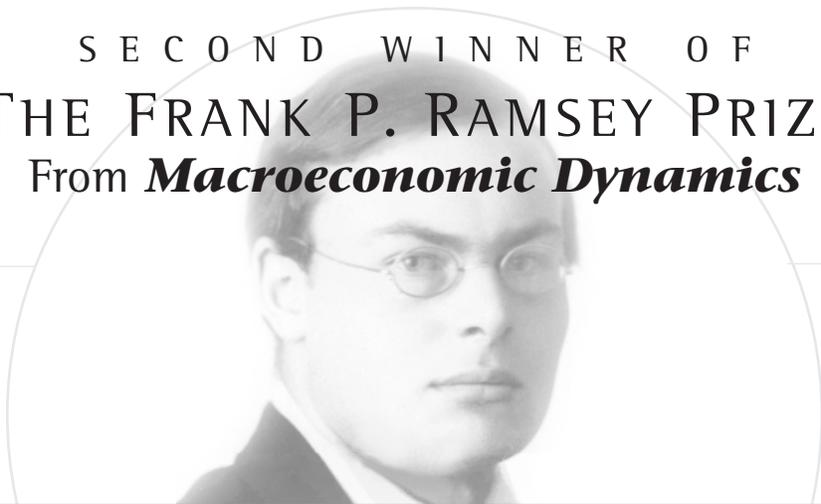


SECOND WINNER OF
THE FRANK P. RAMSEY PRIZE
From *Macroeconomic Dynamics*



The second Frank P. Ramsey Prize was awarded by *Macroeconomic Dynamics* for the best paper published in that journal during its second four years of publication (2001-2004 inclusive). The prize was awarded to Martin Lettau and Harald Uhlig for the article “The Sharpe Ratio and Preferences: A Parametric Approach” which appeared in Volume 6, No. 2 (April 2002), on pages 202-241.

The article’s abstract appears below and is also available free of charge at Cambridge Journals Online (http://journals.cambridge.org/jid_MDY).

The article discusses a simple univariate nonlinear parametric time-series model for unemployment rates, focusing on the asymmetry observed in many OECD unemployment series. The model is based on a standard logistic smooth

transition autoregressive model for the first difference of unemployment, but it also includes a lagged level term. This model allows for asymmetric behavior by permitting “local” nonstationarity in a globally stable model. Linearity tests are performed for a number of quarterly, seasonally unadjusted, unemployment series from OECD countries, and linearity is rejected for a number of them. For a number of series, nonlinearity found by testing can be modeled satisfactorily by use of our smooth transition autoregressive model. The properties of the estimated models, including persistence of the shocks according to them, are illustrated in various ways and discussed. Possible existence of moving equilibria in series not showing asymmetry is investigated and modeled with another smooth transition autoregressive model.

THE PRIZE WAS AWARDED TO
MARTIN LETTAU
AND
HARALD UHLIG
FOR THE ARTICLE
“THE SHARPE RADIO
AND PREFERENCES:
A PARAMETRIC APPROACH”
WHICH APPEARED IN
VOLUME 6, NO. 2 (APRIL 2002),
ON PAGES 202-241.

The prize is named in honor of Frank P. Ramsey (1903-1930). Keynes regarded Ramsey’s classic “A Mathematical Theory of Savings” (1928) to be “one of the most remarkable contributions to mathematical economics ever made.”

The prize’s selection committee comprised:

William A. Barnett, secretary
Jean-Pascal Bénassy
Michele Boldrin
Francis Diebold

Douglas Gale
Gregory Hess
Adrian Pagan
Michael Woodford

This intentionally scarce and highly selective prize is awarded only once every four years.

For more information, please see <http://econ.tepper.cmu.edu/barnett/prize2.html> or contact the editor of *Macroeconomic Dynamics*, William A. Barnett, at barnett@ku.edu