TO ALL CRAFT OF EDITING PARTICIPANTS

Attached are two brief samples from *SFFRB Economic Letter* drafts written by our economists. Try your hand at editing them. We'll compare drafts and talk about the principles and practice of editing this kind of material.

Last year, we discussed jargon, with session participants tossing out their favorite examples of the genre. This year's theme is clichés and hackneyed phrases. Here's your chance to vent about those expressions that make your eyes glaze over. The price of admission this year is one cliché. You'll feel so much better getting this off your chest.

Look forward to seeing you in Chicago.

Sam

DRAFT 1

Figure 4 plots the actual saving rate versus the fitted value from our empirical model. The model explains 90% of the variance of the saving rate since 1966. Both explanatory variables are statistically significant in helping to explain movements in the saving rate. The regression coefficients on the net worth and credit availability variables are both negative, consistent with the broad patterns shown in Figures 1 and 3. Similar results are obtained with an alternative specification in which we omit the credit availability variable, but allow the household asset and debt ratios to enter separately rather than constraining them to have equal and opposite signs as is done when these variables are included as part of the net worth variable

DRAFT 2

While the emphasis here is on the supply function, we are not altogether ignoring housing demand. Empirically, changes in house prices are one of the most important predictors of housing starts. Presumably, house prices are changing in large part due to fluctuations in the demand for housing. This latter point highlights one of the primary challenges in estimating the way that housing supply (starts) depends on house prices. It is necessary first to strip out the relationship between house prices and housing demand that could befuddle the estimation of the supply function. We do this through the technique of instrumental variables, where we first regress house price changes on a set of demand factors such as the user cost of housing, changes in mortgage rates, nonfarm employment, demographic variables like the number of married couples, and the lags of the other variables in the supply function. After this process of controlling for the affect of the demand factors on house price changes we then take the predicted house price changes from this model and use them as our house price factor in the model of housing supply. Similarly, we use instrumental variables on the construction cost variable.

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