## The Quarterly Journal of Economics

Board of Editors

Olivier J. Blanchard Lawrence F. Katz Andrei Shleifer Associate Editors George Akerlof Rudiger Dornbusch **David Romer** Alberto Alesina Robert Gibbons Julio Rotemberg Roland Bénabou Claudia Goldin Jeremy Stein George J. Borjas Gene Grossman Richard Thaler Colin Camerer Oliver Hart Michael Woodford

James Hines

In association with the Harvard Department of Economics and Invited Readers.

Alwyn Young

## Assistant Editor Harriet E. Hoffman

The Quarterly Journal of Economics (ISSN 0033-5533) is published four times per year (February, May, August, November) by The MIT Press, 55 Hayward Street, Cambridge, Massachusetts 02142. Volume 112, Number 1 (February 1997). Copyright 1997 by the President and Fellows of Harvard College and the Massachusetts Institute of Technology. All rights reserved. Reproduction or translation of any part of the work beyond that permitted by Sections 107 or 108 of the United States Copyright Law without the permission of the copyright owner is unlawful. Periodicals Postage paid at Boston, MA and at additional postal offices.

owner is unlawful. Periodicals Postage paid at Boston, MA and at additional postal offices.

Permission to photocopy articles for internal or personal use or the internal or personal use of specific clients is granted by the copyright owner for libraries and other users registered with the Copyright Clearance Center (CCC), provided that the per-copy fee of \$8.00 is paid directly to CCC, 222 Rosewood Drive, Danvers, MA 01923. The fee code for users of the CCC's Transactional Reporting Service is 0033-5533/97 \$8.00. For those organizations that have been granted a photocopy license with CCC, a separate system of payment has been arranged. Address all other inquiries to Subsidiary Rights Manager, MIT Press Journals, 55 Hayward St., Cambridge, MA 02142. E-mail: journals-rights@mit.edu.

The contents of this Journal are included by the following:

Abstracts of Location Anglesis America: History and Life Rusiness Periodicals Index Current

Abstracts of Location Analysis, America: History and Life, Business Periodicals Index, Current Contents | Social and Behavioral Sciences, Current Mathematical Publications, Economic Literature Index, Expanded Academic Index, Historical Abstracts, Human Resources Abstracts, Index of Economic Articles, International Bibliography of Periodical Literature, Journal of Economic Literature, Mathematical Reviews, MathSci, Sage Public Administration Abstracts, Sage Urban Studies Abstracts, Social Sciences Citation Index, Social Sciences Index, Social Work Research & Abstracts, Wilson Business Abstracts, and Work Related Abstracts.

Subscription Rates: Students/Retired: \$24.00, Individuals \$38.00, Institutions \$110.00.

Outside the U.S. \$18.00 for postage and handling. Canadians add additional 7% GST. Current issues are \$29.00. Back issues are: Individuals \$14.50, Institutions \$29.00. Outside the U.S. add \$5.00 per issue for postage and handling. Canadians add additional 7% GST. Mail subscription and address changes to MIT Press Journals, 55 Hayward St., Cambridge, MA 02142. (617) 253-2889; e-mail: journals-orders@mit.edu. Claims for missing issues will be honored free of charge if made within three months after the publication date of the issue. Prices subject to change without notice.

Postmaster: Send address changes to The Quarterly Journal of Economics, MIT Press Journals, 55 Hayward Street, Cambridge, MA 02142.

Advertising and mailing list inquiries may be addressed to: Marketing Department, MIT Press Journals, 55 Hayward Street, Cambridge, MA 02142. (617) 253-2866. E-mail: journalsinfo@mit.edu.

Books, periodicals, and manuscripts should be addressed to THE QUARTERLY JOURNAL OF ECONOMICS, Littauer Center, Harvard University, Cambridge, Massachusetts 02138. Three copies of manuscripts should be submitted in clear double-spaced typewritten copy. The use of recycled paper is encouraged. Manuscripts of more than forty-five doublespaced typed pages in length are not ordinarily considered for publication. Copies of manuscripts that have not been accepted for publication are not ordinarily returned to the author. Offprints may be ordered by authors prior to publication, prepaid.

Business Correspondence should be addressed to The MIT Press Journals, 55 Hayward

Street, Cambridge, MA 02142.

Janet Currie

© 1997 BY THE PRESIDENT AND FELLOWS OF HARVARD COLLEGE AND THE MASSACHUSETTS INSTITUTE OF TECHNOLOGY PRINTED IN UNITED STATES OF AMERICA This publication is printed on acid-free paper.

This content downloaded from