ADDA, *University College London*

THOMAS MARIOTTI, *London School of Economics*

V. BHASKAR, *University College London*

ABHINAV MUTHOO, *University of Essex*

BRUNO BIAIS, *University of Toulouse*

DAVID MYATT, *St. Catherine's College, Oxford*

FRANCESCO CASELLI, *London School of Economics*

BENT NIELSEN, *Nuffield College, Oxford*

ANTONIO CICCONE, *Universitat Pompeu Fabra*

MARCO OTTAVIANI, *London Business School*

MELVYN COLES, *University of Essex*

MARTIN PESENDORFER, *London School of Economics*

FRANCESCA CORNELLI, *London Business School*

SVEN RADY, *University of Munich*

VALENTINA CORRADI, *Queen Mary,*

ENRIQUE SENTANA, *CEMFI*

University of London

ERIK EYSTER, *London School of Economics*

HYUN SONG SHIN, *London School of Economics*

RACHEL GRIFFITH, *Institute for Fiscal Studies and*

RAN SPIEGLER, *Tel Aviv University*

University College London

KJETIL STORESLETTEN, *University of Oslo,*

JOHN HASSLER, *IIES, Stockholm University*

IIES, Stockholm University and CEPR

STEFFEN HUCK, *University College London*

HARALD UHLIG, *Humboldt University of Berlin*

CHRISTIAN JULLIARD, *London School of Economics*

DIMITRI VAYANOS, *London School of Economics*

GILAT LEVY, *London School of Economics*

GEORG WEIZSÄCKER, *London School of Economics*

Please see inside the back cover of this issue for information on the *Review* website (www.restud.com), subscription rates and submission of articles.