tion of a point estimate led to ambiguity avoidance. Exploratory analyses revealed some themes that may guide future research on choice under ambiguity. *Journal of Economic Psychology,* December 1994, 15(4): 621-635. (Reprinted with permission of North-Holland Publishing Company.)

Risk Perception and Economic Behavior

Modeling Consumer Risk Reduction Preferences from Perceived Loss Data, by M. Greatorex and V. W. Mitchell (Manchester School of Management, Manchester, United Kingdom)

For many years the Theory of Perceived Risk has been used to explain consumers' behaviour. One area of interest is the relationship between loss types and the use of risk relievers. Problems with trying to measure the relationship encourage the use of indirect methods. Data on four loss types and 14 risk relievers were collected for 24 products and services, and a regression model was used to reveal the relationship between loss types and risk relievers. The constants in the equation altered across products, while the slopes remained the same. The evidence suggests that the model used was incompletely specified and that further testing is necessary. *Journal of Economic Psychology,* December 1994, 15(4): 669-685. (Reprinted with permission of North-Holland Publishing Company.)

Principal-Agency Theory

Efficiency of an Information System in an Agency Model, by Son Ku Kim (Hong Kong University of Science and Technology)

Different information systems are compared in terms of their relative efficiencies in an agency model. The mean preserving spread relation between the likelihood ratio distributions derived from the original information systems is found to be sufficient to rank information systems under quite general assumptions about the agent's utility function. Furthermore, it is shown that the mean preserving spread criterion can be applied to a broader set of information systems than Holmstrom's informativeness criterion and Blackwell's theorem. *Econometrica,* January 1995, 63(1): 89-102. (Reprinted with permission of *Econometrica.*)

Health Care Financing

The Incidence of Adverse Medical Outcomes Under Prospective Payment, by David M. Cutler (Harvard University and National Bureau of Economic Research)

This paper examines the effect of prospective payment for hospital care on adverse medical outcomes. In 1983, the federal government replaced its previ-