

Neil Wallace

Updated: February 5, 2021

The Pennsylvania State University
LA - Economics
KERN GRADUATE BLDG
(814) 863-3805
Email: NXW9@psu.edu

Education

Ph D, Univ of Chicago, 1964.

BA, Columbia Univ, 1960.

Honors and Awards

Distinguished Fellow, American Economic Association (2012 - Present).

Distinction in the Social Sciences, College of the Liberal Arts, Penn State (2005 - Present).

Fellow, American Academy of Arts and Sciences (2005 - Present).

Honorary Degree, Universidad del Pacifico, Lima Peru (1995 - Present).

Fellow, Econometric Society (1981 - Present).

Honorary Doctorate, Keio University (May 17, 2017).

Research Fellow, National Bureau of Economic Research (September 1, 1968 - June 30, 1969).

RESEARCH

Research Interests

Research and/or Scholarly Publications

Published Works

Articles in Refereed Journals

Journal Article, Academic/Scholarly

Qiao, W. (Co-Author, 50%), & Wallace, N. Optimal Provision of Costly Currency.
Journal of Money, Credit and Banking, 20. [In Press - forthcoming October 2020].

Hu, T.-W. (Co-Author, 50%), & Wallace, N. (2019). The Phillips Curve in a Matching Model. *International Economic Review*, 60(4), 20.

Wallace, N. (Co-Author, 50%), & Garratt, R. (2018). Bitcoin 1, Bitcoin 2,... : An Experiment in Privately Issued Outside Monies. *Economic Inquiry*. ISBN/ISSN #/Case #/DOI #: 10.1111/ecin.12569

- Hu, T.-W., & Wallace, N. (Co-Author, 50%) (2016). Information Aggregation in a Large Multi-Stage Market Game. *Journal of Economic Theory*, 161, 41.
- Wallace, N. (Co-Author, 50%), & Deviatov, A. (2014). Optimal inflation in a model of inside money. *Review of Economic Dynamics*, 17(2), 287-293.
- Wallace, N. (2014). Optimal money-creation in 'pure-currency' economies: a conjecture. *Quarterly Journal of Economics*, 129(1), 259-274.
- Wallace, N. (2013). Comment on "Moneyspots: Extraneous Attributes and the Coexistence of Money and Interest-Bearing Nominal Bonds" by Ricardo Lagos Vol. 121, No. 4 (), pp. 793-795. *Journal of Political Economy*, 121(4), 793-795.
- Deviatov, A., & Wallace, N. (Co-Author, 50%) (2009). A model in which monetary policy is about money. *Journal of Monetary Economics*, 56, 5.
- Kennan, J., Wallace, N. (Co-Author, 33%), & Hu, T.-W. (2009). Coalition-proof trade and the Friedman rule in the Lagos-Wright model. *Journal of Political Economy*, 117, 116-137.
- Nosal, E., & Wallace, N. (Author, 50%) (2007). A model of the threat of counterfeiting. *Journal of Monetary Economics*, 54, 994-1001.
- Wallace, N. (Co-Author, 50%), & Zhu, T. (2007). Float on a Note. *Journal of Monetary Economics*, 54, 229-246.
- Zhu, T., & Wallace, N. (Co-Author, 50%) (2007). Pairwise Trade and Coexistence of Money and Higher Return Assets. *Journal of Economic Theory*, 133(March), 524-535.
- Andolfatto, D., Nosal, E., & Wallace, N. (Co-Author, 33%) (2007). The role of independence in the Green-Lin Diamond-Dybvig model. *Journal of Economic Theory*, 137, 709-715.
- Lee, M., & Wallace, N. (Co-Author, 50%) (2006). Optimal divisibility of money when money is costly to produce. *Review of Economic Dynamics*, Vol. 9, 541-556.
- Lee, M., Wallace, N. (Author, 34%), & Zhu, T. (2005). Modeling Denomination Structures. *Econometrica*, Vol. 73(May), 949-960.
- Wallace, N. (Author, 50%), & Zhu, T. (2004). A Commodity Money Refinement in Matching Models. *Journal of Economic Theory*, Vol. 117, 246-258.
- Wallace, N. (2003). Modeling Small Change: A Review Article. *Journal of Monetary Economics*, Vol. 50, 1391-1401.
- Katzman, B., Kennan, J., & Wallace, N. (Co-Author, 33%) (2003). Output and Price Level Effects of Monetary Uncertainty in a Matching Model. *Journal of Economic Theory*, Vol. 108, 217-255.
- Deviatov, A., & Wallace, N. (Co-Author, 50%) (2001). Another Example in which Lump-Sum Money Creation is Beneficial. *Advances in Macroeconomics*, Vol. 1, Article 1.
- Wallace, N. (2000). A Model of the Liquidity Yield Structure Based on Asset

- Indivisibility. *Journal of Monetary Economics*, Vol. 45, 55-68.
- Braun, R. A., Todd, R., & Wallace, N. (Co-Author, 34%) (1999). A General Equilibrium Interpretation of Damage Contingent Securities. *The Journal of Risk and Insurance*, Vol. 66(Dec), 583-596.
- Taber, A., & Wallace, N. (Co-Author, 50%) (1999). A Matching Model with Bounded Holdings of Indivisible Money. *International Economic Review*, Vol. 40(Nov), 961-984.
- Cavalcanti, R., & Wallace, N. (Co-Author, 50%) (1999). A Model of Private Bank-Note Issue. *Review of Economic Dynamics*, Vol. 2(Jan), 104-136.
- Cavalcanti, R., & Wallace, N. (Co-Author, 50%) (1999). Inside and Outside Money as Alternative Media of Exchange. *Journal of Money, Credit and Banking*, Vol. 31 No. 3(Aug), 443-457.
- Kocherlakota, N., & Wallace, N. (Co-Author, 50%) (1998). Optimal Allocations with Incomplete Record-Keeping and No-Commitment. *Journal of Economic Theory*, Vol. 81, 272-289.
- Wallace, N. (Co-Author, 50%), & Zhou, R. (1997). A Model of a Currency Shortage. *Journal of Monetary Economics*, Vol. 40 No. 3(Dec), 555-572.
- Aiyagari, S. R., & Wallace, N. (Co-Author, 50%) (1997). Government Transaction Policy, the Medium of Exchange, and Welfare. *Journal of Economic Theory*, Vol. 74, 1-18.
- Wallace, N. (1997). Short-Run and Long-Run Effects of Changes in Money in a Random Matching Model. *Journal of Political Economy*, Vol. 105 No. 6(Dec), 1293-1307.
- Aiyagari, S. R., Wallace, N. (Co-Author, 33%), & Wright, R. (1996). Coexistence of Money and Interest-Bearing Securities. *Journal of Monetary Economics*, Vol. 37, 397-419.
- Champ, B., Wallace, N. (Co-Author, 34%), & Weber, W. (1994). Interest Rates Under the U.S. National Banking System. *Journal of Monetary Economics*, Vol. 34 No. 3(Dec), 343-358.
- Aiyagari, S. R., & Wallace, N. (Co-Author, 50%) (1992). Fiat Money in the Kiyotaki-Wright Model. *Econometric Theory*, Vol. 2, 447-464.
- Wallace, N. (1992). Lucas' Signal Extraction Model: A Finite State Exposition with Aggregate Real Shocks. *Journal of Monetary Economics*, Vol. 30, 433-447.
- King, R., Wallace, N. (Co-Author, 34%), & Weber, W. (1992). Non-fundamental Uncertainty and Exchange Rates. *Journal of International Economics*, Vol. 32(Feb), 83-108.
- Aiyagari, S. R., & Wallace, N. (Co-Author, 50%) (1991). Existence of Steady States with Positive Consumption in the Kiyotaki-Wright Model. *Review of Economic Studies*, Vol. 58(Oct), 901-916.
- Marimon, R., & Wallace, N. (Co-Author, 50%) (1987). Trade Using Assets Divisible at a Cost. *Journal of Economic Theory*, Vol. 43 No. 2(Dec), 223-251.

- Sargent, T., & Wallace, N. (Co-Author, 50%) (1985). Interest on Reserves. *Journal of Monetary Economics*, Vol. 15, 279-290.
- Bryant, J., & Wallace, N. (Co-Author, 50%) (1984). A Price Discrimination Analysis of Monetary Policy. *Review of Economic Studies*, Vol. 51, 279-288.
- Sargent, T., & Wallace, N. (Co-Author, 50%) (1983). A Model of Commodity Money. *Journal of Monetary Economics*, Vol. 12, 163-167.
- Sargent, T., & Wallace, N. (Co-Author, 50%) (1982). The Real Bills Doctrine vs. The Quantity Theory: A Reconsideration. *Journal of Political Economy*, Vol. 90 No. 6(Dec), 1212-1236.
- Wallace, N. (1981). A Hybrid Fiat-Commodity Monetary System. *Journal of Economic Theory*, Vol. 25 No. 3(Dec), 421-430.
- Wallace, N. (1981). A Modigliani-Miller Theorem for Open-Market Operations. *American Economic Review*, Vol. 71 No. 3(Jun), 267-274.
- Kareken, J., & Wallace, N. (Co-Author, 50%) (1981). On the Indeterminacy of Equilibrium Exchange Rates. *Quarterly Journal of Economics*, Vol. 96 No. 2(May), 207-222.
- Bryant, J., & Wallace, N. (Co-Author, 50%) (1980). Open-Market Operations in a Model of Regulated, Insured Intermediaries. *Journal of Political Economy*, Vol. 88 No. 1(Feb), 146-173.
- Bryant, J., & Wallace, N. (Co-Author, 50%) (1979). The Inefficiency of Interest-Bearing National Debt. *Journal of Political Economy*, Vol. 87 No. 2(Apr), 365-381.
- Kareken, J., & Wallace, N. (Co-Author, 50%) (1978). Deposit Insurance and Bank Regulation: A Partial Equilibrium Exposition. *Journal of Business*, Vol. 51 No. 3(Jul), 413-438.
- Kareken, J., & Wallace, N. (Co-Author, 50%) (1977). Portfolio Autarky: A Welfare Analysis. *Journal of International Economics*, Vol. 7 No. 1(Feb), 19-43.
- Sargent, T., & Wallace, N. (Co-Author, 50%) (1976). Rational Expectations and the Theory of Economic Policy," *Journal of Monetary Economics*. *Journal of Monetary Economics*, Vol. 2 No. 2(Apr), 169-183.
- Sargent, T., & Wallace, N. (Co-Author, 50%) (1975). Rational Expectations, the Optimal Monetary Instrument, and the Optimal Money Supply Rule. *Journal of Political Economy*, Vol. 83 No. 2(Apr), 241-254.
- Muench, T., Rolnick, A., Wallace, N. (Co-Author, 25%), & Weiler, W. (1974). Tests of Structural Change and Prediction Intervals for the Reduced Forms of Two Structural Models of the U.S.: The FRB-MIT and Michigan Quarterly Models. *Annals of Economic and Social Measurement*, Vol. 3(Summer), 491-519.
- Kareken, J., Muench, T., & Wallace, N. (Co-Author, 33%) (1973). Optimal Open Market Strategy: The Use of Information Variables,". *American Economic Review*, Vol. 63 No. 1(Mar), 156-172.

- Sargent, T., & Wallace, N. (Co-Author, 50%) (1973). Rational Expectations and the Dynamics of Hyperinflation. *International Economic Review*, Vol. 14 No. 2(Jun), 328-350.
- Sargent, T., & Wallace, N. (Co-Author, 50%) (1973). The Stability of Models of Money and Growth with Perfect Foresight. *Econometrica*, Vol. 41 No. 6(Nov), 1043-1048.
- Wallace, N. (1972). An Approach to the Study of Money and Non-Money Exchange Structures. *Journal of Money, Credit and Banking*, Vol. 4 No. 4(Nov), 838-847.
- Kareken, J., & Wallace, N. (Co-Author, 50%) (1972). The Monetary Instrument Variable Choice: How Important?: Comment. *Journal of Money, Credit and Banking*, Vol. 4 No. 3(Aug), 723-729.
- Sargent, T., & Wallace, N. (Co-Author, 50%) (1971). Market Transaction Costs, Asset Demand Functions, and the Relative Potency of Monetary and Fiscal Policy. *Journal of Money, Credit and Banking*, Vol. 3 No. 2(May), 469-505.
- Wallace, N. (1970). The Determination of the Stock of Reserves and Balance of Payments in a Neo-Keynesian Model. *Journal of Money, Credit and Banking*, Vol. 2 No. 3(Aug), 269-290.
- McCall, J., & Wallace, N. (Co-Author, 50%) (1969). A Supply Function for First-Term Re-Enlistees to the Air Force. *Journal of Human Resources*, Vol. 4 No. 3(Summer), 293-310.
- Wallace, N. (1969). Buse on Meiselman—A Comment. *Journal of Political Economy*, Vol. 77 No. 4(Jul/Aug), 524-527.
- Wallace, N. (1967). Comment on "Debt Management and the Term Structure of Interest Rates: An Empirical Analysis". *Journal of Political Economy*, supplement(Aug), 590-592.
- Wallace, N. (1967). The Term Structure of Interest Rates and the Maturity Composition of the Federal Debt. *The Journal of Finance*, Vol. 22 No. 2(May), 301-312.
- Grilliches, Z., & Wallace, N. (Co-Author, 50%) (1965). The Determinants of Investment Revisited. *International Economic Review*, Vol. 6 No. 3(Sep), 311-329.

Books

Book, Academic/Scholarly

- Prescott, E., & Wallace, N. (Co-Editor, 50%) (1987). In Prescott, Edward and Wallace, Neil, , eds. (Eds.), *Contractual Arrangements for Intertemporal Trade*. University of Minnesota Press.
- Kareken, J., & Wallace, N. (Co-Editor, 50%) (1980). *Models of Monetary Economies*. Minneapolis: Federal Reserve Bank of Minneapolis.

Book, Textbook

- McCandless, G., & Wallace, N. (Co-Author, 50%) (1991). *Introduction to Dynamic*

Economic Theory, An Overlapping Generations Approach. Cambridge, MA: Harvard University Press.

Parts of Books

Book Chapter, Academic/Scholarly

- Wallace, N. (2011). The mechanism-design approach to monetary theory. In Benjamin Friedman and Michael Woodford (Eds.), *Handbook of Monetary Economics, volume 3a* (pp. 20). Elsevier.
- Cavalcanti, R., & Wallace, N. (Co-Author, 50%) (2008). New models of "old" payment questions. *The Future of Payment Systems* (pp. 75-86). Oxford, UK: Routledge. Peer-reviewed/refereed.
- Wallace, N. (1996). A Dictum for Monetary Theory. In Steven G. Medema and Warren J. Samuels, eds. (Eds.), *Foundations of Research in Economics: How Do Economists Do Economics?* (pp. 248-259). Cheltenham, UK: Edward Elgar Publishing.
- Wallace, N. (1989). Some Alternative Monetary Models and Their Implications for Open Market Policy. In Robert Barro, ed. (Eds.), *Modern Business Cycle Theory* (pp. 306-328). Cambridge, MA: Harvard University Press.
- Townsend, R., & Wallace, N. (Co-Author, 50%) (1987). Circulating Private Debt: An Example With a Coordination Problem. In Prescott, Edward and Wallace, Neil, , eds. (Eds.), *Contractual Arrangements for Intertemporal Trade* (pp. 105-120). Minnesota: University of Minnesota Press.
- Wallace, N. (1987). Some Unsolved Problems for Monetary Theory. In William Barnett and Kenneth Singleton, eds. (Eds.), *New Approaches to Monetary Economics, Proceedings of the Second International Symposium in Economic Theory and Econometrics* (pp. 340-349). Cambridge, UK: Cambridge University Press.
- Wallace, N. (1984). Do We Need a Special Theory for 'Money'? In Proceedings of a conference (Ed.), *Money: A Search for Common Ground* (pp. 179-198). Oxford, UK: Blackwell Publishers.
- Sargent, T., & Wallace, N. (Co-Author, 50%) (1984). Some Unpleasant Monetarist Arithmetic. In B. Griffiths and G.E.Wood (eds.) (Eds.), *Monetarism in the United Kingdom* (pp. 15-41). London, UK: Macmillan.
- Wallace, N. (1980). The Overlapping Generations Model of Fiat Money. In Wallace, Neil and John Kareken, eds. (Eds.), *Models of Monetary Economies* (pp. 49-82). Minneapolis: Federal Reserve Bank of Minneapolis. ISBN/ISSN #/Case #/DOI #: 0-9603936-0-9
- Haitovsky, Y., & Wallace, N. (Co-Author, 50%) (1972). A Study of Discretionary and Nondiscretionary Monetary and Fiscal Policies on the Context of Stochastic Macro-Econometric Models. In V. Zarnowitz (ed.) (Ed.), *The Business Cycle Today* (pp. 261-309). New York, NY: Columbia University Press. Peer-reviewed/refereed.

Book Reviews

Wallace, N. (2018, December 1). [Review of the book *The Case for Cashlessness: A Review Article*]. *Journal of Economic Literature*.

Articles in Non-Refereed Journals

Magazine/Trade Publication

Wallace, N. (2014). An Attractive Monetary Model with Surprising Implications for Optima: Two Examples. *2014*.

Journal Article, Academic/Scholarly

Wallace, N. (2005). From Private Banking to Central Banking: Ingredients of a Welfare Analysis. *International Economic Review*, Vol. 46(May), 619-631.

Wallace, N. (2001). Whither Monetary Economics? *International Economic Review*, Vol. 42(Nov), 847-869.

Wallace, N. (2000). Knowledge of Individual Histories and Optimal Payment Arrangements. *Federal Reserve Bank of Minneapolis Quarterly Review*, Summer, 11-21.

Wallace, N. (1998). Introduction to Modeling Money and Studying Monetary Policy. *Journal of Economic Theory*, Vol. 11, 223-231.

Wallace, N. (1997). Absence-of-Double-Coincidence Models of Money: A Progress Report. *Federal Reserve Bank of Minneapolis Quarterly Review*, Winter, 2-20.

Wallace, N. (1996). Narrow Banking Meets the Diamond-Dybvig Model. *Federal Reserve Bank of Minneapolis Quarterly Review*, Winter, 3-13.

Todd, R., & Wallace, N. (Co-Author, 50%) (1992). SPDAs and GICs: Like Money in the Bank? *Federal Reserve Bank of Minneapolis Quarterly Review*, Summer, 2-17.

Wallace, N. (1990). A Banking Model in Which Partial Suspension Is Best. *Federal Reserve Bank of Minneapolis Quarterly Review*, Fall, 11-23.

Wallace, N. (1988). A Suggestion for Oversimplifying the Theory of Money. *Economic Journal*, Vol. 98, 25-36.

Wallace, N. (1988). Another Attempt to Explain an Illiquid Banking System: The Diamond and Dybvig Model with Sequential Service Taken Seriously. *Federal Reserve Bank of Minneapolis Quarterly Review*, Fall, 3-16.

Muench, T., & Wallace, N. (Co-Author, 50%) (1974). On Finding a Good Stabilization Policy: Models and Methods. *American Economic Review*, Vol. 63 No. 4(May), 773-781.

Sargent, T., & Wallace, N. (Co-Author, 50%) (1974). The Elasticity of Substitution and the Cyclical Behavior of Productivity, Average Hourly Earnings and Labor's Share. *American Economic Review*, Vol. 64 No. 2(May), 257-263.

Manuscripts Accepted for Publication

Articles in Refereed Journals

Journal Article, Academic/Scholarly

Wallace, N. (Co-Author, 50%), & Hu, T.-W. The Phillips curve in a matching model. *International Economic Review*. [Accepted November 2018].

Manuscripts Submitted for Publication

Articles in Refereed Journals

Journal Article

Zhu, T. (55%), & Wallace, N. (45%) Fixed and flexible exchange-rates in a matching model: non-equivalence results. *Journal of Political Economy*.
A revision is being prepared. I expect it to be resubmitted By May 1, 2021

Journal Article, Professional

Hu, G. (Co-Author, 25%), Ma, G., Qiao, W., & Wallace, N. 'Conventional' monetary policy in OLG models: revisiting the asset-substitution channel. *Macroeconomics Dynamics*. [Submitted January 8, 2021].

Manuscripts in Progress

Journal Articles

Journal Article

Zhu, T. (55%), & Wallace, N. (45%) Fixed and flexible exchange-rates in a matching model: non-equivalence results. *Journal of Political Economy*.
A revision is being prepared. I expect it to be resubmitted By May 1, 2021

Projects, Grants, Commissions, and Contracts

Grant

Wallace, N. (Principal Investigator), Zhou, R. (Co-Principal Investigator), Grant, 50% credit, "Optima in Matching Models of Money," National Science Foundation, Federal Agencies. Total requested: \$169,402.00. (submitted: August 16, 2005).
Amendments:

TEACHING

Teaching Experience

Penn State

ECON 004H, Macroeconomic Analysis and Policy, 1 course
ECON 083S, First-Year Seminar in Economics, 1 course
ECON 401, History of Economic Thought, 1 course
ECON 417, Econ Uncertainty, 5 courses
ECON 451, Monetary Thy and Pol, 8 courses
ECON 496, Indep Studies, 2 courses
ECON 503, Macro Anal, 9 courses

ECON 558, Development of Monetary Theory, 3 courses
ECON 559, Current Monetary Theory and Policy, 5 courses
ECON 596, Individual Studies, 10 courses
ECON 600, Thesis Research, 26 courses
ECON 601, Ph D Dis Full-Time, 22 courses
ECON 610, Thesis Research Off Campus, 2 courses
ECON 83S, First-Year Seminar in Economics, 1 course

Directed Student Learning

Student Mentorship and Supervision

Gent Bajraj, Penn State, Graduate Student Advisor (2015 - Present).

Hiroki Fukai, Penn State, Graduate Student Advisor (2015 - Present).

Minsoo Han, Penn State, Ph.D. Dissertation Advisor (September 15, 2010 - June 15, 2013).

Piding Huang, penn state, Ph.D. Dissertation Advisor (September 15, 2011 - June 15, 2012).

yoske Igarashi, penn state, Ph.D. Dissertation Advisor (September 15, 2010 - December 15, 2012).

Mouhua Liao, penn state, Ph.D. Dissertation Advisor (September 15, 2009 - August 25, 2012). Ph.D. Dissertation Advisor (September 2010 - June 2012).

SERVICE

Service to the University

Department

Administrative Support Work

Acting DGS, Spring 2021, Administrator. (January 19, 2021 - May 15, 2021).

Graduate Program Placement Director

Student Placement. (August 2012 - April 2013).
Assist Ph.D. students seeking jobs

University

Committee Work

AD-14, Committee Member. (August 2012 - February 2013).