

# DWIGHT M. JAFFEE

## Curriculum Vitae

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### **Address:**

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### **Personal Data:**

Born: February 7, 1943, Chicago, Illinois (Citizenship: U.S.A.)

### **Education:**

Oberlin College, 1960-61  
Northwestern University, Major: Economics, Degree: B.A., 1964  
Massachusetts Institute of Technology, Ph.D., 1968  
Thesis: "Credit Rationing and the Commercial Loan Market,"  
Professor Franco Modigliani, advisor

### **Academic Positions:**

Instructor, Economics Department, MIT, 1967-68  
Assistant Professor of Economics, Princeton University, 1968-72  
Associate Professor of Economics, Princeton University, 1972-75  
Professor of Economics, Princeton University, 1975-1991

Professor of Finance and Real Estate, Walter A. Haas School of Business,  
University of California, Berkeley, July 1, 1991--Present

Willis H. Booth Professorship in Banking and Finance, 1998—present.

### **Recent Teaching:**

Asset Backed Securitization (BA230M, Masters in Financial Engineering course)  
Introduction to Finance (MBA Core, BA203)  
Real Estate Finance (MBA Course BA283, Undergraduate BA183)

### **Other Current University Positions:**

Co-chairman, Fisher Center for Real Estate & Urban Economics, Haas School, UC Berkeley.  
Director, Berkeley-St. Petersburg School of Management Program, Haas School, UC Berkeley.  
Advisory Committee, Institute of Business and Economic Research, UC Berkeley, 1993-present.  
Advisory Committee, Institute of Management, Innovation, and Organization, UC Berkeley, 1993-present.

**Honors, Fellowships, and Positions:**

Northwestern: B.A. with Highest Distinction; Phi Beta Kappa.  
MIT: Woodrow Wilson Fellowship; N.D.E.A. IV Fellowship.  
Princeton: James Madison Bicentennial Preceptorship, 1971-72 to 1973-74.  
Berkeley: "Who's Who in Economics", 3<sup>rd</sup> edition, 1998

**Grants:**

Research Grant, Social Science Research Council, 1968, 1972.  
 Research Fellowship, Federal Reserve Bank Council, 1969.  
 NATO-NSF Postdoctoral Fellowship in Science (1970-71 Essex U.).  
 Research Grant, Life Insurance Association of America, 1973.  
 NSF Grant, 1973, under auspices of Yale Model Group.  
 Research Associate, 1973-74, Institute for International Economic Studies, Stockholm, Sweden.  
 Visiting Faculty, MIT, Summer 1974.  
 NSF Grant, 1975-77, "Studies of Financial Disequilibrium."  
 Ford Foundation Grant (with R. Dornbusch), 1977-79.  
 NSF Grant, 1979-81, "Housing, Mortgage and Deposits," (with K. Rosen).  
 Bank Administration Institute, Thesis Supervision Grant, 1983-84.  
 Earthquake Engineering Research Center, 1999.  
 California State Library, 1998-1999.  
 Chairman, Finance Group, Haas School, University of California, Berkeley 2000-2001.

**Other Positions:**

Associate Editor, Journal of Money, Credit, and Banking, 1973-75.  
 Associate Editor, Journal of Monetary Economics, 1975-78.  
 Associate Editor, Journal of Finance, 1973-84.  
 Associate Editor, Journal of Banking and Finance, 1981-87.  
 Associate Editor, Housing Finance Review, 1981- 1991.  
 Associate Editor, Journal of Economic Perspectives, 1987-1993.

Consultant (past): U.S. Treasury, Federal Reserve Board, Urban Institute, U.S. Department of Housing and Urban Development; Federal Home Loan Bank Board, World Bank (Technical Assistance to Russia).  
 U.S. Delegation to Economic Commission to Europe, Geneva, 1973.  
 Acting Director, Inter. Finance Section, Princeton University, '87-88.  
 Visiting Scholar, Federal Reserve Bank of San Francisco, 1991 to 1999  
 World Bank consultant on financial markets, banking, and housing finance in developing countries

**Boards (outside of Universities):**

Public Interest Director, Fed.Home Loan Bank of New York, '83-'87.  
 New Jersey Economic Policy Council, 1976-84.  
 Founder, Princeton University Federal Credit Union, 1973-83.  
 Advisory Council, National Ass. of Savings Inst. 1981-87.  
 Director, American Federal Savings Bank, New Jersey, 1984-87.  
 Axa/Rosenberg Mutual Funds, Orinda, California, 2000-present.

## **PUBLICATIONS**

### **Books**

Credit Rationing and the Commercial Loan Market (1971), John Wiley and Sons. Reviewed: Journal of Economic Literature (September 1972, p. 834); Journal of Finance (March 1972); Journal of Political Economy (Nov., Dec., 1973).

Savings Deposits, Mortgages, and Residential Construction, edited with E. Gramlich (1972), Heath, Lexington. Reviewed: Journal of Economic Literature (Dec. 1973).

Economic Implications of an Electronic Monetary Transfer System, with M. Flannery (1973), Heath, Lexington. Reviewed: Journal of Finance (March 1974); Business Horizon (February 1974).

Money, Banking, and Credit, Worth Publishers, 1989.

The Swedish Real Estate Crisis, (in Swedish), SNS, Stockholm, 1994.

### **Current Working Papers**

“Extreme Events and the Market for Terrorist Insurance, (with Thomas Russell), presented at NBER Insurance Conference, February 2002; available as Fisher Center for Real Estate and Urban Economics, Working Paper # 02-282.

“The Interest Rate Risk of Fannie Mae and Freddie Mac,” presented at the American Enterprise Institute Conference, June 12, 2002; available as available as Fisher Center for Real Estate and Urban Economics, Working Paper # 02-283.

“Intra-Firm Trade in Intermediate Inputs: Determinants and Spillovers,” (with Ashok Bardhan), paper to be presented at meetings of International Economic Association, September 9, 2002.

## Articles

89. "Markets Under Stress: The Case of Extreme Event Insurance," (with Thomas Russell), forthcoming in Festschrift volume for Joseph Stiglitz.
88. "Regulation of Auto Insurance in California (with Thomas Russell), Chapter 5 (pp. 195-236) in J. David Cummins editor, Deregulating Property-Liability Insurance, AEI-Brookings Joint Center for Regulatory Studies, 2002.
87. "The Bubble Has Burst—How will California Fare? (with Cynthia Kroll), Research Report, Fisher Center for Real Estate and Urban Economics, Spring 2001
86. "Real Estate Markets" (with Olga Kaganova), in Lawrence Klein and Marshall Pomer Editors, The New Russia: Transition Gone Awry, pp. 379-392, Stanford University Press, 2001.
85. "The Structure of Banking Systems in Transition Economies," (with Mark Levonian).paper European Financial Management, Vol. 7, No. 2, pp. 161-181, 2001.
84. "The Effect on the Mortgage Markets of Privatizing Fannie Mae and Freddie Mac," May 2000, forthcoming, American Enterprise Institute. Available on the AEI web page at: [http://www.aei.org/past\\_event/conf0523e.htm](http://www.aei.org/past_event/conf0523e.htm)
83. "Behavioral Catastrophe Insurance: The Case of the California Earthquake Authority," (with Thomas Russell), Paper prepared for NBER Insurance Conference, February 2000.
82. "Bad Loans and Banking Reform in China," (with John P. Bonin and Hang-Sheng Cheng), paper presented to The 1990 Institute, September 1999.
81. "Market Structure and Privatization," in Harvey Rosenblum editor, Bank Privatization, Federal Reserve Bank of Dallas and World Bank, Washington D.C., 1999.
80. "Financial Markets and Financial Intermediaries, The Case of Catastrophe Insurance," (with Thomas Russell), paper prepared for NBER Insurance Conference, February 1999.
79. "Challenges Facing the Insurance Industry in Managing Catastrophic Risks," in Kenneth Froot Editor, The Financing of Catastrophe Risk, University of Chicago Press, 1999.
78. "Catastrophe Insurance, Dynamic Premium Strategies and the Market for Capital," in Robert W. Klein editor, Alternative Approaches to Insurance Regulation, National Association of Insurance Commissioners, 1998.
77. "The Causes And Consequences of Rate Regulation in the Auto Insurance Industry," (with Thomas Russell), in David Bradford editor, The Economics of Property-Casualty Insurance, National Bureau of Economic Research, 1998; (also NBER Working paper No. 5245).

76. Foreign Trade and California's Economic Growth, (with Cynthia Kroll, Ashok Bardhan, Josh Kirschenbaum, and David Howe), California Policy Seminar Report, June 1998.
75. "International Trade and California's Economy: Some Statistical Tests," Working Paper 97-259, Fisher Center for Real Estate and Urban Economics, University of California, Berkeley, 1997.
74. "International Trade and California's Economy: Summary of the Data," Working Paper 97-258, Fisher Center for Real Estate and Urban Economics, University of California, Berkeley, 1997.
73. "Strategies to Develop Mortgage Markets in Transition Economies" (with Bertrand Renaud), Chapter 4 in J. Doukas, V. Murinde and C. Wihlborg editors, Financial Sector Reform and Privatisation in Transition Economies, Elsevier Science Publications, 1997; (also published in Polish by Poznan University Press).
72. "Catastrophe Insurance, Capital Markets, and Uninsurable Risks," (with Thomas Russell), Journal of Risk and Insurance, Vol 64, No 2, pp 205-230, 1997.
71. "Real Estate Markets in Urban Russia" (with Olga Kaganova), Journal of Transforming Economies and Societies, Vol 3, No 3, Summer 1996.
70. "The Privatization of Fannie Mae and Freddie Mac: Implications for Mortgage Industry Structure," (with Benjamin Hermalin), in Studies on Privatizing Fannie Mae and Freddie Mac, US Department of Housing and Urban Development, May 1996.
69. "Russian Banking" (with Mark Levonian), Federal Reserve Bank of San Francisco, Weekly Letter, October 20, 1995.
68. "Housing Finance and Banking Services for Housing (with Bertrand Renaud), Chapter 6 in Russia Housing Reform and Privatization: Strategy and Transition Issues, World Bank, August, 1995.
67. "Credit Rationing," in The New Palgrave Dictionary and Money and Finance, Macmillan Publishers, 1992.
66. "The Globalization of Information and Capital Mobility," with William Branson, in Joshua Ronen, Editor, Accounting and Financial Globalization, Ross Institute of Accounting Research, New York, 1991. (Also NBER Working Paper No. 3496 October 1990.)
65. "Credit Rationing," with Joseph Stiglitz, in Friedman and Hahn (eds.), Handbook of Monetary Economics, Elsevier Science Publishers, 1990, 838-888.
64. "Mortgage Securitization Trends," with Kenneth Rosen, Journal of Housing Research, Vol. 1, Issue 1, 1990, 117-138.
63. "Costs of Financial Distress, Delayed Calls of Convertible Bonds, and the Role of

- Investment Banks," with Andrei Shleifer, The Journal of Business, Vol. 63, No. 1, Pt. 2 (January 1990), S107-S124. (Also, NBER Working Paper No. 2558).
62. "Symposium on Federal Deposit Insurance for S&L Institutions," Journal of Economic Perspectives 3, 4 (Fall 1989), 3-9.
  61. "Comments on a Paper by Carron and Brumbaugh," Brookings Papers on Economic Activity, 1987-2.
  60. "Credit Rationing," in The New Palgrave (1987).
  59. "Term Structure Intermediation by Depository Institutions," Journal of Banking and Finance (June 1986), 10, No. 2, 309-325.
  58. "Housing Price Capitalization of Creative Finance: An Introduction," Housing Finance Review (April 1984).
  57. "Imperfect Information, Uncertainty and Credit Rationing: A Reply," with T. Russell, Quarterly Journal of Economics (November 1984).
  56. "The Impact of Financial Futures and Options on Capital Formation," Journal of Futures Markets (Fall 1984), 417-447.
  55. "Creative Finance: Measures, Sources, and Tests," Housing Finance Review, Vol. 3, No. 1 (January 1984), 1-18.
  54. Book Review of Carron, Andrew S., The Plight of Thrift institutions, Journal of Economic Literature (March 1983), 120-121.
  53. "Interest Rate Hedging Strategies for Savings and Loan Associations," in Managing Interest Rate Risk in the Thrift Industry, Federal Home Loan Bank of San Francisco (1982), 83-106.
  52. "New Residential Construction and Energy Costs," in Energy Costs, Urban Development and Housing, A. Downs and K. Bradbury, eds., The Brookings Institution (1984), 143-187.
  51. "The Future Role of Thrift Institutions in Mortgage Lending," in The Future of the Thrift Industry, Federal Reserve Bank of Boston, Conference Series, No. 24, Federal Reserve Bank of Boston (October 1981).
  50. "The Extension of Futures Trading to the Financial Sector," Journal of Banking and Finance, 6 (1982).
  49. "Deposit Costs and Mortgage Rates: Reply," with K. Rosen, Housing Finance Review, Vol. 1, No. 1 (January 1982), 49-54.
  48. "The Demand for Housing and Mortgage Credit," with K. Rosen, in Housing Finance in the

- Eighties, Federal National Mortgage Association, Washington, D.C. (1981), 8-19.
47. "Real User Costs and the Demand for Single-Family Housing: Comment," Brookings Papers on Economic Activity 2: (1980), 33-49.
  46. "The Changing Liability Structure of Savings and Loan Associations," with K. Rosen, Journal of American Real Estate and Urban Economics Associations, Vol. 8, No. 1 (Spring 1980), 33-49.
  45. "National Economic and Monetary Impacts of EFT," Chapter 10 in Kent Colton and Kenneth Kraemer, eds., Computers and Banking: Electronic Funds Transfer and Public Policy, Plenum Press, New York (1980), 133-140.
  44. "A Rationing Model of FHLB Advances," with S. Goldfeld and R. Quandt, Review of Economics and Statistics, Vol. LXIII, No. 3 (August 1980), 339-347.
  43. "The Use of Mortgage Passthrough Securities," with K. Rosen, in Proceedings of the Conference, New Sources of Capital for the Savings and Loan Industry, Federal Home Loan Bank of San Francisco (1980), 129-154.
  42. "The Outlook for Housing and the Thrifts," Hearings before the Joint Economic Committee, 96th Congress, First Session (Nov. 28, 1979), 51-63.
  41. "Mortgage Credit Availability and Residential Construction Activity," with K. Rosen, Brookings Papers on Economic Activity 2 (1979), 333-386.
  40. "Commentary," in Franklin R. Edwards, ed., Issues in Financial Regulation (New York: McGraw-Hill, 1979), 390-393.
  39. "The Welfare Implications of Uneven Inflation," with E. Kleiman, in Erik Lundberg, ed., Inflation Theory and Anti-Inflation Policy (Boulder: Westview Press, 1977), 285-313.
  38. "Book Review of A Study of Bank Behavior and Credit Rationing by Erkki Koshela," Journal of Economic Literature (December 1978).
  37. "Estimates of the Effectiveness of Stabilization Policies for the Mortgage and Housing Markets," with K. Rosen, Journal of Finance XXXIII, No. 3 (1978), 933-946. Also Financial Research, Center Memorandum No. 24.
  36. "Purchasing Power Parity and Exchange Rate Problems," with R. Dornbusch, Journal of International Economics 8 (1978), 157-161.
  35. "Regulating the Regulators," with L. Chandler, Journal of Money, Credit, and Banking IX, No. 4 (November 1977), 619-635.
  34. "A Theory and Test of Credit Rationing: Reply," with F. Modigliani, American Economic Review 66, 5 (December 1976), 918-920.

33. "Overview and Policy Implications of the Findings of Studies Included in the 9th Annual Report," in 9th Annual Report, Economic Policy Council and Office of Economic Policy, State of New Jersey (1976).
32. "The Asset-Liability Maturity Mix of S&Ls: Problems and Solutions," in Change in the Savings and Loan Industry, Proceedings of the Second Annual Conference, San Francisco Federal Home Loan Bank, San Francisco (1977), 59-90.
31. "The Federal Home Loan Bank System Since 1965," in Institutions, Policies and Economics Performance, in Carnegie-Rochester Conference on Public Policy, Vol. 4, North-Holland (1976).
30. "Imperfect Information, Uncertainty and Credit Rationing," with T. Russell, Quarterly Journal of Economics, XC, No. 4 (November 1976), 651-666. Also Financial Research Center Memorandum No. 22 (June 1976).
29. "Comments on a Paper by Aliber," Scandinavian Journal of Economics 78, No. 2 (1976), 323-326. Reprinted in J. Herin, A. Lindbeck, and J. Myhrman, eds., Flexible Exchange Rates and Stabilization Policies.
28. "Some Implications of Credit Cards for Retail Pricing," with T. Russell, in Hearings on FCBA Two-Tier Pricing, Subcommittee on Consumer Affairs of the Committee on Banking, Housing, and Urban Affairs of U.S. Senate (October 9, 1975), 142-157.
27. "Housing Finance and Mortgage Policy," in Karl Brunner, ed., Government Credit Allocation (Institute for Contemporary Studies, 1975), Chapter 3.
26. "Credit for Financing Housing Investment," in Housing in the 70s, Part 1 (1975), Department of Housing and Urban Development.
25. "Innovations in the Mortgage Market," Chapter 3 in William L. Silber, ed., Financial Innovation, Lexington Books (1975).
24. "Macroeconomic Simulations of Alternative Mortgage Instruments," with James Kearl, New Mortgage Designs (January 1975), Federal Reserve Bank of Boston Conference Series 14.
23. "Specification of a Disequilibrium Flow of Funds Model," in G. Schwodiauer, ed., Equilibrium and Disequilibrium Economic Theory, D. Reidel Publishing Company (1978), Boston, 545-564.
22. "Cyclical Variations in the Risk Structure of Interest Rates," Vol. 1 (July 1975), Journal of Monetary Economics, 309-325.
21. "Statement," Hearings before House Budget Committee.

20. "Reform of Financial Institutions," Hearings before the Subcommittee on Financial Institutions of the Committee on Banking, Housing, and Urban Affairs, United States Senate, 93rd Congress (September 11, 1974), 2-50.
19. "What to Do About Savings and Loan Associations," Journal of Money, Credit, and Banking (Nov. 1974), Vol. 4, No. 4, 537-550.
18. "Capital Market Structure, Housing Policy and Monetary Policy: Sweden and the United States," Skandinaviska Enskilda Banken Review, No. 3 (1974), (English and Swedish).
17. "Predicting Stock Market Prices: Payoffs and Pitfalls," with R.E. Quandt and B.G. Malkiel (January 1974), Journal of Business Research 2, No. 1, 1-16. Also Financial Research Center Memorandum No. 14.
16. "The Impact of the Elimination of Deposit-Rate Ceilings on Savings and Loan Associations," (August 1973), Journal of the Federal Home Loan Bank Board.
15. "Hunt Commission Report: An Exercise in Mutual Backscratching?", Conference Proceedings (April 1973), University of Florida.
14. "Comments on the Bosworth-Duesenberry Flow of Funds Model," Issues in Federal Debt Management, Conference Proceedings No. 11 (June 1973), Federal Reserve Bank of Boston.
13. "On the Application of Portfolio Theory to Depository Financial Intermediaries," with O. Hart, Review of Economic Studies (January 1974), Vol. XLI (1), 129-147.
12. "The Relationship of Financing to Housing Production in Europe and the United States," in Conference Proceedings (1973), Financing of Housing, Economic Commission for Europe, Geneva, HBP/Sem2/2 (English, French, Russian).
11. "The Extended Lending, Borrowing, and Service Function Proposals of the Hunt Commission Report," (November 1972), Journal of Money, Credit, and Banking.
10. "The Implications of the Proposals of the Hunt Commission for the Mortgage and Housing Markets: An Empirical Study," with R.C. Fair, in Policies for a More Competitive Finance System, Conference Series No. 8 (June 1972), Federal Reserve Bank of Boston.
9. "A Model of the Mortgage Market: Estimation and Simulation," paper presented in the Econometric Society Meetings (September 1970) and Chapter 5 in Gramlich and Jaffee, op. cit.
8. "The Theory of Credit Rationing: Further Notes," (June 1972), American Economic Review 62, 484-488.
7. "Methods of Estimation for Markets in Disequilibrium," with R.C. Fair (May 1972), Econometrica 40, 497-514.

6. "Deposit-Rate Setting by Savings and Loan Associations: Reply," with S. Goldfeld (December 1971), Journal of Finance 26, 1158-1160.
5. "The Supply of Money and Common Stock Prices," with K. Homa (December 1971), Journal of Finance 26, 1045-1066. Also Financial Research Center Memorandum No. 7.
4. Book Review, Controlling Monetary Aggregates: Proceedings of the Monetary Conference Held on Nantucket Island (June 8-10, 1969). Sponsored by the Federal Reserve Bank of Boston, in Journal of Finance (June 1970).
3. "The Determinants of Deposit-Rate Setting by Savings and Loan Association," with S. Goldfeld (June 1970), Journal of Finance 25, 615-632; also Financial Research Center Memorandum No. 3.
2. "The Structure of the Money Expenditures Relationship: Comment," (March 1970), American Economic Review 216-219.
1. "A Theory and Test of Credit Rationing," with F. Modigliani (December 1969), American Economic Review 59, 850-872.

### **Research Series**

1. "The Growing Role of Foreign Trade in California's Economy (with Ashok Bardhan and Cynthia Kroll), Working Paper No. 95-239, Fisher Center for Real Estate and Urban Economics, 1995.
2. "The Swedish Real Estate Crisis" (English version), Center for Real Estate and Urban Economics, UC Berkeley (1995).
3. "Fairness, Credit Rationing, and Loan Market Structure," with Thomas Russell, Working Paper Series #7, Center for Economic Policy Studies, Princeton University, 1992.
4. "The Demand for Housing Units," with K. Rosen, Salomon Brothers, Bond Research (December 1986).

5. "The Maturity Structure of Deposit Intermediaries," Financial Research Center Memorandum No. 55 (January 1985).
6. "A Rationing Model of FHLBB Advances," with S. Goldfeld and R. Quandt, Financial Research Center Memorandum No. 26 (1978).
7. "Imperfect Information, Uncertainty, and Credit Rationing," with T. Russell, Financial Research Center Memorandum No. 22 (June 1976).
8. "Monetary Policy in Small, Open, Economies, the Nordic Countries," with J. Myhrman, presented at Conference on the Monetary Mechanism in Open Economies, Helsinki (August 1975); also available as Seminar Paper No. 51, Institute for International Economic Studies, and in Conference proceedings.
9. "The Welfare Implications of Uneven Inflation," with E. Kleiman, presented at I.E.A. Conference, Stockholm (August 1975); also available as Seminar Paper No. 50, Institute for International Economic Studies.
10. "The Risk Structure of Interest Rates: An Empirical Study," Financial Research Center Memorandum No. 16.
11. "The Structure of Models of Financial Intermediation," University of Essex Discussion Series, No. 36 (October 1970).
12. "A Note on the Estimation of Polynomial Distributed Lags," with R. C. Fair, Econometric Research Program Memorandum No. 120 (February 1971).

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1. "Catastrophe Insurance When Capital is Limited: A Comparison of Public and Private Approaches (with Thomas Russell), August 1997.
2. "Sharing The Risk: Northridge And The Financial Sector," (with Thomas Russell), October 1996.
3. "Securitization in European Mortgage Markets, (with B. Renaud), paper presented at International Real Estate Conference, Stockholm, June 1995.
4. "Markets for Housing in Russia," paper prepared for the International Seminar on Macroeconomics, Institute fur Welwirtschaft, Kiel, Germany, June 28-29, 1993.
5. "Competition, Deregulation, and Banking Problems," paper presented to the Monetary Forum (November 1985).
6. "Implications of the Demographic Aspects of Housing Demand," with K. Rosen, paper presented at American Economic Association Meetings (December 1981).
7. "Housing Market Effects of the New Treasury Bill Certificate," with K. Rosen (August 1978).
8. "The Impact of GNMA's Emergency Housing Program on the Housing and Mortgage Markets," with K. Rosen (May 1977).
9. "The Entry of Savings Institutions into the Consumer Loan Market."
10. "The Comparative Statics of Demand Shifts: A Caveat," (with T. Russell).
11. "Transactions Costs and the Optimal Supply of Money."
12. "Barter Economies, Monetary Economies, and the Walrasian System."
13. "On the Specification and Estimation of Macro-Disequilibrium Models".
14. "Bank Loan Term Adjustment".
15. "A Simplification of Credit Rationing Theory" (with T. Russell).