

Edward S. Prescott

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Professional and Academic Experience

Federal Reserve Bank of Cleveland, Research Department, Senior Economist & Policy Advisor, (September 2015 - present), Interim Head of Banking and Financial Stability Group, (December 2017 - June 2022).

Federal Reserve Bank of Richmond, Research Department, Economist (August 1995 – June 2001), Senior Economist (July 2001 – July 2007), Vice President (August 2007 – September 2015).

University of Virginia, Lecturer, (Spring 2008).

European Central Bank, Visitor (April 2005).

CEMFI (Madrid, Spain), Visiting Professor (January 2004 – June 2004).

Board of Governors of the Federal Reserve System, Research Assistant (September 1988 – June 1990).

Associate Editor, *Journal of Financial Services Research* (January 2014 – present).

Associate Editor, *Economic Theory* (January 2006 – present).

Editor, Federal Reserve Bank of Richmond *Economic Quarterly* (January 2005 – September 2015).

Education

University of Chicago, Ph.D. Economics, August 1995.

Swarthmore College, B.A. Economics (*cum laude*), May 1988.

Research Areas

Banking, corporate finance, financial intermediation, contract theory, organizational economics, payment systems.

Academic Publications

“Federal Reserve Structure and Economic Ideas,” (joint with Michael D. Bordo). In *Essays in Honor of Marvin Goodfriend: Economist and Central Banker* (Eds. Robert G. King and Alexander L. Wolman). Federal Reserve Bank of Richmond, 2022, pp 105-116.

“Liquidity Requirements and the Interbank Loan Market: An Experimental Investigation,” (joint with Douglas D. Davis, Oleg Korenok, and John P. Lightle). *Journal of Monetary Economics*, vol. 115 (2020), pp 113-126.

- “Banker Compensation, Relative Performance, and Bank Risk,” (joint with Arantxa Jarque). *Journal of the Japanese and International Economies*, vol. 56 (2020).
- “Origins of Too-Big-to-Fail Policy in the United States,” (joint with George C. Nuriisso). *Financial History Review*, vol. 27 (2020), pp 1-15.
- “A Comparison of Community Bank Failures and FDIC Losses in the 1986-92 and 2007-13 Banking Crises,” (joint with Eliana Balla, Laurel C. Mazur, and John R. Walter). *Journal of Banking and Finance*, vol. 106 (2019), pp. 1-15.
- “Introduction to the Special Issue,” (joint with Ana Lozano-Vivas). *Journal of Financial Services Research*, vol. 55 (2019), pp 111-113.
- “Fixed Prices and Regulatory Discretion as Triggers for Contingent Capital Conversion: An Experimental Examination,” (joint with Douglas Davis). *International Journal of Central Banking*, vol. 17 (2017), pp. 33-71.
- “Incentive Compensation and Bank Risk: Insights from Organizational Economics.” In *The Future of Large, Internationally Active Banks* (Eds. Asli Demirgüç-Kunt, Douglas D. Evanoff, and George G. Kaufman). World Scientific Publishing Co., Singapore, 2017, pp 399-417.
- “An Experimental Analysis of Contingent Capital with Market-Price Triggers,” (joint with Douglas Davis and Oleg Korenok). *Journal of Money, Credit, & Banking*, vol. 46 (2014), pp. 999-1033.
- “Market-Based Corrective Actions,” (joint with Philip Bond and Itay Goldstein). *Review of Financial Studies*, vol. 23 (2010), pp. 781-820.
- “Firms as Clubs in Walrasian Markets with Private Information,” (joint with Robert M. Townsend). *Journal of Political Economy*, vol. 114 (2006), pp. 644-671.
- “State-Contingent Bank Regulation with Unobserved Actions and Unobserved Characteristics,” (joint with David A. Marshall). *Journal of Economic Dynamics & Control*, vol. 30 (2006), pp. 2015-2049.
- “Private Information and Intertemporal Job Assignments,” (joint with Robert M. Townsend). *Review of Economic Studies*, vol. 73 (2006), pp. 531-548.
- “Computing Solutions to Moral-Hazard Programs Using the Dantzig-Wolfe Decomposition Algorithm.” *Journal of Economic Dynamics & Control*, vol. 28 (2004), pp. 777-800.
- “Communication in Models with Private Information: Theory and Computation.” *The Geneva Papers on Risk and Insurance Theory*, vol. 28 (2003), pp. 105-130.
- “Incentives, Communication, and Payment Instruments,” (joint with John A. Weinberg). *Journal of Monetary Economics*, vol. 50 (2003), pp. 433-454.
- “Hired Hooves: Transactions in a South Indian Village Factor Market,” (joint with Rolf A.E. Mueller and Daniel A. Sumner). *Australian Journal of Agricultural and Resource Economics*, vol. 46 (June 2002), pp. 233-255.
- “Collective Organizations versus Relative Performance Contracts: Inequality, Risk Sharing, and Moral Hazard,” (joint with Robert M. Townsend). *Journal of Economic Theory*, vol. 103 (2002), pp. 282-310.
- “Bank Capital Regulation With and Without State-Contingent Penalties,” (joint with David A. Marshall). *Carnegie-Rochester Conference Series on Public Policy*, vol. 54 (2001), pp. 139-184.

Economic Quarterlies

- “The Financial Crisis, the Collapse of Bank Entry, and Changes in the Size Distribution of Banks,” (joint with Roisin McCord). Federal Reserve Bank of Richmond *Economic Quarterly*, vol. 100(1) (First Quarter 2014), pp. 23-50.
- “Too Big to Manage? Two Book Reviews.” Federal Reserve Bank of Richmond *Economic Quarterly*, vol. 99(2) (Second Quarter 2013), pp. 143-162.
- “Contingent Capital: The Trigger Problem.” Federal Reserve Bank of Richmond *Economic Quarterly*, vol. 98(1) (First Quarter 2012), pp. 33-50.
- “A Regional Look at the Role of House Prices and Labor Market Conditions in Mortgage Default,” (joint with Anne Davlin and Sonya Ravindranath Waddell). Federal Reserve Bank of Richmond *Economic Quarterly*, vol. 97(1) (First Quarter 2011), pp. 1-43.
- “Introduction to the Special Issue on the Diamond-Dybvig Model.” Federal Reserve Bank of Richmond *Economic Quarterly*, vol. 96(1) (First Quarter 2010), pp. 1-9.
- “Should Bank Supervisors Disclose Information about Their Banks?” Federal Reserve Bank of Richmond *Economic Quarterly*, vol. 94(1) (Winter 2008), pp. 1-16.
- “Changes in the Size Distribution of U.S. Banks: 1960-2005,” (joint with Hubert P. Janicki). Federal Reserve Bank of Richmond *Economic Quarterly*, vol. 92(4) (Fall 2006), pp. 291-316.
- “Technological Design and Moral Hazard.” Federal Reserve Bank of Richmond *Economic Quarterly*, vol. 91(4) (Fall 2005), pp. 43-55.
- “Auditing and Bank Capital Regulation.” Federal Reserve Bank of Richmond *Economic Quarterly*, vol. 90(4) (Fall 2004), pp. 47-63.
- “Firms, Assignments, and Earnings.” Federal Reserve Bank of Richmond *Economic Quarterly*, vol. 89(4) (Fall 2003), pp. 69-81.
- “Can Risk-Based Deposit Insurance Premiums Control Moral Hazard?” Federal Reserve Bank of Richmond *Economic Quarterly*, vol. 88(2) (Spring 2002), pp. 87-100.
- “Regulating Bank Capital Structure to Control Risk.” Federal Reserve Bank of Richmond *Economic Quarterly*, vol. 87(3) (Summer 2001), pp. 35-52.
- “Means of Payment, the Unbanked, and EFT '99,” (joint with Daniel D. Tatar). Federal Reserve Bank of Richmond *Economic Quarterly*, vol. 85(4) (Fall 1999), pp. 49-70.
- “A Primer on Moral-Hazard Models.” Federal Reserve Bank of Richmond *Economic Quarterly*, vol. 85(1) (Winter 1999), pp. 47-77.
- “Group Lending and Financial Intermediation: An Example.” Federal Reserve Bank of Richmond *Economic Quarterly*, vol. 83(4) (Fall 1997), pp. 23-48.
- “The Pre-commitment Approach in a Model of Regulatory Banking Capital.” Federal Reserve Bank of Richmond *Economic Quarterly*, vol. 83(1) (Winter 1997), pp. 23-51.

Policy Papers

- “Monetary Policy Strategies and Tools: Financial Stability Considerations,” (joint with Jonathan Goldberg, Elizabeth Klee, and Paul Wood). Finance and Economics Discussion Series, Federal Reserve Board, 2020-074, August 2020. (Paper prepared as background for the FOMC’s review of monetary policy strategy, tools and communication practices.)

“Macroprudential Policy: Results from a Tabletop Exercise,” (joint with Denise Duffy, Joseph G. Haubrich, Anna Kovner, Alex Musatov, Richard J. Rosen, Thomas D. Tallarini, Jr., Alexandros Vardoulakis, Emily Yang, and Andrei Zlate. Federal Reserve Bank of Cleveland Working Paper 19-11, May 2019.

“A Snapshot of Mortgage Conditions with an Emphasis on Subprime Mortgage Performance,” (joint with Scott Frame and Andreas Lehnert). Document prepared for Federal Reserve’s Home Mortgage Initiatives, August 2008.

Economic Commentaries, Economic Briefs, Editorials, and Other Short Pieces

“Using Economic Experiments to Improve Contingent Capital Bonds,” (joint with Douglas Davis). Federal Reserve Bank of Cleveland *Economic Commentary* No. 2018-02, February 28, 2018.

“The 1970s Origin of Too Big to Fail,” (joint with George C. Nuriisso). Federal Reserve Bank of Cleveland *Economic Commentary* No. 2017-17, October 18, 2017.

“Did Banking Reforms of the Early 1990s Fail? Lessons from Comparing Two Banking Crises,” (joint with Eliana Balla, Helen Fessenden, and John R. Walter). Federal Reserve Bank of Richmond *Economic Brief*, No, 15-06, June 2015.

“Explaining the Decline in the Number of Banks since the Great Recession,” (joint with Roisin McCord and Tim Sablik). Federal Reserve Bank of Richmond *Economic Brief*, No, 15-03, March 2015.

“Experimenting with Contingent Capital Triggers,” (joint with David A. Price). Federal Reserve Bank of Richmond *Economic Brief*, No, 12-02, February 2012.

“A Case Against Disclosing Camels Ratings,” (joint with Stephen Slivinski). *American Banker*, vol. 174 (102), May 29, 2009.

“The Costs and Benefits of Bank Supervisory Disclosure,” (joint with Stephen Slivinski). Federal Reserve Bank of Richmond *Economic Brief*, No, 09-05, May 2009.

Working Papers (List of working papers related to unpublished research or containing substantial material not in the published version.)

“Capital Behavior of Community Banks over 2001-2019,” (joint with Jordan Manes and Laurel Mazur). Manuscript, November 2, 2020.

“Banker Compensation, Relative Performance, and Bank Risk,” (joint with Arantxa Jarque). Federal Reserve Bank of Cleveland Working Paper 19-20, November 2019. (Earlier version, FRB Richmond Working Paper 13-03, March 2013.)

“Federal Reserve Structure, Economic Ideas, and Monetary and Financial Policy,” (joint with Michael D. Bordo). Federal Reserve Bank of Cleveland Working Paper 19-13, June 2019. (Also, Hoover Economics Working Paper 19108 and NBER Working Paper 26098.)

“Origins of Too-Big-to-Fail Policy,” (joint with George C. Nuriisso). Federal Reserve Bank of Cleveland Working Paper 17-10, May 2017.

“Deferred Pay for Bank Employees: Implications of Hidden Actions with Persistent Effects in Time,” (joint with Arantxa Jarque). Federal Reserve Bank of Richmond Working Paper 10-16R, September 2015.

“Firms as Clubs in Walrasian Markets with Private Information: Technical Appendix,” (joint with Robert M. Townsend). Federal Reserve Bank of Richmond Working Paper 05-11, November 2005.

“Models of Limited and Costly Communication.” Manuscript, December 2001.

Program Committee Work

Financial Intermediation Research Society (2004, 2008, 2009, 2014, 2015, 2016), FRBNY/NYU Stern Conference on Financial Intermediation (2015, 2017, 2018, 2019), IBEFA Summer meetings (2014), 14th Annual Bank Research Conference (FDIC/JFSR) (2014, 2021), SAET Session Organizer (2007, 2010, 2011, 2013, 2015, 2017, 2018, 2019, 2022), MEA Session Organizer (2017), Federal Reserve conference “Financial Stability Considerations for Monetary Policy” (2022)

Referee Work

Journal of Political Economy, Review of Economic Studies, Econometrica, American Economic Review, Journal of Monetary Economics, Quarterly Journal of Economics, Journal of Economic Theory, Review of Financial Studies, Journal of Money, Credit, & Banking, Journal of Finance-Journal of Economic, Dynamics & Control, International Economic Review, Journal of Banking and Finance, Journal of Law, Economics & Organization, Journal of Regulatory Economics, Journal of Development Economics, Journal of Economic Education, Russell Sage Foundation, National Science Foundation, American Economic Journal - Macro, Econ Letters, International Journal of Economics and Business, Journal of Financial Intermediation, , Journal of Policy Analysis and Management, International Economic Journal, Journal of International Money and Finance, Review of Economic Dynamics, Management Science, Eurasian Journal of Economics and Business, Journal of Economics and Business, Contemporary Economic Policy, International Review of Economics and Finance, Journal of Law, Economics, and Organization, Quarterly Review of Economics and Finance.