

John H. Cochrane

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Education:

1979-1985: University of California, Berkeley. Ph.D. in Economics, awarded June 1986

1975-1979: MIT. S.B. in Physics awarded June 1979

Employment:

1994 – now: University of Chicago Booth School of Business. Currently AQR Capital Management Distinguished Service Professor of Finance.

2000 - 2001: UCLA, Anderson Graduate School of Management. Visiting Professor of Finance.

1985 – 1994: University of Chicago Department of Economics. Assistant and Associate Professor.

1991 – 1992: University of Chicago, Graduate School of Business. Visiting Associate Professor.

1982 – 1983: Council of Economic Advisers. Junior Staff Economist for Macroeconomics.

Current Affiliations and Professional Activities:

2010-: Academic Advisory Board, Kepos Capital Management

2009-: Adjunct Scholar, CATO institute

2007-: Editorial Board, American Economic Journal: Macroeconomics

2001- : CRSP board of directors

2001-: Fellow of the Econometric Society

1998- : NBER Research Associate

[Outside activity disclosure statement](#)

Past Affiliations and Professional Activities

2009 – 2010: President, American Finance Association

2008 - 2009: Vice President, President elect and program chair, American Finance Association

2005 - 2008: TIAA-CREF Fellow

1999 - 2007: Director, NBER Asset Pricing Program

2003 - 2006: American Finance Association Board of Directors

1998 - 2003: Editor, Journal of Political Economy
1995 - 2001: Consultant, Research Department, Federal Reserve Bank of Chicago
1995 - 1998: Associate Editor, Journal of Business
1995 - 1997: Associate Editor, Journal of Monetary Economics
1988 - 1994: Associate Editor, Journal of Economic Dynamics and Control
1991 - 1994: Board of Editors, Journal of Applied Econometrics
1992 - 1994: Associate Editor, Journal of Money Credit and Banking
1995 - 1998: Foreign Editor, Review of Economics Studies
1994 - 1999: Editorial Board, Federal Reserve Bank of New York Economic Policy Review
1988 - 1992: National Opinion Research Center Research Associate
1988 - 1994: National Bureau of Economic Research Faculty Research Fellow.
1988-1990, 1991-1993, 1994-1996, 1997-2001, 2002-: National Science Foundation grants
1990, 1992: (Summer) Hoover Institution, Visiting scholar

Honors and Awards:

1999 TIAA-CREF Institute Paul A. Samuelson Award, Certificate of Excellence for “By Force of Habit”
2000 Inquire / Q-group scroll prize
2001 TIAA-CREF Institute Paul A. Samuelson Award for *Asset Pricing*
2001 Q group/Inquire prize for practical potential
2003 Chookaszian Endowed Risk Management Prize
2004 Faculty excellence award (teaching award voted by MBA students).
2006 Fama/DFA second prize, best Journal of Financial Economics paper, for “The Risk and Return of Venture Capital”

Association Service

2007: Frisch Award committee, Econometric Society.
2004, 2005: TIAA-CREF Samuelson Award Committee
1993, 1994: Western Finance Association program committee
1994 Econometric Society Program committee
1997 Organized AEA macroeconomics sessions for 1998 meetings
2001: American Finance Association nominating committee

Courses Taught:

Undergraduate Microeconomics, Econometrics, Finance.
1st Year Ph.D. Macroeconomics, Econometrics, Time-series Econometrics; 2nd Year Ph.D. Macroeconomics, Monetary economics, Finance theory (435/35904); Empirical finance topics (526/437/35907).
MBA Investments (332/35100), Advanced investments (432, 35150).

Publications:

(Most papers are available on my [website](#). The website also has unpublished appendices, data, and programs for many papers, as well as slides, talks, and unpublished comments.)

“[Inflation and Debt](#)” *National Affairs* 9 (Fall 2011). ([html at National Affairs](#))

“[Determinacy and Identification with Taylor Rules](#)” June 2011. *Journal of Political Economy* 119, No. 3 (June 2011), pp. 565-615. (Online Appendix B at the [JPE](#) or on my [website](#).)

[Discount Rates: American Finance Association Presidential Address](#). *Journal of Finance*, 66, 1047-1108, August 2011.

[How Did Paul Krugman Get It So Wrong?](#) *Economic Affairs* 31(2): 36-40, June 2011 (Edited and published version of a 2009 [web posting](#))

[Understanding policy in the great recession: Some unpleasant fiscal arithmetic](#). *European Economic Review* 55, 2-30. (2011), <http://dx.doi.org/10.1016/j.euroecorev.2010.11.002>
(First draft April 2009) Revision of NBER working paper 16087

[The Squam Lake Report: Fixing the Financial System](#). Princeton: Princeton University Press 2010.
With Kenneth R. French, Martin N. Baily, John Y. Campbell, Douglas W. Diamond, Darrell Duffie, Anil K. Kashyap, Frederic S. Mishkin, Raghuram G. Rajan, David S. Scharfstein, Robert J. Shiller, Hyun Song Shin, Matthew J. Slaughter, Jeremy C. Stein, and Rene M. Stultz

[Lessons From the Financial Crisis](#) *Regulation* 32, 34-37 January 2010

“[Can Learnability Save New-Keynesian Models?](#)” *Journal of Monetary Economics* 56 (2009) 1109–1113 doi:10.1016/j.jmoneco.2009.10.012

“[Health-Status Insurance: How Markets Can Provide Health Security.](#)” CATO Institute *Policy Analysis* no. 633, Feb 2009.

“[Two Trees](#)” With Francis Longstaff and Pedro Santa-Clara, *Review of Financial Studies* 21(1) (2008) 347-385. Revision of NBER Working paper 10116 Nov 2003

“[The Dog That Did Not Bark: A Defense of Return Predictability.](#)” *Review of Financial Studies* 21(4) (2008) 1533-1575. Revision of NBER Working paper 12026 February 2006

“[International Risk Sharing is Better Than You Think, or Exchange Rates are Too Smooth](#)” with Michael Brandt and Pedro Santa Clara, *Journal of Monetary Economics* 53 (4) May 2006 671-698. Revision of NBER Working Paper 8404

[Financial Markets and the Real Economy](#) Volume 18 of the *International Library of Critical Writings in Financial Economics*, John H. Cochrane Ed., London: Edward Elgar. March 2006. Edited volume of collected articles

The introductory article to the above appears in three places, with slight differences. All are revisions of NBER Working paper 11193.

1. “Financial Markets and the Real Economy” Introductory article in the above, p. xi-lxix
2. “[Financial Markets and the Real Economy](#)” *Foundations and Trends in Finance* 1, 1-101, 2005. A slightly reworked version that reads better as a standalone paper.
3. “[Financial Markets and the Real Economy](#)” in Rajnish Mehra, Ed. *Handbook of the Equity Premium* Elsevier 2007, 237-325. Reworked again. Being last, this is the best one.

“[Bond Risk Premia](#)” with Monika Piazzesi, March 2005, *American Economic Review* 95:1, 138-160. Revision of NBER Working Paper 9178

“[Money as Stock](#),” April 2005, *Journal of Monetary Economics* 52:3, 501-528. Revision of NBER Working Paper 7498 Feb 2000.

“[Liquidity, Trading and Asset Prices](#),” NBER Asset Pricing Program Report, January 2005, NBER [Reporter](#)

“[The Risk and Return of Venture Capital](#)” *Journal of Financial Economics*, Volume 75, Issue 1, January 2005, Pages 3-52. Revision of NBER Working Paper 8066.

[Asset Pricing, Revised Edition](#) January 2004. First edition, January 2001 Princeton NJ: Princeton University Press.

“[Equilibrium Asset Pricing and Discount Factors](#): Overview and Implications for Derivatives Valuation and Risk Management,” in *Modern Risk Management: A History* London: Risk Books, 57-92. 2003 With Christopher Culp.

“[Stock as Money: Convenience Yield and the Tech-Stock Bubble](#)” in William C. Hunter, George G. Kaufman and Michael Pomerleano, Eds., *Asset Price Bubbles* Cambridge: MIT Press 2003 (previously NBER working paper 8987)

“[The Fed and Interest Rates – a High Frequency Identification](#)” 2002 *American Economic Review* 92, 90-95. With Monika Piazzesi (previously NBER WP 8839)

“[Book Review. Peter M. Garber, Famous First Bubbles: The Fundamentals of Early Manias.](#)” *Journal of Political Economy* 109, (October 2001),1150-1154.

“[Long Term Debt and Optimal Policy in the Fiscal Theory of the Price Level](#)” January 2001, *Econometrica* 69, 69-116.

- [“Explaining the Poor Performance of Consumption-Based Asset Pricing Models”](#), *Journal of Finance* 55,6 (December 2000): 2863-78 (Revision of NBER Working Paper 7237) With John Y. Campbell.
- [“Beyond Arbitrage: Good Deal Asset Price Bounds in Incomplete Markets”](#) *Journal of Political Economy* 108 (February 2000), 79-119. (Revision of NBER WP 5489 March 1996.) With Jesus Saa-Requejo [JSTOR](#)
- [“New Facts in Finance”](#) *Economic Perspectives* Federal Reserve Bank of Chicago 23 (3) 36-58. (1999) (Revision of NBER Working Paper 7169)
- [“Portfolio Advice for a Multifactor World”](#) *Economic Perspectives* Federal Reserve Bank of Chicago 23 (3) 59-78 (1999) (Revision of NBER Working Paper 7170)
- [“By Force of Habit: A Consumption-Based Explanation of Aggregate Stock Market Behavior”](#) *Journal of Political Economy*, 107, 205-251 (April 1999) (With John Y. Campbell) [JSTOR](#)
[Manuscript with extra appendices](#) Revision of [NBER working paper 4995](#), January 1995
- [“A Frictionless model of U.S. Inflation.”](#) in Ben S. Bernanke and Julio J. Rotemberg, eds., *NBER Macroeconomics Annual 1998* Cambridge MA: MIT press, p. 323-384.
- [“What do the VARs Mean? Measuring the Output Effects of Monetary Policy”](#) *Journal of Monetary Economics* 41:2 (April 1998) 277-300. (Revision of NBER WP 5154 June 1995) [JME](#)
- [“Where is the Market Going? Uncertain Facts and Novel Theories”](#) *Economic Perspectives* XXI: 6 (November/December 1997) Federal Reserve Bank of Chicago, also NBER Working paper 6207
- [“A Cross-Sectional Test of an Investment-Based Asset Pricing Model”](#) *Journal of Political Economy*, 104 (June 1996) 572-621. [JSTOR](#)
- [“Time-Consistent Health Insurance”](#) *Journal of Political Economy*, 103 (June 1995) 445-473. [JSTOR](#) Reprinted in Alexander Tabrrok, Ed., *Entrepreneurial Economics* Oxford University Press 2002
- [“Shocks”](#) *Carnegie-Rochester Conference Series on Public Policy* 41, (December 1994) 295-364.
- [“Macroeconomics in Russia”](#) in *Economic Transition in Eastern Europe and Russia: Realities of Reform*, Edward Lazear Ed., Hoover Institution Press, 1995. (With Barry Ickes)
- [“Permanent and Transitory Components of GNP and Stock Prices”](#) *Quarterly Journal of Economics* CIX (February 1994) 241-266. [JSTOR](#)

- [“Asset Pricing Explorations for Macroeconomics”](#) In Olivier Blanchard and Stanley Fisher, Eds., 1992 *NBER Macroeconomics Annual* 115-165. (With Lars Peter Hansen) [JSTOR](#)
- [“Explaining the Variance of Price-Dividend Ratios”](#) *Review of Financial Studies* (1992) 5:2, 243-280. [JSTOR](#)
- [“A Simple Test of Consumption Insurance”](#) *Journal of Political Economy* 99:5 (October 1991) 957-976. [JSTOR](#)
- [“Inflation Stabilization in the Reforming Socialist Economies: The Myth of the Monetary Overhang”](#) *Comparative Economic Studies* 33:2 (1991) 97-122. (With Barry W. Ickes.)
- [“Volatility Tests and Efficient Markets: A Review Essay”](#) *Journal of Monetary Economics* 27 (May 1991) 463-485. [ScienceDirect](#)
- [“A Critique of The Application of Unit Root Tests”](#) *Journal of Economic Dynamics and Control* 15 (April 1991) 275-284.
- [“Production-Based Asset Pricing and the Link Between Stock Returns and Economic Fluctuations.”](#) *Journal of Finance* 46 (March 1991) 207-234. [JSTOR](#)
- [“The Sensitivity of Tests of the Intertemporal Allocation of Consumption to Near-Rational Alternatives”](#) *American Economic Review* 79 (June 1989) 319-337. [JSTOR](#)
- [“The Return of the Liquidity Effect: A Study of the Short Run Relation Between Money Growth and Interest Rates”](#) *Journal of Business and Economic Statistics* 7 (January 1989) 75-83. [Link](#)
- [“How Big is the Random Walk in GNP?”](#) *Journal of Political Economy* 96 (October 1988) 893-920. [JSTOR](#)
- [“Multivariate Estimates of the Permanent Components in GNP and Stock Prices”](#) *Journal of Economic Dynamics and Control*, 12 (June/July 1988) 255-296. (With Argia M. Sbordone)

Published Comments:

[All the world's troubles in 10 minutes.](#) December 2011 Comments at Hoover Conference, “Restoring Robust Growth in America.” Will be published in a conference volume.

[“Comments on ‘Macroeconomic Implications of Changes in the Term Premium’ by Glenn Rudebusch, Brian Sack, and Eric Swanson.”](#) Federal Reserve Bank of St. Louis *Review*, Proceedings of the Thirty-First Annual Economic Policy Conference of the Federal Reserve Bank of St. Louis, 89 (4) 2007, 271-282. [St. Louis Fed](#)

“Comment on ‘Reinsurance for Catastrophes and Cataclysms’ by David Cutler and Richard Zeckhauser” in Kenneth Froot, ed. "The Financing of Catastrophe Risk" Chicago: University of Chicago Press 1999

[Comment on ‘What Ends Recessions? By David and Christina Romer](#), 1994 NBER Macroeconomics Annual 58-74. [JSTOR](#)

“[What Should Macroeconomists Know About Unit Roots?](#) Comments on ‘Pitfalls and Opportunities: What Macroeconomists Should Know About Unit Roots’” by John Campbell, 1991 *NBER Macroeconomics Annual* 6, (1991), 201-210 [JSTOR](#)

“[Why Test the Permanent Income Hypothesis?](#) Comments on ‘The Response of Consumption to Income: a Cross-Country Investigation’” by John Campbell and N. Gregory Mankiw, *European Economic Review* 35 (4) May 1991.

Unpublished (website only) written comments

[The Fiscal Theory of the Price Level and its Implications for Current Policy in the United States and Europe](#). November 19 2011, Presentation at the conference, “Fiscal Policy under Fiscal Imbalance,” hosted by the Becker-Friedman Institute and Federal Reserve Bank of Chicago,

[Hamilton, Wu, and QE2](#), March 3 2011 Comments on Jim Hamilton and Jing Wu, 2011, "The Effectiveness of Alternative Monetary Policy Tools in a Zero Lower Bound Environment", at the spring NBER Monetary Economics meeting

[Bond Supply and Excess Bond Returns](#) May 2008. Comments on Robin Greenwood and Dimitri Vayanos at the IGM “Beyond Liquidity” conference, May 9-10 2008

Working papers: (Date gives latest revision.)

“[State-Space vs. VAR models for Stock Returns](#)” July 2008.

“[Decomposing the Yield Curve](#)” with Monika Piazzesi, March 2008 (First draft August 2006)

“[A Mean-Variance Benchmark for Intertemporal Portfolio Theory](#)” April 2008 (Revision of December 2005)

“[Portfolio theory](#)” February 2007 (Revision of February 2003). Draft chapter on portfolio theory for *Asset Pricing*

“[A Rehabilitation of the Stochastic Discount Factor/GMM Methodology](#)” June 2001. NBER WP 8533

“[Good-deal option price bounds with stochastic volatility and stochastic interest rate.](#)” January 1999. (With Jesus Saa-Requejo)

[“Rethinking Production Under Uncertainty”](#) March 1993

“Stopping Inflation in Reforming Socialist Economies: Some Pleasant Socialist Arithmetic” (With Barry W. Ickes) September 1992.

Notes

[Continuous-time linear models](#) February 2012.

[A Brief Parable of Overdifferencing](#) January 2012.

[Time series for Macroeconomics and Finance](#)

[Investments notes.](#)

[Solving real business cycle models by solving systems of first order conditions](#)

“Lecture notes for Econ. 330: Macroeconomics”

Selected Op-eds, Popular Writing, Posts on other’s blogs, etc.

[The Fed’s Mission Impossible](#) *Wall Street Journal* December 29 2011 ([Local pdf](#))

[Bad Ideas Worsen Europe’s Debt Meltdown.](#) Bloomberg / IGM “Business Class” December 22 2011. [Local pdf.](#)

[What Political Compromises Could Create Jobs?](#) November 9 2011 NPR Planet Money Blog Post.

“[Last Chance to Save the Euro](#)” September 29 2011 *Wall Street Journal*. [Link to WSJ](#)

“[The Difficulty of Identifying a Bubble](#)” September 22 2011. *Bloomberg.com* “Business Class” series. [local pdf](#)

[The More Capital, The Safer the Bank.](#) July 15 2011. *Wall Street Journal*. [Local pdf](#)

[In Defense of Hedgehogs](#) July 15 2011 *Cato Unbound*. [Local Pdf](#)

[Europe’s Greek Stress Test](#) June 17 2011 *Wall Street Journal*. With Anil Kashyap. [Local pdf.](#)

[QE2: Savior, Inflater, or a Dud?](#) June 3 2011. *Bloomberg.com* (Booth “Business Class” Series).

[Why the 2025 budget matters today.](#) *Wall Street Journal* April 27 2011.

[Sense and nonsense in the quantitative easing debate](#) *VoxEu* Dec 7 2010, [local copy](#)

[Contagion and other Euro Myths.](#) *Wall Street Journal* Dec 2 2010

[Stimulus: Neither Needed nor Free](#) *Los Angeles Times* November 15 2010.

[Geithner's Global Central Planning](#) *Wall Street Journal*, October 26 2010. [Local copy](#)

[Greek Myths](#) *Wall Street Journal*, May 18 2010

[Resolution authority](#) October 22 2009 Based on testimony to the House Financial Services Committee Sept 2009

[Lehman and the Financial Crisis](#) *Wall Street Journal* September 15 2009 with Luigi Zingales

[Why did Paul Krugman get it so Wrong?](#) Sept 15 2009

[What to do about pre-existing conditions](#) *Wall Street Journal* August 14 2009

[Health Status insurance](#) *Investors Business Daily* ([local link](#)) April 2 2009

[Are we all Keynesians Now?](#) *Economist* March 15 2009

[Fiscal Stimulus, Fiscal Inflation or Fiscal Fallacies?](#) Jan 27 2009.

[Is now the time to buy stocks?](#) *Wall Street Journal* Nov 12 2008.

[Comments](#) on the Milton Friedman Institute Protest Letter. July 12 2008

[Writing tips for PhD students.](#) May 2005

Academic Publication outside Economics or Finance

“A Monte Carlo Study of the Scanning Problem With a Visibility Distribution” *Nuclear Instruments and Methods* 160 with (1979) 503-510. (With G. Gieraltowski and L. Hyman.)

Soaring Publications

“Deviations, Part I” *Soaring Magazine*, December 2011

“Upwind and Downwind” *Gliding International* July 2011

“Gizmo Future” *Soaring* July 2011.

Die Zukunft des Segelflugwettbewerbs: Teil 1: Viele Flugzeugklassen schränken den Wettbewerb ein. *Segelfliegen*, Mai/Jun 2011

“The Evolution of Contest Soaring” Ralph S. Barnaby lecture, Reprinted in *Gliding International*, January 2011

“Contest corner” Bi-monthly column in *Soaring*, starting Feb 2006

“Tonopah Notes” *Soaring* November 2002

“Safer Finishes” *Soaring* October 2002

“Just a Little Faster Please” *Soaring* October and November 2000

“MacCready Theory with Uncertain Lift and Limited Altitude” *Technical Soaring* 23 (3) 88-96 (July 1999)

“The Start-Time Game in Competition Soaring” *Technical Soaring* 22, 56-64 (April 1998).