Introduction to a Festschrift for Karl Shell

James Peck\textsuperscript{a,}\textsuperscript{*} and Stephen E. Spear\textsuperscript{b}

\textsuperscript{a}Department of Economics, The Ohio State University, Columbus, OH 43210, USA
\textsuperscript{b}GSIA, Carnegie Mellon University, Pittsburgh, PA 15213, USA

This special volume of the \textit{Journal of Economic Theory} honors Karl Shell, the journal’s founding editor, on the occasion of his 65th birthday. The contributions to the volume are from Karl’s students or co-authors. Karl’s generosity and intellect have touched our lives profoundly. His keen sense of what matters most in economic theory has shaped our own research, and has influenced the entire economics profession.

Karl’s research contributions to economic theory span a large space. He has written extensively on optimal growth, produced some of the earliest work on the role of inventive activity in driving endogenous growth, and invented (with Dave Cass) the concept of sunspot equilibrium. He has studied the role of money in models of capital accumulation, public finance, and overlapping generations, and he has made important contributions to the theory of index numbers. Karl’s many co-authors (so far) include A. Ando, P. Auerswald, Y. Balasko, J. Bhattacharya, D. Cass, C. Caton, F. Fisher, D. Foley, R. Garratt, C. Ghiglino, A. Goenka, M. Guzman, W. Heller, S. Kauffman, T. Keister, J. Lobo, J. Peck, N. Phelps, C. Qin, M. Sidrauski, B. Smith, S. Spear, J. Stiglitz, and R. Wright.

Karl’s students know him to be generous, involved, supportive, and demanding. He has an amazing ability to see where ideas, papers, and literatures fit into the big picture. Karl has supervised or is currently supervising the dissertations of G. Antinolfi, J. Bigelow, L. Bossi, J. Bouhga-Hagbe, L. Conraria, H. Ennis, E. Espino, R. Garratt, G. Gaudet, A. Goenka, M. Haley, R. Harstad, F. Jhabvala, M. Kelly, T. Keister, J. Li, E. Nezu, O. Nishimura, S. Ogura, J. Peck, L. Rivas-Anduray, S. Salant, J. Weymark, and X. Yang.

Beyond his research contributions, Karl has had a major impact on the development of economic theory in his long stewardship of this journal. Karl became \textit{JET}’s founding editor in 1968, and built it into the premier journal it is today. Under Karl’s watch, \textit{JET} has published such influential work as Robert...

The collection of papers in this volume reflect Karl’s broad research interests and openness to new ideas, since they have all been produced by scholars who were either trained by Karl, or who worked with him on one project or another. Four of the papers [4,12,15,20] present applications of the Shapley–Shubik market game framework examined in a number of papers by Karl and his co-authors. Two papers [1,17] look at issues of resource allocation in the general equilibrium environment that forms the basis for much of Karl’s work. Three of the papers (by Bhattacharya and Russell [5], Bullard and Smith [6], and Lagos and Wright [13]) look at the role of money and/or debt in dynamic general equilibrium, contributing to a literature that Karl helped pioneer in his early work with Stiglitz [19], Sidrauski and Stiglitz [18], Phelps [16], Foley and Sidrauski [10], and later, in his work on the overlapping generations model, with Balasko [2,3]. The paper by Lagos and Wright [13] also relates to Karl’s work on sunspots, including his classic paper with Dave Cass [7]. The paper by Ennis and Keister [8] relates to Karl’s work on overlapping generations, sunspots, economic growth, and his recent interest in bank runs. The paper contributed by Fisher [9] echoes Karl’s collaboration with Fisher on developing cost-of-living indices that encompass taste and quality changes, as well as other work on the theory of index numbers. Finally, there are two papers (by Gaudet and Salant [11], and Mares and Harstad [14]), dealing with issues in international trade and auction theory. While Karl has not worked on these topics specifically, these papers remind us about Karl’s broad understanding of and interest in all areas of economic theory.

We hope JET’s readership enjoys the papers. This introduction is written from the perspective of Karl’s students and co-authors, as a way of showing thanks and appreciation for everything he has done for us. For those interested in more detail on Karl’s long and productive career, we risk putting in a plug for a rival journal, but refer you nonetheless to the interview that Karl conducted with Steve Spear and Randy Wright, published in Macroeconomic Dynamics (Vol. 5, No. 5, November 2001). We would also like to thank Karl’s wife and JET Administrative Editor, Susan Witherow Schulze, for the significant role she played in JET’s success, for the significant role she played in Karl’s success, and for the warmth and kindness with which she treats everyone. Finally, we would completely remiss if we didn’t thank Karl’s current co-editor, Jess Benhabib, and JET Administrative Editor Elizabeth Scarborough for all of the help and support they have given in making this volume possible.

References