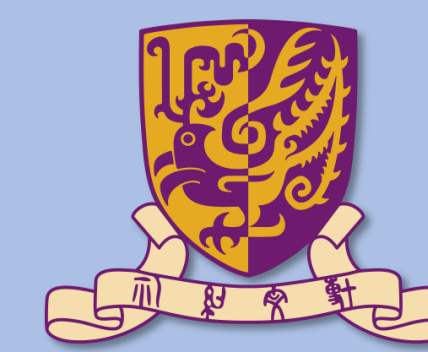


# Jerry Hausman

## John Bates Clark Medal

### @1985



Department of Economics  
The Chinese University of Hong Kong  
香港中文大學經濟系

Ng Ngai Chun

Group LWN

#### What is John Bates Clark Medal?

It is an award from the American Economic Association for promising economists under the age of 40. Some recipients received Nobel Prize later.

#### Applied Microeconomics

Here are three of his practical research papers:



##### Monopoly

- Monopoly power is the ability to raise the price significantly while keeping customers
- Traditionally measured by market share (e.g. HHI index)

##### His view:

- Market share is not a good measurement
- Concentrated market share may not necessarily lead to customers' harm



##### Long Distance Calls

- The richer customers paid LESS for the service
- This is true even after controlling the total time

- Plans were complicated
- Less educated/poorer people can't research that well



##### Inflation

- Traditionally measured by the change of a basket of goods (e.g. CPI)
- Useful to estimate cost of living & formulate policy

- There are 4 biases in CPI measurement
- Could be misleading for policymakers

#### What are Jerry Hausman's contributions?

He has numerous research contributions on both econometrics (technical) and applied microeconomics (non-technical). Some of his practical research include the economic effect of taxation, telecommunication and aging.

On the technical side, his Hausman Specification Test is useful for improving the accuracy of estimation models.

#### The "Hausman Test"

The Hausman Test (also called Durbin-Wu-Hausman Test) can compare two econometric models and identify the one which needs fewer samples to reach the same accuracy. This tests is very useful for practical economic research which involves a lot of statistical data.

$$y = \alpha + \beta x + \epsilon$$

\*Econometric is a statistical tool that estimates the relationship of two or more factors.

#### Short Bio

Jerry Hausman was born in 1946 in the United States. He received his PhD at Oxford in 1973.



Now, he has already taught at MIT for 30 years, and is now the Director of MIT Telecommunications Economics Research Program.



Website:



Audio:

