

Contents

| | <i>page</i> |
|--|-------------|
| <i>List of Contributors</i> | ix |
| <i>Preface</i> | xi |
| 1. Sorting, Education, and Inequality RAQUEL FERNÁNDEZ | 1 |
| 2. Wage Equations and Education Policy KENNETH I. WOLPIN Empirical and Theoretical Issues in the Analysis of Education Policy: A Discussion of the Papers by Raquel Fernández and by Kenneth I. Wolpin | 41 73 |
| 3. Toward a Theory of Competition Policy PATRICK REY | 82 |
| 4. Identification and Estimation of Cost Functions Using Observed Bid Data: An Application to Electricity Markets FRANK A. WOLAK | 133 |
| 5. Liquidity, Default, and Crashes: Endogenous Contracts in General Equilibrium JOHN GEANAKOPLOS | 170 |
| 6. Trading Volume ANDREW W. LO AND JIANG WANG A Discussion of the Papers by John Geanakoplos and by Andrew W. Lo and Jiang Wang | 206 278 |
| 7. Inverse Problems and Structural Econometrics: The Example of Instrumental Variables JEAN-PIERRE FLORENS | 284 |
| 8. Endogeneity in Nonparametric and Semiparametric Regression Models RICHARD BLUNDELL AND JAMES L. POWELL | 312 |

viii **Contents**

| | |
|---|-----|
| Endogeneity and Instruments in Nonparametric Models: A Discussion of the Papers by Jean-Pierre Florens and by Richard Blundell and James L. Powell MANUEL ARELLANO | 358 |
| <i>Index</i> | 365 |