Econometric Society
Scientific Programme
Sunday, August 25, 2002

09:30 - 11:00  Contributed Sessions  Economic Theory

09:30 - 11:00  SOCIAL NORMS  Room 1.14
Chairperson:
Hans Gersbach, University of Heidelberg, Germany

SOCIAL INTERACTION, HUMAN CAPITAL AND MOBILITY
Dana Heller, University of Chicago, United States and Tel-Aviv University, Israel
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SOCIAL CONFORMITY AND APPROXIMATE PURIFICATION IN GAMES WITH INCOMPLETE INFORMATION.
Edward Cartwright, University of Warwick, United Kingdom
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THE AFFECTIONATE SOCIETY: DOES COMPETITION FOR PARTNERS PROMOTE FRIENDLINESS?
Hans Gersbach, University of Heidelberg, Germany
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Hans Haller, Virginia Polytechnic Institute and State University, United States

09:30 - 11:00  POLITICAL ECONOMY I  Room 4.7
Chairperson:
Humberto Llavador, Universitat Pompeu Fabra, Spain

PARTY FORMATION AND POLICY OUTCOMES UNDER DIFFERENT ELECTORAL SYSTEMS
Massimo Morelli, Ohio University, United States
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CONDORECET CONSISTENCY IN THE CITIZEN-CANDIDATE APPROACH
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PLATFORMS AND POLICIES
Humberto Llavador, Universitat Pompeu Fabra, Spain
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**ASSET MARKETS I**  
Chairperson: Urs Fischbacher, University of Zurich, Switzerland

**IMPERFECT COMPETITION IN FINANCIAL MARKETS: ISLAND VS NASDAQ**  
Christophe Bisiere, University of Perpignan, France  
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**PRIVATIZATION AND STOCK MARKET LIQUIDITY**  
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Giovanna Nicodano, University of Turin, Italy and  
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**SOFT LANDING OF A STOCK MARKET BUBBLE: AN EXPERIMENTAL STUDY**  
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Thorsten Hens, University of Zurich, Switzerland

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**MONETARY POLICY I**  
Chairperson: Patrick Feve, GREMAQ and IDEI, University of Toulouse, France

**PERSISTENCY AND MONEY DEMAND DISTORTIONS IN A STOCHASTIC DGE MODEL WITH STICKY PRICES AND CAPITAL**  
Michael Gail, Universität Siegen, Germany  
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**MONETARY AND FISCAL POLICIES INTERACTIONS WHEN THE BUDGET DEFICIT MATTERS**  
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EXOGENOUS MONEY SUPPLY, INTEREST RATE AND INFLATION UNDER PRICE STICKINESS
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09:30 - 11:00
GAME THEORY I
Chairperson:
Olivier Tercieux, EUREQua, de Paris 1, CNRS, France

ON EQUILIBRIA FOR DISCONTINUOUS GAMES: NASH APPROXIMATION SCHEMES
Erik Balder, Mathematical Institute, University of Utrecht, Netherlands
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THE SIMPLE GEOMETRY OF PERFECT INFORMATION GAMES
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UNICITY AND HIGHER ORDER BELIEFS: THE KEY ROLE OF STABILITY SETS
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09:30 - 11:00
INDUSTRIAL ORGANISATION: MERGERS AND ANTITRUST
Chairperson:
Giancarlo Spagnolo, University of Mannheim, Germany

BARGAINING, MERGERS, AND HETEROGENEOUS OUTSIDERS
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SEQUENTIAL FORMATION OF COALITIONS
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SELF-DEFEATING ANTITRUST AND PROCUREMENT LAWS
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09:30 - 11:00

CENTRAL BANKING
Chairperson:
Xavier Vives, INSEAD, France
Room 1.3

IS THERE A ROLE FOR CENTRAL BANK INDEPENDENCE?
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THE CREDIBILITY OF CENTRAL BANK ANNOUNCEMENTS
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COORDINATION FAILURES AND THE LENDER OF LAST RESORT: WAS BAGEHOT RIGHT AFTER ALL?
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09:30 - 11:00

FINANCIAL CONTRACTS
Chairperson:
Giovanni Dell'Ariccia, International Monetary Fund, United States
Room 4.8

FRAGILE FINANCIAL NETWORKS - A PRELIMINARY ANALYSIS
Yaron Leitner, Federal Reserve Bank of Philadelphia, United States
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DEBT, MANAGERIAL INCENTIVES AND LEARNING
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INFORMATION AND BANK CREDIT ALLOCATION
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09:30 - 11:00  RESOURCE ECONOMICS I  Room 4.9

Chairperson:
Lucas Bretschger, University of Greifswald, Germany

HARVESTING A RENEWABLE RESOURCE UNDER UNCERTAINTY
Jean-Daniel Saphores, University of California Irvine, United States
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FEEDBACK EQUILIBRIA FOR A GENERAL CLASS OF NON-LINEAR DIFFERENTIAL GAMES WITH APPLICATION TO ENVIRONMENTAL AND RESOURCE MANAGEMENT
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SUSTAINABILITY AND SUBSTITUTION OF EXHAUSTIBLE NATURAL RESOURCES
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09:30 - 11:00  EXCHANGE RATES  Room 5.6

Chairperson:
Christina E. Metz, University of Kassel, Germany

MARKET CONDITIONS, ORDER FLOW AND EXCHANGE RATE DETERMINATION
Jinhui Luo, London School of Economics, United Kingdom
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A FISCAL THEORY OF THE CURRENCY RISK PREMIUM AND OF STERILIZED INTERVENTION
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OPTIMAL RISK TAKING AND INFORMATION POLICY TO AVOID CURRENCY AND LIQUIDITY CRISES
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09:30 - 11:00  MECHANISM DESIGN  Room 4.6
Chairperson:
David Wettstein, Ben Gurion University, Israel

EX-POST IMPLEMENTATION WITH INTERDEPENDENT VALUATIONS
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MECHANISM DESIGN OF INTERACTIVE QUIZ SHOWS:ARE SIMPLE QUESTIONS OPTIMAL?
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BIDDING FOR THE SURPLUS: REALIZING EFFICIENT OUTCOMES IN GENERAL ECONOMIC ENVIRONMENTS
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09:30 - 11:00  PUBLIC GOODS  Room 5.7
Chairperson:
Huseyin Yildirim, Duke University, United States

LOBBYING AND RENT-SEEKING FOR PUBLIC GOODS IN A Fiscally CENTRALIZED SYSTEM
Guillaume Cheikbossian, de Perpignan & GREMAQ Toulouse, France
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A BARGAINING APPROACH TO THE PROVISION OF PUBLIC GOODS
Miguel Gines-Vilar, Universitat Jaume I, Spain
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GETTING THE BALL ROLLING: VOLUNTARY CONTRIBUTIONS TO A LONG-TERM PUBLIC PROJECT
Huseyin Yildirim, Duke University, United States
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**PRICE DISCRIMINATION**

*Chairperson:*
James Bergin, City University, Hong Kong

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**PRICE AND QUALITY REGULATION WITH MULTI-DIMENSIONAL HETEROGENEITY**
Etienne B. de Villeneuve, GREMAQ & IDEI, University of Toulouse, France
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**INTRODUCTORY OFFERS IN A MODEL OF STRATEGIC COMPETITION**
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**OPTIMAL MONOPOLISTIC SELLING WITH INDEPENDENT DEMANDS: DOES PRICE DISCRIMINATION MATTER?**
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**ORGANISATION THEORY**

*Chairperson:*
Mariassunta Giannetti, Stockholm School of Economics, Sweden

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**MARKET CONTINGENT MANAGERIAL HIERARCHIES**
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**MONITORING VERSUS GATEKEEPING**
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**ACCESS TO CREDIT, EMPLOYEE RISK-TAKING AND ORGANISATIONAL CHANGE**
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Guido Friebel, Stockholm School of Economics and CEPR, Sweden
09:30 - 11:00  **EVOLUTION AND LEARNING I**
*Chairperson:*
Wolfgang Leininger, Universität Dortmund, Germany

**OPTIMAL PRICING AND ENDOGENOUS HERDING**
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**LEARNING STABILITY IN ECONOMIES WITH HETEROGENOUS AGENTS**
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**CONTESTS OVER PUBLIC GOODS: EVOLUTIONARY STABILITY AND THE FREE-RIDER PROBLEM**
Wolfgang Leininger, Universität Dortmund, Germany  
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09:30 - 11:00  **Contributed Sessions**
**Econometrics**

09:30 - 11:00  **COINTEGRATION: APPLICATIONS**
*Chairperson:*
Neil R Ericsson, Federal Reserve Board, United States

**COMPARING SVARS AND SEMS: MORE SHOCKING STORIES**
Kenneth Wallis, University of Warwick, United Kingdom  
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**RESTRICTING GROWTH RATES IN COINTEGRATED VAR MODELS**
Håvard Hungnes, Statistics Norway, Norway  
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**WAGE, PRICE, AND UNEMPLOYMENT DYNAMICS AND THE CONVERGENCE TO PURCHASING POWER PARITY IN THE EURO AREA**
Katarina Juselius, University of Copenhagen, Denmark  
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09:30 - 11:00  CONSUMPTION I

Chairperson: Kris Jacobs, McGill University, Canada

AN EXPLORATORY ANALYSIS OF THE EFFECT OF CURRENT INCOME ON THE RELATIVE CHANGE IN AGGREGATE CONSUMPTION: A HETEROGENEOUS HOUSEHOLD APPROACH
Anke Schmalenbach, University of Bonn, Germany
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THE PERSONAL DISCOUNT RATE: EVIDENCE FROM SWISS PENSION FUNDS
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THE RATE OF RISK AVERSION MAY BE LOWER THAN YOU THINK
Kris Jacobs, McGill University, Canada
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HETEROGENEITY IN CONSUMER DEMANDS AND THE INCOME EFFECT: EVIDENCE FROM PANEL DATA
Mette Lunde Christensen, University of Copenhagen, Denmark
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09:30 - 11:00  DISCRETE CHOICE MODELS I

Chairperson: Joachim Grammig, CORE, Belgium

A DISCRETE CHOICE MODEL WITH SOCIAL INTERACTIONS; AN ANALYSIS OF HIGH SCHOOL TEEN BEHAVIOR
Adriaan Soetevent, University of Groningen, Netherlands
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DISCRETE CHOICE MODELS WITH NONIGNORABLE MISSING DATA
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THE ECONOMETRICS OF AIRLINE NETWORK MANAGEMENT
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ESTIMATING BINARY CHOICE MODELS WITH ON-SITE SAMPLES
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09:30 - 11:00  ESTIMATION I
Room 1.1

Chairperson:
Rolf Tschernig, University of Maastricht, Netherlands

GENERALIZED REDUCED RANK REGRESSION
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ESTIMATION OF SIMULTANEOUS SYSTEMS OF SPATIALLY INTERRELATED CROSS SECTIONAL EQUATIONS
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OPTIMAL RATE MULTIVARIATE LOCAL POLYNOMIAL REGRESSION
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HIGHER ORDER PROPERTIES OF GMM AND GENERALIZED EMPIRICAL LIKELIHOOD ESTIMATORS
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09:30 - 11:00  FINANCIAL ECONOMETRICS I
Room 2.2

Chairperson:
Albert Menkveld, Tinbergen Institute Amsterdam, Netherlands

DECISIONMETRICS: A DECISION-BASED APPROACH TO ECONOMETRIC MODELLING
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DEGREE OF MISPRICING WITH THE BLACK-SCHOLES MODEL AND NONPARAMETRIC CURES
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SPLITTING ORDERS IN FRAGMENTED MARKETS: EVIDENCE FROM CROSS-LISTED DUTCH STOCKS
Albert Menkveld, Tinbergen Institute Amsterdam, Netherlands
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THE RISK OF INTERBANK CREDITS: A NEW APPROACH TO THE ASSESSMENT OF SYSTEMIC RISK
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09:30 - 11:00

JOB SEARCH
Chairperson:
Hans Bloemen, Free University Amsterdam, Netherlands

THE EFFECT OF SEARCH FRICTIONS ON WAGES
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UNOBSERVED BILATERAL SEARCH ON THE LABOR MARKET: EMPirical MATCHING FUNCTIONS RECONSIDERED
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JOB SEARCH, HOURS RESTRICTIONS AND DESIRED HOURS OF WORK
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HOUSING TENURE AND LABOUR MOBILITY: A COMPARISON ACROSS EUROPEAN COUNTRIES
Cristina Barcelo, CEMFI, Spain
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09:30 - 11:00  |  Room 1.8  
**GARCH MODELS I**
*Chairperson:*  
Roy van der Weide, University of Amsterdam, Netherlands

**A NEW CLASS OF CHARACTERISTIC-FUNCTION-BASED DISTRIBUTION TESTS AND ITS APPLICATION TO GARCH MODELS**
Yi-Ting Chen, Institute for Social Sciences and Philosophy, Academia Sinica, Taiwan  
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**A NEW CLASS OF MULTIVARIATE SKEW DENSITIES, WITH APPLICATION TO GARCH MODELS**
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**GENERALIZED ORTHOGONAL GARCH - A MULTIVARIATE GARCH MODEL**
Roy van der Weide, University of Amsterdam, Netherlands  
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09:30 - 11:00  |  Room 4.10  
**TREATMENT EFFECTS AND PROGRAM EVALUATION I**
*Chairperson:*  
Enrico Rettore, University of Padua, Italy

**A NEW APPROACH TO ESTIMATE THE WAGE RETURNS TO WORK-RELATED TRAINING**
Edwin Leuven, University of Amsterdam, Netherlands  
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**AN IV MODEL OF QUANTILE TREATMENT EFFECTS**
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**ANOTHER LOOK AT THE REGRESSION DISCONTINUITY DESIGN**
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09:30 - 11:00  WAGES AND EMPLOYMENT I  Room 4.11

Chairperson:
Bishnupriya Gupta, University of Warwick, United Kingdom

A MODEL OF EMPLOYER--EMPLOYEE EFFECTS INDUSTRY CORRELATIONS
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IS THERE JOB COMPETITION AND SKILL MISMATCH AMONG UNEMPLOYED WORKERS IN BELGIUM?
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PRIVATIZATION, YARDSTICK COMPETITION AND EMPLOYMENT DYNAMICS:EVIDENCE FROM BANGLADESH
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09:30 - 11:00  INTRAHOUSEHOLD ALLOCATION I  Room 4.13

Chairperson:
Jennifer Ward-Batts, Claremont McKenna College, United States

A COLLECTIVE MODEL OF CONSUMER BEHAVIOR WITH PRIVATE AND PUBLIC GOODS. SOME EMPIRICAL EVIDENCE FROM U.S. DATA
Olivier P.M.G. Donni, University of Quebec at Montreal, Canada
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WHERE DOES THE UNITARY MODEL GO WRONG ? SIMULATING TAX REFORMS BY MEANS OF UNITARY AND COLLECTIVE LABOUR SUPPLY MODELS. THE CASE FOR BELGIUM
Frederic Vermeulen, Center for Economic Studies, University of Leuven, Belgium
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THE IMPACT OF SEPARATE TAXATION ON THE INTRA-HOUSEHOLD ALLOCATION OF ASSETS: EVIDENCE FROM THE UK
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09:30 - 11:00
CORPORATE GOVERNANCE I
Chairperson:
Tian Zhu, HK University of Science & Technology, Hong Kong

EFFECTS OF OWNERSHIP AND FINANCIAL STATUS ON CORPORATE ENVIRONMENTAL PERFORMANCE
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PRIVATIZATION REVISITED: THE EFFECTS OF FOREIGN AND DOMESTIC OWNERS ON CORPORATE PERFORMANCE
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POLITICIAN CONTROL, AGENCY PROBLEMS, AND FIRM PERFORMANCE: EVIDENCE FROM CHINA
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09:30 - 11:00
COUNT DATA MODELS I
Chairperson:
Joao M. C. Santos Silva, ISEG, Universidade Tecnica de Lisboa, Portugal

MODELING TIME SERIES COUNT DATA: AN AUTOREGRESSIVE CONDITIONAL POISSON MODEL
Andreas Heinen, CORE and UCSD, Belgium
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SELECTION CORRECTION AND SENSITIVITY ANALYSIS FOR ORDERED TREATMENT EFFECT ON COUNT RESPONSE
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09:30 - 11:00
INFLATION
Chairperson:
Marcelo Portugal, UFRGS, Brazil

DO CORE INFLATION MEASURES MEASURE CORE INFLATION?
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THE LONG-RUN RELATIONSHIPS AMONG RELATIVE PRICE VARIABILITY, INFLATION AND THE MARKUP
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INFLATION TARGETING IN BRAZIL: AN EMPIRICAL EVALUATION
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09:30 - 11:00
PANEL DATA APPLICATIONS I
Chairperson:
Kjersti-Gro Lindquist, Central Bank of Norway, Norway

CONVERGENCE IN PER-CAPITA GDP ACROSS EUROPEAN REGIONS: A REAPPRAISAL
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**TWIN PEAKS: DISTRIBUTION DYNAMICS OF ECONOMIC GROWTH ACROSS INDIAN STATES**
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**THE EFFECT OF NEW TECHNOLOGY IN PAYMENT SERVICES ON BANKS’ INTERMEDIATION**
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**SPECIFICATION TESTING**
Chairperson:
Pascal Lavergne, INRA-ESR, France

**COMPARISON OF MODEL SPECIFICATION METHODS**
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**COMPARING PREDICTIVE ACCURACY OF MISSPECIFIED CONDITIONAL DISTRIBUTION MODELS**
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**RATE-OPTIMAL DATA-DRIVEN SPECIFICATION TESTING IN REGRESSION MODELS**
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**Coffee Break**
11:30 - 13:00  
**Invited Sessions**

11:30 - 13:00  
**INVITED SESSION: ECONOMIC THEORY I**  
*Chairperson:*  
Claude d'Aspremont, CORE-University of Louvain, Belgium  
Room 1.1

**COMPETITION IN TWO-SIDED MARKETS**  
Mark Armstrong, Nuffield College, Oxford University, United Kingdom  
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*Discussant(s):*  
Xavier Vives, INSEAD, France  
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11:30 - 13:00  
**INVITED SESSION: ECONOMETRICS I**  
*Chairperson:*  
TBA  
Room 3.1

**ECONOMETRIC ANALYSIS OF REALISED COVARIATION: HIGH FREQUENCY COVARIANCE, REGRESSION AND CORRELATION IN FINANCIAL ECONOMICS**  
Neil Shephard, Nuffield College, Oxford University, United Kingdom  
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Ole E. Barndorff-Nielsen, Aarhus University, Denmark  
*Discussant(s):*  
Enrique Sentana, CEMFI, Spain  
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13:00 - 14:30  
**Lunch**
14:30 - 16:00  **Contributed Sessions**  Economic Theory

14:30 - 16:00  **INDUSTRIAL ORGANISATION I**  
*Chairperson:*  
Rabah Amir, CORE, Belgium

**STRATEGIC R&D INVESTMENT, COMPETITION TOUGHNESS AND GROWTH**  
Claude d’Aspremont, CORE-University of Louvain, Belgium  
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**PATENTS, SEARCH OF PRIOR ART AND REVELATION OF INFORMATION**  
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**MARKET STRUCTURE, SCALE ECONOMIES AND INDUSTRY PERFORMANCE**  
Rabah Amir, CORE, Belgium  
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14:30 - 16:00  **ASSET MARKETS II**  
*Chairperson:*  
Gianluca Cassese, Bocconi University, Italy

**REFINEMENT OF ASSET PRICING AND EQUILIBRIUM WITH FRICTIONS**  
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**ARBITRAGE IN DEFAULTABLE SECURITIES MARKETS WITH A CONTINUUM OF STATES**  
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**SIMPLE ARBITRAGE THEORY**  
Gianluca Cassese, Bocconi University, Italy  
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14:30 - 16:00  **MONETARY POLICY II**  
*Chairperson:*  
Peter Anker, Justus-Liebig-University Giessen, Germany  

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**CHEAP TALK IN REPEATED MONETARY POLICY GAMES**  
Nurlan Turdaliev, McGill University, Canada  
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**ON THE “HIRSHLEIFER EFFECT” OF UNSCHEDULED MONETARY POLICY ANNOUNCEMENTS**  
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**CENTRAL-BANK INFORMATION AND INTEREST-RATE SMOOTHING IN A FORWARD-LOOKING MODEL**  
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14:30 - 16:00  **GAME THEORY II**  
*Chairperson:*  
Alexander Zimper, Mannheim University, Germany  

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**COMMITMENT AND OBSERVABILITY IN AN ECONOMIC ENVIRONMENT**  
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**ON VOLUNTARY AND REPEATABLE PARTNERSHIPS UNDER NO INFORMATION FLOW**  
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**UNIQUENESS OF RATIONALIZABLE SOLUTIONS: A UNIFYING APPROACH**  
Alexander Zimper, Mannheim University, Germany  
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14:30 - 16:00  AUCTIONS I  
Chairperson: Giacomo Calzolari, University of Bologna, Italy

EFFICIENT AUCTION MECHANISMS WITH INTERDEPENDENT VALUATIONS AND MULTIDIMENSIONAL SIGNALS
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THE VALUE OF INFORMATION IN AUCTIONS
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MONOPOLY WITH RESALE
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14:30 - 16:00  CONTRACT THEORY I  
Chairperson: Giuliana Palumbo, Getulio Vargas Foundation and EUI, Brazil

OPTIMAL CONTRACTS IN A DYNAMIC COSTLY STATE VERIFICATION MODEL
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RISK AVERSE SUPERVISORS AND THE EFFICIENCY OF COLLUSION
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DECISION RULES AND INFORMATION PROVISION: MONITORING VS MANIPULATION
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14:30 - 16:00  CORPORATE FINANCE I  Room 5.4

Chairperson:
Anna Maria C. Menichini, CSEF - University of Salerno, Italy

STAGED FINANCING AND ENDOGENOUS LOCK-IN: A MODEL OF START-UP FINANCE
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SIGNALING WITH CAPITAL STRUCTURE DECISIONS UNDER ENDOGENOUS PRODUCT MARKET RETURNS
Gabrielle Wanzenried, University of California Berkeley, United States and University of Bern, Switzerland
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ARE TWO INVESTORS BETTER THAN ONE?
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14:30 - 16:00  FINANCIAL MARKETS I  Room 5.5

Chairperson:
Martín Gonzalez-Eiras, Universidad de San Andres, Argentina

CREDIT CONSTRAINT, FINANCIAL LIBERALIZATION AND TWIN CRISES
Haibin Zhu, Bank for International Settlements, Switzerland
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EVOLUTIONARY DYNAMICS IN FINANCIAL MARKETS WITH MANY TRADER TYPES
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INTERGENERATIONAL CONFLICT AND INTERNATIONAL RISK SHARING
Martín Gonzalez-Eiras, Universidad de San Andres, Argentina
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14:30 - 16:00  MICROECONOMIC THEORY I  
Chairperson: Myrna Wooders, University of Warwick, United Kingdom

THE STRONG SEQUENTIAL CORE IN A DYNAMIC EXCHANGE ECONOMY  
Arkadi Predtetchinski, University of Maastricht, Netherlands  
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DISTRIBUTION OF COMPENSATING VARIATION FOR DISCRETE CHOICE MODELS  
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Karim Kilani, Conservatoire National des Arts et Métiers, France  
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ECONOMIES ALLOWING LARGE CLUBS AND MULTIPLE CLUB MEMBERSHIPS; SOME PRELIMINARY RESULTS  
Myrna Wooders, University of Warwick, United Kingdom  
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Co-Author(s): Nizar Allouch, University of Warwick, United Kingdom

14:30 - 16:00  RESOURCE ECONOMICS II  
Chairperson: Costas Hadjiyiannis, University of Cyprus, Cyprus

SKIBA POINTS AND HETEROCLINIC BIFURCATIONS, WITH APPLICATIONS TO THE SHALLOW LAKE SYSTEM  
Florian Wagener, CeNDEF, Universiteit van Amsterdam, Netherlands  
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OPTIMAL TAX POLICIES UNDER TWO-STAGE CLEAN-UP, CROSS-BORDER POLLUTION AND CAPITAL MOBILITY  
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Michael Michael, University of Cyprus, Cyprus
14:30 - 16:00

FORWARD DIRECT INVESTMENT  
Chairperson:  
Mirko Wiederholt, European University Institute, Italy

ECONOMIC DEVELOPMENT WITH ECONOMIES OF AGGLOMERATION: FDI VERSUS IMPORT SUBSTITUTION  
Nikola Spatafora, IMF, United States  
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THE COMPOSITION OF INTERNATIONAL CAPITAL FLOWS: RISK SHARING THROUGH FOREIGN DIRECT INVESTMENT  
Rui Albuquerque, University of Rochester, United States  
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ENDOGENOUS RATE OF RETURN WEDGES AND CAPITAL ACCUMULATION IN OPEN ECONOMIES  
Mirko Wiederholt, European University Institute, Italy  
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14:30 - 16:00

ECONOMIC INTEGRATION  
Chairperson:  
Leopold von Thadden, Deutsche Bundesbank, Germany

IMPERFECT COMPETITION, MONETARY POLICY AND WELFARE IN A CURRENCY AREA  
Giovanni Lombardo, Deutsche Bundesbank, Germany  
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EUROPEAN INTEGRATION AND EMPLOYMENT. THE NEED FOR FISCAL POLICIES COORDINATION  
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OPTIMAL DEBT MATURITY UNDER EMU  
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FISCAL CRITERIA A LA MAASRICHT AND MONETARY POLICY RULES  
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PORTFOLIO THEORY
Chairperson:
Jean-Luc Prigent, THEMA University of Cergy, France

PORTFOLIO INSURANCE: THE EXTREME VALUE THEORY OF THE CPPI METHOD
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OPTIMAL PORTFOLIO WITH BENCHMARK FOR FUND MANAGERS
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WEAK CONVERGENCE OF HEDGING STRATEGIES OF CONTINGENT CLAIMS
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PRODUCTIVITY
Chairperson:
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USING FACTOR PRICES TO MEASURE PRODUCTIVITY IN A TWO SECTOR GROWTH MODEL
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EUROSCLEROSIS OR JOBLESS GROWTH?
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INCENTIVE CONTRACTS AND TOTAL FACTOR PRODUCTIVITY
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14:30 - 16:00  BANKING I  

**Chairperson:** Hans Degryse, Tilburg University, Netherlands and Katholieke Universiteit Leuven, Belgium

**BANK MERGERS, COMPETITION AND FINANCIAL STABILITY**
Elena Carletti, University of Mannheim, Germany  
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**INFORMATION SHARING IN BANKING: A COLLUSIVE DEVICE?**
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**DISTANCE, LENDING RELATIONSHIPS, AND COMPETITION**
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14:30 - 16:00  Contributed Sessions  

**Econometrics**

14:30 - 16:00  FINANCIAL ECONOMETRICS II  

**Chairperson:** Renee Fry, Queensland University of Technology, Australia

**A DIAGNOSTIC M-TEST FOR DISTRIBUTIONAL SPECIFICATION OF PARAMETRIC CONDITIONAL HETEROSCEDASTICITY MODELS FOR FINANCIAL DATA**
Bernard Lejeune, University of Liège, Belgium  
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**THE IMPORTANCE OF THE LOSS FUNCTION IN OPTION PRICING**
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INTERNATIONAL CONTAGION EFFECTS FROM THE RUSSIAN CRISIS AND THE LTCM NEAR COLLAPSE
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PARAMETRIC PRICING OF HIGHER ORDER MOMENTS IN S&P500 OPTIONS
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14:30 - 16:00
COINTEGRATION: ESTIMATION I
Room 2.2
Chairperson:
Soren Johansen, University of Copenhagen, Denmark

ROOT-N-CONSISTENT ESTIMATION OF WEAK FRACTIONAL COINTEGRATION
Javier Hualde, London School of Economics, United Kingdom
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THE VALUE OF STRUCTURAL INFORMATION IN THE ERROR CORRECTION MODEL
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LOCAL WHITTLE ANALYSIS OF STATIONARY FRACTIONAL COINTEGRATION
Morten Nielsen, University of Aarhus, Denmark
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THE INTERPRETATION OF COINTEGRATING COEFFICIENTS IN THE COINTEGRATED VECTOR AUTOREGRESSIVE MODEL
Soren Johansen, University of Copenhagen, Denmark
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14:30 - 16:00  FORECASTING I  Room 1.1

Chairperson:
John Muellbauer, Nuffield College, Oxford University, United Kingdom

A FORECAST COMPARISON OF VOLATILITY MODELS: DOES ANYTHING BEAT A GARCH(1,1)?
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MODEL SPECIFICATION AND INFLATION FORECAST UNCERTAINTY
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A MULTI-STEP GDP FORECASTING MODEL FOR SOUTH AFRICA
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14:30 - 16:00  INFERENCE I  Room 5.6

Chairperson:
Raffaello Seri, CREST, France

DISTRIBUTION FREE GOODNESS-OF-FIT TESTS FOR LINEAR PROCESSES
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GENERALIZED DISCREPANCIES AND GOODNESS-OF-FIT TESTS
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14:30 - 16:00  NONLINEAR TIME SERIES I

Chairperson:
Donald W. K. Andrews, Yale University, United States

FURTHER RESULTS ON THE ASYMPTOTICS FOR NONLINEAR TRANSFORMATIONS OF INTEGRATED TIME SERIES
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STABILITY RESULTS FOR NONLINEAR VECTOR AUTOREGRESSIONS WITH AN APPLICATION TO A NONLINEAR ERROR CORRECTION MODEL
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END-OF-SAMPLE INSTABILITY TESTS
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AUTOREGRESSIVE CONDITIONAL ROOT MODEL
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14:30 - 16:00  SEMI- AND NON-PARAMETRIC METHODS I

Chairperson:
Carlo Fiorio, London School of Economics and STICERD, United Kingdom

A CONSISTENT SPECIFICATION TEST FOR SEMIPARAMETRIC MODELS
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A SIMPLE TEST FOR NORMALITY FOR TIME SERIES
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MICROSIMULATION AND NON PARAMETRIC ESTIMATION: IS THEIR COMBINATION USEFUL? An APPLICATION TO ITALIAN DATA
Carlo Fiorio, London School of Economics and STICERD, United Kingdom
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14:30 - 16:00  TREATMENT EFFECTS AND PROGRAM EVALUATION II

Chairperson:
Gerard van den Berg, Free University Amsterdam, Netherlands

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ON THE PREDICTIVE DISTRIBUTIONS OF OUTCOME GAINS IN THE PRESENCE
OF AN UNIDENTIFIED PARAMETER

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THE PROMISE OF WORKPLACE TRAINING FOR NON-COLLEGE-BOUND
YOUTH: THEORY AND EVIDENCE FROM GERMAN APPRENTICESHIP

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THE EFFECT OF VOCATIONAL EMPLOYMENT TRAINING ON THE INDIVIDUAL
TRANSITION RATE FROM UNEMPLOYMENT TO WORK

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14:30 - 16:00  UNIT ROOT TESTS I

Chairperson:
Frederique Bec, CREST-ENSAE, France

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A SIMPLE TEST FOR UNIT ROOT BILINEARITY

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UNIT ROOTS AND IDENTIFICATION IN AUTOREGRESSIVE MODELS:
A COMPARISON OF ALTERNATIVE TESTS

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UNIT ROOT TESTS AND THRESHOLD ADJUSTMENT: THE YIELD SPREAD
DYNAMICS REVISITED
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14:30 - 16:00

BOOTSTRAP METHODS I
Chairperson:
Pieter Omtzigt, European University Institute and University of Insubria, Italy

THE INFORMATION MATRIX TEST WITH BOOTSTRAPPED COVARIANCE MATRIX
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COMPARING DENSITY FORECASTS VIA WEIGHTED LIKELIHOOD RATIO TESTS. ASYMPTOTIC AND BOOTSTRAP METHODS
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BOOTSTRAPPING AND BARTLETT CORRECTIONS IN THE COINTEGRATED VAR MODEL
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14:30 - 16:00

TIME SERIES I
Chairperson:
Aleksander Welfe, University of Lodz, Poland

BAYESIAN CLUSTERING OF MANY SHORT TIME SERIES
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SUBSAMPLING INTERVALS IN (UN) STABLE AUTOREGRESSIVE MODELS WITH STATIONARY COVARIATES
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INFLATION IN THE TRANSITION ECONOMY OF POLAND: AN APPLICATION OF SVEQCM
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14:30 - 16:00 MONETARY POLICY TRANSMISSION I
Chairperson:
Philip Vermeulen, European Central Bank, Germany

ECB-COUNCIL MEETINGS AND MONEY MARKET UNCERTAINTY: EVIDENCE FROM OPTION MARKETS
Martin Mandler, University of Giessen, Germany
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THE MONEY SUPPLY PROCESS IN ADVANCED TRANSITION ECONOMIES: THE CASE OF SLOVENIA
Birgit Schmitz, Center for European Integration Studies (ZEI), University of Bonn, Germany
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FIRM INVESTMENT AND MONETARY POLICY TRANSMISSION IN THE EURO AREA
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Andrea Generale, Bank of Italy, Italy,
Ignacio Hernando, Banco de Espana, Spain and
Ulf von Kalckreuth, Bundesbank, Germany
14:30 - 16:00  **NON-LINEAR PANEL DATA MODELS I**  
*Chairperson:*  
Jaap Abbring, Free University Amsterdam, Netherlands and  
University College London, United Kingdom

**MODELING CORNER SOLUTIONS WITH PANEL DATA: APPLICATION TO INDUSTRIAL ENERGY DEMAND IN FRANCE**  
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**MODELLING INTER-REGIONAL IMMIGRATION IN WESTERN GERMANY**  
Herman Bierens, Pennsylvania State University, United States  
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**DECONVOLUTION AND GAUSSIAN LEARNING IN PANELS OF ENDOGENOUS LENGTH**  
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14:30 - 16:00  **REGIME SWITCHING MODELS I**  
*Chairperson:*  
Chung-Ming Kuan, Academia Sinica, Taiwan

**MARKOV-SWTCHING MODELS OF BUSINESS CYCLE: CAN THE ECONOMETRIC MODEL DETECT THE GROWTH REGIME?**  
Guillaume Guerrero, University of Paris 1 Pantheon Sorbonne, France  
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**SWITCHING EQUILIBRIA. THE PRESENT VALUE MODEL FOR STOCK PRICES REVISITED**  
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**THE SEMI-NONSTATIONARY PROCESS: MODEL AND EMPIRICAL EVIDENCE**  
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SUBSAMPLING INFECTION IN THRESHOLD AUTOREGRESSIVE MODELS
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BUSINESS CYCLES: EMPIRICAL
Chairperson:
Thomas Lubik, Johns Hopkins University, United States

EXTRACTING, USING AND ANALYZING CYCLICAL INFORMATION
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DOES SEASONALITY CHANGE OVER THE BUSINESS CYCLE? AN INVESTIGATION USING MONTHLY INDUSTRIAL PRODUCTION SERIES
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TESTING FOR INDETERMINACY IN LINEAR RATIONAL EXPECTATIONS MODELS
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UNEMPLOYMENT AND HEALTH CONDITIONS - A COUNT DATA APPROACH
Anne Moller Dano, AKF, Institute of Local Government Studies, Denmark
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HEALTH AND WORK OF THE ELDERLY: SUBJECTIVE HEALTH MEASURES, REPORTING ERRORS AND THE ENDOGENOUS RELATIONSHIP BETWEEN HEALTH AND WORK
Maarten Lindeboom, Free University Amsterdam, Netherlands
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EFFECT OF CONJUGAL BEREAVEMENT ON HEALTH STATUS AND MORTALITY AT OLD AGES
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16:00 - 16:30 Coffee Break

16:30 - 18:00 JOINT ECONOMIC THEORY AND ECONOMETRIC INVITED SESSION Room 3.1
Chairperson:
TBA

THE EMPIRICAL ANALYSIS IN AUCTION MARKETS
Robert Porter, Northwestern University, United States
e-mail: r-porter@northwestern.edu
Discussant(s):
Bernard Salanie, INSEE-CREST, France
e-mail: salanie@ensae.fr
Monday, August 26, 2002

09:30 - 11:00 **Contributed Sessions**
Economic Theory

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09:30 - 11:00 **INDUSTRIAL ORGANISATION II**
Chairperson: Volker Nocke, University of Pennsylvania, United States

**ON THE RELATIONSHIP BETWEEN FINANCIAL STATUS AND INVESTMENT IN TECHNOLOGICAL FLEXIBILITY**
Marcel Boyer, CIRANO, Université de Montréal, Canada
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Co-Author(s):
Armel Jacques, Université Libre de Bruxelles, Belgium and
Michel Moreaux, Université de Toulouse, France

**IMPERFECT COMPETITION, DEMAND UNCERTAINTY AND CAPACITY CONSTRAINTS - A MICROECONOMIC MODEL OF THE FIRM AND SOME MACROECONOMIC IMPLICATIONS**
Werner Smolny, Ruhr University Bochum, Germany
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**A GAP FOR ME: ENTREPRENEURS AND ENTRY**
Volker Nocke, University of Pennsylvania, United States
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09:30 - 11:00 **EVOLUTION AND LEARNING II**
Chairperson: Theodore Bergstrom, University of California Santa Barbara, United States

**REINFORCEMENT LEARNING AND THE POWER LAW OF PRACTICE: SOME ANALYTICAL RESULTS**
Antonella Ianni, University of Southampton, United Kingdom
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**STOCHASTIC ADAPTATION IN FINITE GAMES PLAYED BY HETEROGENEOUS POPULATIONS**
Jens Josephson, Stockholm School of Economics, Sweden
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EVOLUTION OF SOCIAL BEHAVIOR: INDIVIDUAL AND GROUP SELECTION
Theodore Bergstrom, University of California Santa Barbara, United States
e-mail: tedb@econ.ucsb.edu

09:30 - 11:00 MONETARY POLICY III
Chairperson:
Zeno Rotondi, University of Rome "La Sapienza" and Bank of Rome, Italy
Room 1.11

IMPERFECT CAPITAL MARKETS, INCOME DISTRIBUTION AND THE ‘CREDIT CHANNEL’: A GENERAL EQUILIBRIUM APPROACH
Spiros Bougheas, University of Nottingham, United Kingdom
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OPTIMAL MONETARY POLICY IN THE PRESENCE OF PRICING-TO-MARKET
Jochen Michaelis, University of Kassel, Germany
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MONETARY POLICY AND LEXICOGRAPHIC PREFERENCE ORDERING
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09:30 - 11:00 NETWORKS I
Chairperson:
Andrea Galeotti, Tinbergen Institute-Erasmus University, Netherlands
Room 4.6

NETWORKS OF RELATIONS
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COMMUNICATION NETWORKS AND COOPERATION
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NETWORK FORMATION WITH HETEROGENEOUS PLAYERS
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Co-Author(s):
Sanjeev Goyal, Queen Mary College, London, United Kingdom
09:30 – 11:00  
**POLITICAL ECONOMY II**  
*Chairperson:*  
Ramon Fauli-Oller, University of Alicante, Spain  

**POLITICS IN SEPARATING REGIONS: DELEGATION WHEN DECISIONS ARE TAKEN IN REFERENDA**  
Anders Olofsgard, Georgetown University, United States  
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**POLITICAL UNCERTAINTY AND POLICY INNOVATION**  
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**DELEGATION AND POLARIZATION OF PLATFORMS IN POLITICAL COMPETITION**  
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Ignacio Ortúñoo-Ortín, University of Alicante, Spain  

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09:30 – 11:00  
**GAME THEORY III**  
*Chairperson:*  
Gian Luigi Albano, ELSE, UCL, United Kingdom  

**STRATEGIC EXPERIMENTATION: THE CASE OF POISSON BANDITS**  
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**N-PERSON GAMES WHERE IMITATION ALWAYS HITS A BETTER REPLY**  
Ana B. Ania, University of Vienna, Austria  
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**EXISTENCE OF MIXED STRATEGY EQUILIBRIA IN A CLASS OF DISCONTINUOUS GAMES WITH UNBOUNDED STRATEGY SETS.**  
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Alexander Matros, ELSE, UCL, United Kingdom  
e-mail: a.matros@ucl.ac.uk
09:30 - 11:00  INEQUALITY

Chairperson:
Patrick Moyes, CNRS, IDEP and GRAPE, France

PERSISTENT INEQUALITY WHEN LEARNING REQUIRES MINIMAL STANDARD OF LIVING
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INCOME DISTRIBUTIONS VERSUS LOTTERIES: HAPPINESS, RESPONSE-MODE EFFECTS, AND PREFERENCE REVERSALS
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NON WELFARIST APPROACHES TO INEQUALITY MEASUREMENT
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09:30 - 11:00  INSURANCE

Chairperson:
Arnold Chassagnon, DELTA and GREMAQ, France

NON-MONOTONE INSURANCE CONTRACTS AND THEIR EMPIRICAL CONSEQUENCES
Humberto Moreira, PUC-Rio, Brazil
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WEAK AND STRONG HETEROGENEITY WITH ADVERSE SELECTION: OPTIMAL ALLOCATIONS AND IMPLEMENTATION
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Co-Author(s):
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09:30 - 11:00  INTERNATIONAL TRADE  Room 2.1

Chairperson:
Ted To, US Bureau of Labor Statistics, United States

**ON THE INTERNATIONAL LINKAGES BETWEEN TRADE AND MERGER POLICIES**
Halis Yildiz, Southern Methodist University, United States
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**CUSTOMS UNION WELFARE AND THE CHOICE OF EXTERNAL TARIFF**
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**ANTIDUMPING AND SIGNALING**
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09:30 - 11:00  AUCTIONS II  Room 4.9

Chairperson:
Sergei Izmalkov, The Pennsylvania State University, United States

**BIDDING AMONG FRIENDS AND ENEMIES**
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**REVENUE EQUIVALENCE IN ASYMMETRIC AUCTIONS**
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**ENGLISH AUCTIONS WITH REENTRY**
Sergei Izmalkov, The Pennsylvania State University, United States
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09:30 - 11:00  
**BANKING II**  
Chairperson: 
Hendrik Hakenes, University of Münster, Germany

ARE TRANSITION COUNTRIES OVERBANKED? AN ANSWER FROM INDUSTRIAL ORGANIZATION  
Christa Hainz, University of Munich, Germany  
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AN EMPIRICAL INVESTIGATION OF THE RANK CORRELATION BETWEEN DIFFERENT RISK MEASURES  
Andreas Pflingsten, University of Muenster, Germany  
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BANKS AS DELEGATED RISK MANAGERS  
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09:30 - 11:00  
**CORPORATE FINANCE II**  
Chairperson: 
Antoine Renucci, Groupe ESCT, Université de Toulouse, France

MORAL HAZARD BY INSIDE INVESTORS IN THE CONTEXT OF VENTURE FINANCING  
Jochen Bigus, University of Hamburg, Institute for Law and Economics, Germany  
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THE INTERACTION OF DEBT AND THE MARKET FOR CORPORATE CONTROL  
Georg Gebhardt, University of Munich, Germany  
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ACCESS TO FINANCING AND THE ORGANIZATIONAL STRUCTURE OF THE FIRM  
Antoine Renucci, Groupe ESCT, Université de Toulouse, France  
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09:30 - 11:00  VOTING I  
Chairperson: João Amaro de Matos, Universidade Nova de Lisboa, Portugal

DELEGATION OR VOTING
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ELECTORAL COMPETITION WITH PRIVATELY INFORMED CANDIDATES
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SOCIAL NETWORKS AND THE PARADOX OF VOTING
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Co-Author(s): Pedro Barros, Universidade Nova de Lisboa, Portugal

09:30 - 11:00  TAX COMPETITION  
Chairperson: Trond E. Olsen, Norwegian School of Economics and Business Administration, Norway

GRADUALISM IN TAX TREATIES WITH IRREVERSIBLE FOREIGN DIRECT INVESTMENT
Richard Chisik, Florida International University, United States
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TAX SPILLOVERS UNDER SEPARATE ACCOUNTING AND FORMULA APPORTIONMENT
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MULTINATIONALS AND INTERNATIONAL TAX COMPETITION
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09:30 - 11:00 Contributed Sessions
Econometrics

09:30 - 11:00 FINANCIAL ECONOMETRICS III
Chairperson: Francisco Penaranda, CEMFI, Spain

MIGRATION OF PRICE DISCOVERY WITH CONSTRAINED FUTURES MARKETS
Paul Kofman, University of Melbourne, Australia
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SIMULATED NONPARAMETRIC ESTIMATION OF CONTINUOUS TIME MODELS OF ASSET PRICES AND RETURNS
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EVALUATING PREDICTABILITY OF STOCK AND BOND RETURNS WITH DIFFERENT DENSITY FORECASTS
Francisco Penaranda, CEMFI, Spain
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09:30 - 11:00 GARCH MODELS II
Chairperson:
Felix Chan, University of Western Australia, Australia

A BOUNDED INFLUENCE ESTIMATION AND OUTLIER DETECTION FOR ARCH/GARCH MODELS WITH AN APPLICATION TO FOREIGN EXCHANGE RATES
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AN EXTENDED CONSTANT CONDITIONAL CORRELATION GARCH MODEL AND ITS FOURTH-MOMENT STRUCTURE
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MAXIMUM LIKELIHOOD ESTIMATION OF STAR AND STAR-GARCH MODELS: A MONTE CARLO ANALYSIS
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09:30 - 11:00
SEMI- AND NON-PARAMETRIC METHODS II
Room 1.1
Chairperson:
João Nicolau, Universidade Técnica Lisboa - ISEG, Portugal

A COMPARISON OF DIFFERENT NONPARAMETRIC METHODS FOR INFERENCE ON ADDITIVE MODELS
Stefan Sperlich, Universidad Carlos III de Madrid, Spain
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INSTRUMENTAL VARIABLES, LOCAL INSTRUMENTAL VARIABLES AND CONTROL FUNCTIONS
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BIAS REDUCTION IN NONPARAMETRIC DIFFUSION COEFFICIENT ESTIMATION
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SEMIPARAMETRIC ESTIMATION OF FIRST-PRICE AUCTIONS WITH RISK ADVERSE BIDDERS
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09:30 - 11:00  TREATMENT EFFECTS AND PROGRAM EVALUATION III  Room 4.7

Chairperson:
Lars Pico Geerdsen, University of Copenhagen and Danish National Institute for Social Research, Denmark

DISENTANGLING TREATMENT EFFECTS OF POLISH ACTIVE LABOR MARKET POLICIES: EVIDENCE FROM MATCHED SAMPLES
Jochen Kluve, University of California, Berkeley, United States
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DOES LABOUR MARKET TRAINING MOTIVATE JOB SEARCH? A STUDY OF MOTIVATION/THREAT EFFECTS OF ACTIVATION IN THE DANISH UI SYSTEM
Lars Pico Geerdsen, University of Copenhagen and Danish National Institute for Social Research, Denmark
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09:30 - 11:00  AUCTIONS: EMPIRICAL I  Room 4.10

Chairperson:
Christine Zulehner, University Vienna, Austria

ASSESSING SOCIAL COSTS DUE TO INEFFICIENT PROCUREMENT DESIGN
Matias Eklöf, Uppsala University, Sweden
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BIDDING BEHAVIOR AND BIDDERS’ VALUATIONS IN AUSTRIAN CATTLE AUCTIONS
Christine Zulehner, University Vienna, Austria
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THE REVENUE-EFFECT OF THE BUYER’S OPTION IN MULTI-UNIT ASCENDING AUCTIONS: SALES OF WINE AT RICHELIEU-DROUOT
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ECONOMETRICS OF SHARE AUCTIONS WITH AN APPLICATION TO SALES OF TREASURY SECURITIES
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09:30 - 11:00
INEQUALITY AND POVERTY
Field: ECONOMETRICS OF SHARE AUCTIONS WITH AN APPLICATION TO SALES OF TREASURY SECURITIES

Chairperson:
Charles Bellemare, Tilburg University, Netherlands

PENSIONER FINANCIAL WELL-BEING, EQUIVALENCE SCALES AND ORDERED RESPONSE MODELS
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MODELLING LOW INCOME TRANSITIONS
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SEMI-PARAMETRIC MODELS FOR SATISFACTION WITH INCOME
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NONPARAMETRIC TESTS OF STOCHASTIC DOMINANCE IN MULTIVARIATE DISTRIBUTIONS, WITH AN APPLICATION TO UK DATA
Ian Crawford, Institute for Fiscal Studies, United Kingdom
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09:30 - 11:00
WAGES AND EMPLOYMENT II
Field: ECONOMETRICS OF SHARE AUCTIONS WITH AN APPLICATION TO SALES OF TREASURY SECURITIES

SUPPLEMENTING FORMAL SECTOR EARNINGS THROUGH PARTICIPATION IN INFORMAL PRODUCTION: THE TANZANIAN CASE
Theis Theisen, Agder University College, Norway
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LONG-TERM EFFECTS OF UNPAID OVERTIME. EVIDENCE FOR WEST GERMANY
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CHANGES IN THE DISTRIBUTION OF MALE AND FEMALE WAGES
ACCOUNTING FOR EMPLOYMENT COMPOSITION
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Costas Meghir, IFS and University College London, United Kingdom

09:30 - 11:00  ECONOMICS OF EDUCATION I
Chairperson:
Sebastian Galiani, Universidad de San Andres, Argentina

IS PRIVATE EDUCATION BETTER? EVIDENCE FROM CHILE
Andrea Tokman, Central Bank of Chile, Chile
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ESTIMATING THE EFFECTS OF FAMILY BACKGROUND ON THE RETURN TO EDUCATION
Olivier Deschenes, University of California, Santa Barbara, United States
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EVALUATING THE IMPACT OF SCHOOL DECENTRALIZATION ON EDUCATION QUALITY
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09:30 - 11:00  HOUSEHOLD BEHAVIOUR I
Chairperson:
Rob Alessie, Free University Amsterdam, Netherlands

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TESTING FOR THE OPTION VALUE OF MIGRATION
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CONSUMER CREDIT: EVIDENCE FROM ITALIAN MICRO DATA
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09:30 - 11:00
WAGE DIFFERENTIALS
Chairperson:
Helena Skyt Nielsen, Aarhus School of Business, Denmark

INTER-INDUSTRY WAGE DIFFERENTIALS AND THE BARGAINING REGIME IN A CORPORATIST COUNTRY: BELGIUM
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THE CHANGING GENDER GAP ACROSS THE WAGE DISTRIBUTION IN THE UK
Bernd Fitzenberger, University of Mannheim, Germany
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QUALIFICATIONS, DISCRIMINATION, OR ASSIMILATION ? AN EXTENDED FRAMEWORK FOR ANALYSING IMMIGRANT WAGE GAPS
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Nina Smith, Aarhus School of Business, Denmark

09:30 - 11:00
DURATION I
Chairperson:
Nikolaus Hautsch, University of Konstanz, Germany

THE SINGULARITY OF THE EFFICIENCY BOUND OF THE MIXED PROPORTIONAL HAZARD MODEL
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MODELING DYNAMIC EFFECTS OF PROMOTION ON INTERPURCHASE TIMES
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TESTING THE CONDITIONAL MEAN FUNCTION OF AUTOREGRESSIVE CONDITIONAL DURATION MODELS
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DURATION DEPENDENCE AND TIMEVARYING VARIABLES IN DISCRETE TIME DURATION MODELS
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09:30 - 11:00
LABOUR DEMAND I

Chairperson:
Michael Gerfin, University of Bern, Switzerland

COMPETITION FOR MULTINATIONAL ACTIVITY IN EUROPE: THE ROLE PLAYED BY WAGES AND MARKET SIZE
Karolina Ekholm, Stockholm School of Economics, Sweden
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MEASURING THE EFFECT OF GLOBALISATION ON LABOUR DEMAND ELASTICITY: AN EMPIRICAL APPLICATION TO OECD COUNTRIES
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DOES SUBSIDISED TEMPORARY EMPLOYMENT GET THE UNEMPLOYED BACK TO WORK? AN ECONOMETRIC ANALYSIS OF TWO DIFFERENT SCHEMES
Michael Gerfin, University of Bern, Switzerland
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Co-Author(s):
Michael Lechner, University of St.Gallen, Switzerland
09:30 - 11:00  STRUCTURAL BREAKS I  
Chairperson:  
Alain Hecq, University of Maastricht, Netherlands

TESTING FOR STRUCTURAL BREAKS IN NONLINEAR DYNAMIC MODELS  
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LEAST SQUARES ESTIMATION AND TESTS OF BREAKS IN MEAN AND VARIANCE UNDER MISSPECIFICATION  
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SHORT-RUN ATTRACTOR REGIMES AND THE CYCLICAL BEHAVIOR OF OUTPUT AND PRICES  
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09:30 - 11:00  PANEL DATA APPLICATIONS II  
Chairperson:  
Peter Dolton, University of Newcastle, United Kingdom

AGGREGATION AND AGGREGATION BIASES IN PRODUCTION FUNCTIONS: A PANEL DATA ANALYSIS OF TRANSLOG MODELS  
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FIXED VS RANDOM COEFFICIENT IN AN UNBALANCED DATA SET  
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REDUCING ATTRITION BIAS USING TARGETED REFRESHMENT SAMPLING AND MATCHING  
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09:30 - 11:00  STRUCTURAL DYNAMIC MODELS  Room 5.5
Chairperson:
Linda Wong, Binghamton University, United States

AN EMPIRICAL MODEL OF MAINFRAME COMPUTER INVESTMENT
SungJin Cho, Yale University, United States
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BEHAVIOR IN A DYNAMIC DECISION PROBLEM: EVIDENCE FROM THE LABORATORY
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Kevin McCabe, George Mason University, United States

ESTIMATION OF A DYNAMIC STRUCTURAL MODEL OF IRREVERSIBLE INVESTMENT
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STRUCTURAL ESTIMATION OF MARRIAGE MODELS
Linda Wong, Binghamton University, United States
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11:00 - 11:30  Coffee Break

11:30 - 13:00  Invited Sessions

11:30 - 13:00  INVITED SESSION: ECONOMIC THEORY II  Room 3.1
Chairperson:
Ariel Rubinstein, Princeton University, United States and
Tel Aviv University, Israel

THE ECONOMICS OF RELATIVE CONSUMPTION
Larry Samuelson, University of Wisconsin-Madison, United States
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Discussant(s):
Georg Nöldeke, University of Bonn, Germany
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Monday, August 26, 2002
11:30 - 13:00  
**INVITED SESSION: ECONOMETRICS II**  
*Chairperson:*
TBA  
*Room 1.1*  
**EQUILIBRIUM SEARCH MODELS FOR MATCHES EMPLOYER/EMPLOYEE DATA**  
Jean Marc Robin, CREST, INRA, France  
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*Discussant(s):*  
Zvi Eckstein, Tel Aviv University, Israel  
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13:00 - 14:30  
**Lunch**

14:30 - 16:00  
**ECONOMIC THEORY**  
**INDUSTRIAL ORGANISATION III**  
*Chairperson:*
Marie-Elise Dumans, CREST-LEI, France  
*Room 4.6*  
**COORDINATION IN MARKETS WITH CONSUMPTION EXTERNALITIES: THE ROLE OF ADVERTISING AND PRODUCT QUALITY**  
Tuvana Pastine, Bilkent University and CEPR, Turkey  
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Ivan Pastine, Bilkent University and CEPR, Turkey

**NO LOGO? GLOBAL AND LOCAL PLAYERS, AND THE CONTEST FOR MANAGERIAL SKILLS**  
Volker Grossmann, University of Zurich, Switzerland  
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**COMPETITION BETWEEN ON LINE RETAILERS AND TRADITIONAL SHOPS**  
Marie-Elise Dumans, CREST-LEI, France  
e-mail: dumans@ensae.fr

14:30 - 16:00  
**EVOLUTION AND LEARNING III**  
*Chairperson:*
Susanna Sällström, Cambridge University, United Kingdom  
*Room 5.1*  
**EVOLUTIONARY INSIGHTS ON THE WILLINGNESS TO COMMUNICATE**  
Sjaak Hurkens, Universitat Pompeu Fabra, Spain  
*Co-Author(s):*  
Karl Schlag, EUI, Italy
EVOLUTION AND THE SOCIAL DILEMMA
Jörg Oechssler, University of Bonn, Germany
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TRAPPED, DELAYED AND HANDICAPPED
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14:30 - 16:00
LAW AND ECONOMICS I
Chairperson:
Daniela Fabbri, Institut d'Analisi Economica (IAE-CSIC), Spain

DOES DIVORCE LAW MATTER?
Giulio Fella, Queen Mary University of London, United Kingdom
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PREPONDERANCE OF THE EVIDENCE
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LEGAL INSTITUTIONS, CORPORATE GOVERNANCE AND AGGREGATE ACTIVITY: THEORY AND EVIDENCE
Daniela Fabbri, Institut d'Analisi Economica (IAE-CSIC), Spain
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14:30 - 16:00
MONETARY THEORY I
Chairperson:
Ross M. Starr, University of California, San Diego, United States

STABILITY AND INSTABILITY UNDER NOMINAL INCOME TARGETING
Baotai Wang, University of Northern British Columbia, Canada
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DOES IT MATTER (FOR EQUILIBRIUM DETERMINACY) WHAT PRICE INDEX THE CENTRAL BANK TARGETS?
Fabio Ghironi, Boston College, United States
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Timothy Fuerst, Bowling Green State University, United States
GENERAL EQUILIBRIUM IN A SEGMENTED MARKET ECONOMY WITH CONVEX TRANSACTION COST: EXISTENCE, EFFICIENCY, COMMODITY AND FIAT MONEY
Ross M. Starr, University of California, San Diego, United States
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14:30 - 16:00

NETWORKS II
Chairperson:
Pascal Billand, CREUSET, France

EXCLUSION AND COOPERATION IN SOCIAL NETWORK EXPERIMENTS
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NETWORK FORMATION AND COORDINATION: BARGAINING THE DIVISION OF LINK COSTS
Miguel A. Meléndez-Jiménez, Universidad de Alicante and Universidad de Málaga, Spain
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NON COOPERATIVE NETWORKS IN OLIGOPOLY
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14:30 - 16:00

GAME EXPERIMENTS I
Chairperson:
Nick Vriend, Queen Mary, University of London, United Kingdom

PUBLIC VERSUS PRIVATE EXCHANGES
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STRATEGIC DELEGATION IN EXPERIMENTAL MARKETS
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Hans-Theo Normann, Royal Holloway, United Kingdom
ON SMILES, WINKS, AND HANDSHAKES: CAN THEY ENHANCE COORDINATION?
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14:30 - 16:00

LABOUR MOBILITY
Chairperson:
Heikki Kauppi, University of Helsinki, Finland

A THEORY OF EDUCATION, UNEMPLOYMENT AND JOB MOBILITY
Bruno Decreuse, CNRS, EUREQua and Université Paris 1 Panthéon-Sorbonne, France
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AN EMPIRICAL MEASURE FOR LABOR MARKET DENSITY
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HOUSING MARKETS, BORROWING CONSTRAINTS AND LABOR MOBILITY
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14:30 - 16:00

BANKING REGULATION I
Chairperson:
Dimitrios Tsomocos, Bank of England and University of Oxford, United Kingdom

WILL AN OPTIMAL DEPOSIT INSURANCE ALWAYS DECREASE THE PROBABILITY OF SYSTEMATIC BANKING CRISIS? OR: CONTAGIOUS BANK RUNS AND THE INVESTMENT BEHAVIOUR OF BANKS
Mathias Drehmann, University of Bonn, Germany
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WHEN BASEL II DOESN'T WORK: CONTINGENCY RULES VERSUS FIXED REQUIREMENTS
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PROCYCLICALITY AND THE NEW BASEL ACCORD-BANKS' CHOICE OF LOAN RATING SYSTEM
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14:30 - 16:00

PRINCIPAL-AGENT MODELS
Chairperson:
David Pérez-Castrillo, Universitat Autonoma de Barcelona, Spain

GETTING TO KNOW YOUR AGENT: INTERIM INFORMATION IN LONG TERM CONTRACTUAL RELATIONSHIPS
Roland Strausz, Free University Berlin, Germany
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SHOULD PRINCIPALS REVEAL THEIR PRIVATE INFORMATION?
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THE PRINCIPAL-AGENT MATCHING MARKET
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14:30 - 16:00  CONTRACT THEORY II  Room 4.10

Chairperson:
Lucia Quesada, GREMAQ - University of Toulouse, France

AGENCY THEORY AND DURABLE GOODS FIRMS: THEORY AND EVIDENCE FROM CEO INCENTIVE CONTRACTS
Ana Isabel Saracho, University of the Basque Country, Spain
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THE HOLD-DOWN PROBLEM
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ORGANIZATIONAL ARRANGEMENTS AND RISK AVERSION
Lucia Quesada, GREMAQ - University of Toulouse, France
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14:30 - 16:00  FINANCIAL MARKETS II  Room 4.11

Chairperson:
Tuomas Takalo, Bank of Finland, Finland

RELATIVE PERFORMANCE, RISK AND ENTRY IN THE MUTUAL FUND INDUSTRY
Emanuela Sciubba, University of Cambridge, United Kingdom
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ENDOGENOUS ASSET-PRICE FLUCTUATIONS IN A CREDIT-FINANCED ECONOMY
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ANOTHER LOOK AT INFORMATION ACQUISITION UNDER FULLY REVEALING ASSET PRICES
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MICROECONOMIC THEORY II
Chairperson:
Akira Yamazaki, Hitotsubashi University, Japan

MONOPOLY, EXTERNALITIES AND NON-PROFIT MAXIMISING FIRMS
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SMALL INCOME EFFECTS DESTROY THE EFFICIENCY OF ALL EQUILIBRIA IN FINANCE ECONOMIES WITH PRODUCTION
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ON THE EXACT PRICE COORDINATION OF DEMAND AND SUPPLY IN A LARGE ECONOMY
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VOTING II
Chairperson:
Valentino Larcinese, London School of Economics, United Kingdom

INFORMATION AGGREGATION, COSTLY VOTING AND COMMON VALUES
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LEARNING AND VOTERS’ TURNOUT
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THE INSTRUMENTAL VOTER GOES TO THE NEWS-AGENT: DEMAND FOR INFORMATION, ELECTION CLOSENESS, AND THE MEDIA
Valentino Larcinese, London School of Economics, United Kingdom
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### UNEMPLOYMENT I

**Chairperson:**
Malherbet Franck, CREST-INSEE and EUREQua-University Paris I, France

#### LABOR MARKET FLOWS AND EQUILIBRIUM SEARCH UNEMPLOYMENT
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#### WAGE RIGIDITY OR FISCAL REDISTRIBUTION? THE UNEMPLOYMENT BIAS OF TIME CONSISTENT REDISTRIBUTIVE POLICIES
Etienne Lehmann, CREUSET University of Saint-Etienne and EUREQua University Paris 1, France
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#### UNEMPLOYMENT COMPENSATION FINANCE AND AGGREGATE EMPLOYMENT FLUCTUATIONS
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### ECONOMIC GEOGRAPHY

**Chairperson:**
Andre De Palma, THEMA - Université de Cergy Pontoise, France

#### ENDOGENOUS QUALIFICATIONS AND FIRMS’ AGGLOMERATION
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#### A SPATIAL MODEL OF TRADE
Esteban Rossi-Hansberg, University of Chicago, United States
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#### THE ECONOMICS OF PARKING: ROAD CONGESTION AND SEARCH FOR PARKING
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14:30 - 16:00  
**Contributed Sessions**  
Econometrics

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14:30 - 16:00  
**COINTEGRATION AND INFEERENCE**  
*Chairperson:*  
F Javier Fernández-Macho, University of the Basque Country, Spain

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**A RESIDUAL-BASED LM TEST FOR FRACTIONAL COINTEGRATION**  
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**COINTEGRATION AND STRUCTURAL BREAKS**  
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**TESTING THE FRACTIONAL COINTEGRATION HYPOTHESIS**  
F Javier Fernández-Macho, University of the Basque Country, Spain  
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14:30 - 16:00  
**CONSUMPTION II**  
*Chairperson:*  
Luigi Pistaferri, Stanford University, United States

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**RISK SHARING WITH FORMAL AND INFORMAL CONTRACTS: THEORY, SEMI-PARAMETRIC IDENTIFICATION AND ESTIMATION**  
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*Co-Author(s):*  
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hierry Magnac, INRA-LEA and CREST, France

**THE LAW OF AGGREGATE DEMAND: EMPIRICAL EVIDENCE FROM INDIA USING NONPARAMETRIC DIRECT AVERAGE DERIVATIVE ESTIMATION PROCEDURE**  
Manisha Chakrabarty, University of Bonn, Germany  
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PARTIAL INSURANCE, INFORMATION, AND CONSUMPTION DYNAMICS
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CONSUMPTION PATTERNS OVER PAY PERIODS
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14:30 - 16:00
ESTIMATION II
Chairperson:
Spyros Skouras, Santa Fe Institute, United States

THE MEAN SQUARED ERROR OF THE INSTRUMENTAL VARIABLE ESTIMATOR WHEN THE DISTURBANCE HAS AN ELLIPTICAL DISTRIBUTION
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MINIMAL CHI-SQUARE ESTIMATION WITH CONDITIONAL MOMENT RESTRICTIONS
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THE SIGN OF A MEAN REGRESSION: CHARACTERISATION, ESTIMATION AND APPLICATIONS
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SELECTION BIAS CORRECTION BASED ON THE MULTINOMIAL LOGIT MODEL
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Martin Fournier, CREDI, France
14:30 - 16:00  
**FORECASTING II**  
*Chairperson:*
Jesus Otero, Universidad del Rosario, Colombia

---

**EVALUATING NONLINEAR MODELS ON POINT AND INTERVAL FORECASTS: AN APPLICATION WITH EXCHANGE RATE RETURNS**
Gianna Boero, University of Warwick, United Kingdom and CRENoS and University of Cagliari, Italy  
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**FORECAST ACCURACY AFTER PRETESTING WITH AN APPLICATION TO THE STOCK MARKET**
Jan Magnus, CentER, Tilburg University, Netherlands  
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*Co-Author(s):*
Dmitri Danilov, Tilburg University, Netherlands

**FORECASTING THE SPOT PRICES OF VARIOUS COFFEE TYPES USING LINEAR AND NON-LINEAR ERROR CORRECTION MODELS**
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Costas Milas, Brunel University, United Kingdom and Theodore Panagiotidis, University of Sheffield, United Kingdom

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14:30 - 16:00  
**TREATMENT EFFECTS AND PROGRAM EVALUATION IV**  
*Chairperson:*
Bruno Crepon, CREST, France and Rozenn Desplatz, Direction de la prévision, France

---

**EVALUATING THE EMPLOYMENT EFFECTS OF PUBLIC SECTOR SPONSORED TRAINING IN EAST GERMANY: CONDITIONAL DIFFERENCE-IN-DIFFERENCES AND ASHENFELTER’S DIP**
Annette Bergemann, University of Mannheim, Germany  
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*Co-Author(s):*
Bernd Fitzenberger, University of Mannheim, Germany and Stefan Speckesser, University of Mannheim, Germany

**EVALUATION OF A FOCALIZED EDUCATION PROGRAM: THE P900 PROGRAM**
Andrea Tokman, Central Bank of Chile, Chqile  
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EVALUATION OF THE EFFECTS OF PAYROLL TAX SUBSIDIES FOR LOW WAGE WORKER
Bruno Crepon, CREST, France
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Co-Author(s):
Rozenn Desplatz, Direction de la prévision, France

14:30 - 16:00 UNIT ROOT TESTS II
Chairperson:
Nicolas Million, EUREQua Université Paris 1, France

THE ROLE OF DETERMINISTIC COMPONENTS IN THE FRACTIONAL DICKEY-FULLER TEST FOR UNIT ROOTS
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UNIT ROOT TESTS IN THREE REGIME SETAR MODELS
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MONETARY POLICIES, THE OIL CRISIS AND THE FISHER EFFECT HYPOTHESIS
Nicolas Million, EUREQua Université Paris 1, France
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14:30 - 16:00 TIME SERIES II
Chairperson:
Chris Heaton, Macquarie University, Australia

FACTOR FORECASTS FOR THE UK
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A PARTITIONING APPROACH TO THE SPECIFICATION OF LARGE VAR MODELS: WITH AN APPLICATION TO THE DAX30 SERIES
Michael A. Hauser, Vienna University of Economics and BA, Austria
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### IDENTIFICATION AND ESTIMATION OF CAUSAL FACTOR MODELS OF STATIONARY TIME SERIES
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#### 14:30 - 16:00  
**DYNAMIC PANEL DATA**  
*Chairperson:*  
Hugo Kruiniger, Queen Mary, University of London, United Kingdom

#### A COMPUTATIONALLY PRACTICAL SIMULATION ESTIMATOR FOR DYNAMIC PANEL DATA MODELS WITH UNOBSERVED ENDOGENOUS STATE VARIABLES
Robert Sauer, The Hebrew University of Jerusalem, Israel and Brown University, United States  
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**DYNAMIC EXTERNALITIES, LOCAL INDUSTRIAL STRUCTURE AND ECONOMIC DEVELOPMENT: PANEL DATA EVIDENCE FOR MOROCCO**  
Maurice Bun, University of Amsterdam, Netherlands  
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**ON THE ESTIMATION OF PANEL REGRESSION MODELS WITH FIXED EFFECTS**  
Hugo Kruiniger, Queen Mary, University of London, United Kingdom  
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### COST FUNCTIONS AND PRODUCTION ANALYSIS

#### 14:30 - 16:00  
**Chairperson:**  
Urs Birchler, Swiss National Bank, Switzerland

#### MEASURING COST EFFICIENCY IN EUROPEAN BANKING: A COMPARISON OF FRONTIER TECHNIQUES
Laurent Weill, Université Robert Schuman, France  
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**HOW DO FIRMS RESPOND TO CHEAPER COMPUTERS? MICROECONOMETRIC EVIDENCE FOR France BASED ON A PRODUCTION FUNCTION APPROACH**  
Nicolas Riedinger, INSEE CREST, France  
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DO DEPOSITORS DISCIPLINE SWISS BANKS?
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DOMESTIC AND INTERNATIONAL INFLUENCES ON BUSINESS CYCLE REGIMES IN EUROPE
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EUROCOIN: A REAL TIME COINCIDENT INDICATOR OF THE EURO AREA BUSINESS CYCLE
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CROSS-COUNTRY VARIATION IN THE LIQUIDITY EFFECT
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INVESTMENT DECISION AND THE SPATIAL DIMENSION: EVIDENCE FROM FIRM LEVEL DATA
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INVESTMENT
Chairperson:
Frédéric Verschueren, FUCaM and Lille3, Belgium
VENTURE CAPITAL INVESTMENT AND LABOR MARKET PERFORMANCE: A PANEL DATA ANALYSIS
Ansgar Belke, University of Hohenheim, Germany
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Co-Author(s):
Rainer Fehn, University of Wuerzburg, Germany and
Neil Foster, University of Vienna, Austria
EXACT SOLUTION TO NON LINEAR EULER EQUATION OF INVESTMENT WITH STOCHASTIC INTEREST RATE
Frédéric Verschueren, FUCaM and Lille3, Belgium
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14:30 - 16:00
PARAMETER STABILITY
Chairperson:
Jesus Crespo-Cuaresma, University of Vienna, Austria

ARE TASTE AND TECHNOLOGY PARAMETERS STABLE? A TEST OF "DEEP" PARAMETER STATBILITY IN REAL BUSINESS CYCLE MODELS OF THE U.S. ECONOMY
Daniel Swaine, University of New Hampshire, United States
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EXTERNAL BOOTSTRAP TESTS FOR PARAMETER STABILITY
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REVISITING OKUN'S LAW: A PIECEWISE-LINEAR APPROACH
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14:30 - 16:00
SIMULATION BASED ESTIMATION
Chairperson:
Brian Krauth, Simon Fraser University, Canada

A METHOD OF SIMULATED SCORES FOR IMPUTATION OF CONTINUOUS VARIABLES MISSING AT RANDOM
Giorgio Calzolari, University of Florence, Italy
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A NONPARAMETRIC SIMULATED MAXIMUM LIKELIHOOD ESTIMATION METHOD
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LINKING INDIVIDUAL AND AGGREGATE PRICE CHANGES
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SIMULATION-BASED ESTIMATION OF PEER EFFECTS
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14:30 - 16:00
LONG MEMORY I
Chairperson:
Gilles Teyssiére, GREQAM and CORE, France

GAUSSIAN SEMIPARAMETRIC INFERENCE ON LONG MEMORY IN STOCHASTIC VOLATILITY MODELS
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LONG RANGE DEPENDENCE IN DAILY STOCK RETURNS
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BUBBLES AND LONG RANGE DEPENDENCE IN ASSET PRICES VOLATILITIES
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14:30 - 16:00
EMPIRICAL INDUSTRIAL ORGANIZATION
Chairperson:
Etienne Pfister, TEAM-CNRS-Université de Paris 1, France

MARK-UPS, ECONOMIES OF SCALE AND THE ROLE OF KNOWLEDGE SPILLOVERS IN OECD INDUSTRIES
Nicola Brandt, University of Hamburg, Germany
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Monday, August 26, 2002
INFERRING BUYER STRATEGIES AND THEIR IMPACT ON MONOPOLIST PRICING
Jim Engle-Warnick, Nuffield College, United Kingdom
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THE IMPACT OF UPSTREAM MERGERS ON RETAIL GASOLINE MARKETS
Mark Manuszak, Carnegie Mellon University, United States
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THE VALUE OF INTERFIRM COOPERATION: AN EVENT STUDY OF NEW PARTNERSHIP ANNOUNCEMENTS IN THE PHARMACEUTICAL INDUSTRY
Pfister Etienne, TEAM-CNRS-Université de Paris 1, France
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16:00 - 16:30 Coffee Break

16:00 - 17:30 FISHER SCHULTZ LECTURE
Chairperson:
Rafael Repullo, CEMFI, Spain
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LIQUIDITY, INTEREST RATES, AND ASSET PRICES
Douglas Gale, New York University, United States
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Tuesday, August 27, 2002

09:30 - 11:00  Contributed Sessions
Economic Theory

09:30 - 11:00  LAW AND ECONOMICS II
Chairperson:
James Anderson, Boston College, United States
Room 2.2

PERJURY VERSUS TRUTH-REVELATION: QUANTITY OR QUALITY OF TESTIMONY
Winand Emons, University of Bern, Switzerland
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COURTS OF LAW AND UNFORESEEN CONTINGENCIES
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COPS AND ROBBERS: INFORMAL TRADE AND THE STATE
James Anderson, Boston College, United States
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Oriana Bandiera, London School of Economics, United Kingdom

09:30 - 11:00  MONETARY THEORY II
Chairperson:
Andrew Levin, Federal Reserve Board, United States
Room 1.6

STRONG AND WEAK CURRENCIES IN A SEARCH-THEORETIC MODEL OF MONEY
Richard Dutu, University of Paris X, France
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ON THE MICRO-FOUNDATIONS OF MONEY: THE CAPITOL HILL BABY-SITTING CO-OP
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TRANSFERABILITY, FINALITY, AND DEBT SETTLEMENT
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09:30 - 11:00
POLITICAL ECONOMY III
Chairperson:
Philipp Harms, University of Konstanz, Germany

SOCIAL MOBILITY AND ENDOGENOUS POLITICAL CYCLES
Francesco Zollino, Bank of Italy, Italy
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MEETINGS WITH COSTLY PARTICIPATION: AN EMPIRICAL INVESTIGATION
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GROWING INTO AND OUT OF SOCIAL CONFLICT
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09:30 - 11:00
GAME EXPERIMENTS II
Chairperson:
Frank Heinemann, Ludwig-Maximilians-University Munich, Germany

REINFORCEMENT, REPEATED GAMES, AND LOCAL INTERACTION
Oliver Kirchkamp, University of Mannheim, SFB 504, Germany
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ISOLATING SOCIAL INTERACTION EFFECTS - AN EXPERIMENTAL INVESTIGATION
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Urs Fischbacher, University of Zurich, Switzerland

SPECULATIVE ATTACKS AND FINANCIAL ARCHITECTURE: EXPERIMENTAL ANALYSIS OF COORDINATION GAMES WITH PUBLIC AND PRIVATE INFORMATION
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09:30 - 11:00
HUMAN CAPITAL
Chairperson:
Arpad Abraham, Universitat Pompeu Fabra, Spain and London Business School, United Kingdom

HUMAN CAPITAL AND CONVERGENCE IN A NON-SCALE R&D GROWTH MODEL
Fidel Perez-Sebastian, University of Alicante, Spain
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LIFE EXPECTANCY, SCHOOLING TIME, VINTAGE HUMAN CAPITAL AND GROWTH
Cruz Echevarria, Universidad del Pais Vasco, Spain
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WAGE INEQUALITY AND EDUCATION POLICY WITH SKILL-BIASED TECHNOLOGICAL CHANGE IN OG SETTING
Arpad Abraham, Universitat Pompeu Fabra, Spain and London Business School, United Kingdom
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09:30 - 11:00

**INDUSTRIAL ORGANISATION: LABELS**

*Chairperson:*
Tommy Staahl Gabrielsen, University of Bergen, Norway

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**WHO WILL PRODUCE THE PRIVATE LABEL?**

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**TRUSTING LABELS: A MATTER OF NUMBERS?**

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**PRIVATE LABELS, PRICE RIVALRY, AND PUBLIC POLICY**

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09:30 - 11:00

**LABOUR MARKETS**

*Chairperson:*
Ferdinand von Siemens, University of Munich, Germany

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**LABOR MARKET EXPERIENCE AND THE GENDER GAP**

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**FLEXIBLE RETIREMENT AND DIFFERENTIAL MORTALITY**

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**EMPLOYMENT CONTRACTS, HIDDEN CHARACTERISTICS AND FAIRNESS**

Ferdinand von Siemens, University of Munich, Germany
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09:30 - 11:00  **OLIGOPOLY I**  
*Chairperson:* Thomas Sparla, Dortmund University, Germany

**BERTRAND EQUILIBRIA AND SHARING RULES**  
Steffen H. Hoernig, Universidade Nova de Lisboa, Portugal  
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**TWO FIRMS IS ENOUGH FOR COMPETITION, BUT THREE OR MORE IS BETTER**  
Jose-Luis Moraga-Gonzalez, Erasmus University Rotterdam, Netherlands  
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**CLOSURE OPTIONS IN DUOPOLY: THE CASE OF SECOND-MOVER ADVANTAGES**  
Thomas Sparla, Dortmund University, Germany  
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09:30 - 11:00  **AUCTIONS III**  
*Chairperson:* Veronika Grimm, Humboldt University, Germany

**PRICE BIDS AND CAPACITY CHOICE IN ELECTRICITY MARKETS**  
Claude Crampes, IDEI and GREMAQ, University of Toulouse, France  
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Anna Creti, IDEI and LEERNA, University of Toulouse, France

**TREASURY AUCTIONS IN SPAIN: A LINEAR APPROACH**  
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**SELLING SHARES TO RETAIL INVESTORS: AUCTION VS. FIXED PRICE**  
Veronika Grimm, Humboldt University, Germany  
e-mail: grimm@wiwi.hu-berlin.de
09:30 - 11:00

**BANKING III**

*Chairperson:*
William Roberds, Federal Reserve Bank of Atlanta, United States

---

**EFFICIENT PRICING OF LARGE VALUE INTERBANK PAYMENT SYSTEMS**
Cornelia Holthausen, European Central Bank, Germany
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**THE IMPACT OF MACROECONOMIC UNCERTAINTY ON BANK LENDING BEHAVIOR**
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**COMPARING IN FINANCIAL INTERMEDIATION**
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09:30 – 11:00

**CORPORATE FINANCE III**

*Chairperson:*
Kay Giesecke, Humboldt University at Berlin, Germany

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**FINANCIAL INSTITUTIONS AND THE ALLOCATION OF TALENT**
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**WHAT ARE THE DETERMINANTS OF THE NUMBER OF BANK RELATIONS OF JAPANESE FIRMS?**
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DEFAULT COMPENSATOR, INCOMPLETE INFORMATION, AND THE TERM STRUCTURE OF CREDIT SPREADS
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MARKET MICROSTRUCTURE
Chairperson:
Christine Parlour, Carnegie Mellon University, United States

TRANSPARENCY, LIQUIDITY AND PRICE FORMATION
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DISCRETE PRICES AND COMPETITION IN A DEALER MARKET
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GROWTH AND DEVELOPMENT
Chairperson:
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ON THE MULTIPLE CAUSES OF THE POVERTY OF NATIONS
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EARLY MORTALITY DECLINES AT THE DAWN OF MODERN GROWTH
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09:30 - 11:00  RATIONALITY AND CHOICE
Chairperson:
Wulf Gaertner, University of Osnabrueck, Germany

RATIONALIZING CHOICE FUNCTIONS BY MULTIPLE RATIONALES
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09:30 - 11:00  R&D AND INNOVATIONS I
Chairperson:
W. Henry Chiu, University of Manchester, United Kingdom

TECHNOLOGY ADOPTION WITH PRODUCTION EXTERNALITIES
Luca Colombo, Universitaet Bielefeld, Germany Catholic University of Milan, Italy
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TRADE UNIONS, INNOVATION ADOPTION, AND SOCIAL WELFARE
W. Henry Chiu, University of Manchester, United Kingdom
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09:30 - 11:00  **Contributed Sessions**  
Econometrics

09:30 - 11:00  **FINANCIAL ECONOMETRICS IV**  
*Chairperson:*
Helena Beltran Lopez, CORE and UCL, Belgium

**BEAR AND BULL MARKET CONDITIONS AND CAPM-BETA INSTABILITY:**  
A BIVARIATE DENSITY ESTIMATION APPROACH  
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*Co-Author(s):*  
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**A CORE INFLATION INDEX FOR THE EURO AREA**  
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Lucrezia Reichlin, CEPR, ECARES, Université Libre de Bruxelles, Belgium and  
Giovanni Veronese, Bank of Italy, Italy

**EXPECTED AND UNEXPECTED COST OF TRADING IN THE XETRA AUTOMATED AUCTION MARKET**  
Helena Beltran Lopez, CORE and UCL, Belgium  
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Joachim Grammig, CORE, Belgium

**ON THE SIMULTANEITY OF COMPONENTS OF THE TRANSACTION PROCESS**  
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09:30 - 11:00  **CONSUMPTION III**  
*Chairperson:*
Pedro Albarran, CEMFI, Spain

**ESTIMATION OF THE SAVING FUNCTION WITHOUT EXPECTED UTILITY**  
Elie Appelbaum, University of Sydney, Australia and York University, Canada  
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**EULER EQUATIONS AND DURABLE GOODS**
Mario Padula, CSEF, University of Salerno, Italy
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**THE ECONOMETRICS OF INCOME DYNAMICS AND ROTATING PANELS, WITH AN APPLICATION TO PRECAUTIONARY SAVING**
Pedro Albarran, CEMFI, Spain
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09:30 - 11:00
**INFERENCE II**
*Chairperson:*
Grant Hillier, University of Southampton, United Kingdom

**OUT-OF-SAMPLE PERFORMANCE OF SPOT INTEREST RATE MODELS**
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**GENERALIZED EMPIRICAL LIKELIHOOD PEARSON-TYPE SPECIFICATION TESTS**
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**ON THE JOINT DENSITY OF THE SUM AND SUM OF SQUARES OF NONNEGATIVE RANDOM VARIABLES**
Grant Hillier, University of Southampton, United Kingdom
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**TESTING PARAMETERS IN GMM WITHOUT ASSUMING THAT THEY ARE IDENTIFIED**
Frank Kleibergen, University of Amsterdam, Netherlands
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09:30 - 11:00
**SEMI- AND NON-PARAMETRIC METHODS III**
*Chairperson:*
Feike C. Drost, CentER, Tilburg University, Netherlands

**SEMIPARAMETRIC ESTIMATION OF REGRESSION FUNCTIONS UNDER SHAPE INVARIANCE RESTRICTIONS**
Ralf Wilke, ZEW, Germany
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ITERATIVE AND RECURSIVE ESTIMATION IN STRUCTURAL NON-ADAPTIVE MODELS
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SEMIPARAMETRIC TIME SERIES MODELS WITH NON-IID ERRORS
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09:30 - 11:00  WAGES AND EMPLOYMENT III
Chairperson:
Alexandros Zangelidis, University of Warwick, United Kingdom

WILL INCREASED WAGES REDUCE SHORTAGE OF NURSES? A PANEL DATA ANALYSIS OF NURSES’ LABOUR SUPPLY
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DUAL JOB HOLDING: AN EMPIRICAL ANALYSIS OF WAGE DETERMINATION
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AN EMPIRICAL STUDY OF THE CONTRIBUTION OF EMPLOYER TENURE ON AN INDIVIDUAL’S EARNINGS PROFILE.
Alexandros Zangelidis, University of Warwick, United Kingdom
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09:30 - 11:00  HOUSEHOLD BEHAVIOUR II
Chairperson:
Laurent Linnemer, CREST-LEI and University of Lille 2, France

IS CANNABIS A STEPPING-STONE FOR COCAINE?
Jan van Ours, Tilburg University, Netherlands
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ANALYSING THE TAKE-UP OF MEANS-TESTED BENEFITS IN FRANCE
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STRENGTHS OF THE "WEAKEST LINK"?
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09:30 - 11:00  NON-LINEAR PANEL DATA MODELS II
Chairperson:
Mette Verner, Aarhus School of Business, Denmark

ENDOGENEITY AND HETEROGENEITY IN LDV PANEL DATA MODELS
Jacob Arendt, AKF, Institute of Local Government Studies, Denmark
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ESTIMATING DYNAMIC PANEL DATA DISCRETE CHOICE MODELS WITH FIXED EFFECTS
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WHY ARE WELL-EDUCATED WOMEN NOT FULL-TIMERS?
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09:30 - 11:00  WAGE FORMATION, EMPIRICAL I
Chairperson:
Astrid Kunze, IZA, Germany

LABOUR MARKET REFORM AND THE EVOLUTION OF THE RACIAL WAGE HIERARCHY IN POST-APARTHEID SOUTH AFRICA
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WAGE MODERATION IN FRANCE
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WAGE DIPS AND DROPS AROUND FIRST BIRTH
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DEMAND ANALYSIS
Chairperson:
Soren Leth-Petersen, AKF, Institute of Local Government Studies, Denmark

EVIDENCE ON ADDICTION EFFECTS FROM HOUSEHOLD EXPENDITURE SURVEYS: THE CASE OF POLISH CONSUMERS
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HOUSEHOLD GASOLINE DEMAND IN THE U.S.: AN ESTIMATION OF A MULTIPLE-DISCRETE/CONTINUOUS CHOICE MODEL
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MICRO EVIDENCE ON HOUSEHOLD ENERGY CONSUMPTION
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DEMOGRAPHIC VS EXPENDITURE FLEXIBILITY IN ENGEL CURVES
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PANEL DATA AND SELECTION
Chairperson:
Isabelle De Greef, IRES - Université Catholique de Louvain, Belgium

A COMPARISON OF DIFFERENT ESTIMATORS FOR PANEL DATA SAMPLE SELECTION MODELS
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AN ANALYSIS OF SAMPLE SELECTION BIAS IN CROSS-COUNTRY GROWTH REGRESSIONS
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ASSESSING UNEMPLOYMENT TRAPS IN BELGIUM USING PANEL DATA SAMPLE SELECTION MODELS
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09:30 - 11:00
MEASUREMENT ERROR
Chairperson:
Carsten Tanggaard, Aarhus School of Business, Denmark

HANDLING THE MEASUREMENT ERROR PROBLEM BY MEANS OF PANEL DATA: MOMENT METHODS APPLIED ON FIRM DATA
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THE IMPACT OF MEASUREMENT ERROR IN PROBIT MODELS OF BENEFIT TAKE-UP
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ERRORS IN TRADE CLASSIFICATION: CONSEQUENCES AND REMEDIES
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09:30 - 11:00
MONETARY POLICY: EMPIRICAL I
Chairperson:
Domenico Giannone, ECARES, Université Libre de Bruxelles, Belgium,
Luca Sala, Université Libre de Bruxelles - ECARES, Belgium

MONETARY POLICY IN SMALL OPEN ECONOMIES: THE CHILEAN EXPERIENCE
Rodrigo Caputo, Cambridge University, United Kingdom
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ARE CENTRAL BANK’S REACTION FUNCTION: ASYMMETRIC?: SOME EVIDENCE
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TRACKING GREENSPAN: SYSTEMATIC AND UNSYSTEMATIC MONETARY
POLICY REVISITED
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MODELLING MONETARY POLICY: INFLATION TARGETING IN PRACTICE
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09:30 - 11:00
FIRM BEHAVIOUR: PANEL DATA ESTIMATES
Chairperson:
Arvid Raknerud, Statistics Norway, Norway

THE SHAPE OF HIRING AND SEPARATION COSTS: CONCAVE BUT NOT FIXED
Marie-Laure Michaud, EUREQua - University of Paris 1, France
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THE INTEREST RATE AND CREDIT CHANNELS IN BELGIUM:
AN INVESTIGATION WITH MICRO-LEVEL FIRM DATA
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HOW AND WHY DO FIRMS DIFFER?
Arvid Raknerud, Statistics Norway, Norway
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09:30 - 11:00  **EMPIRICAL INTERNATIONAL TRADE**  
*Chairperson:* Horst Entorf, Darmstadt University of Technology, Germany

**INTERNATIONAL TRADE AND RENT SHARING IN DEVELOPED AND DEVELOPING COUNTRIES**
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Lionel Fontagne, CEPII and University of Paris 1, France

**LEARNING FROM JOINT VENTURES: EMPIRICAL EVIDENCE FROM JAPANESE MANUFACTURING INDUSTRIES**
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**DANCE WITH THE DOLLAR: EXCHANGE RATE EXPOSURE OF GERMAN STOCK RETURNS**
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09:30 - 11:00  **GARCH MODELS III**  
*Chairperson:* Michael Wolf, Universitat Pompeu Fabra, Spain

**CONDITIONAL HETEROSCEDASTICITY MODEL FOR DISCRETE HIGH-FREQUENCY PRICE CHANGES. WITH APPLICATION TO IBM TRADES DATA**
Dmitri Koulikov, University of Aarhus, Denmark  
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**EVALUATION OF CONDITIONAL VALUE-AT-RISK MODELS**
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**FLEXIBLE MULTIVARIATE GARCH MODELING WITH AN APPLICATION TO INTERNATIONAL STOCK MARKETS**
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11:00 - 11:30  **Coffee Break**
11:30 - 13:00  **Invited Sessions**

11:30 - 13:00  **ECONOMIC THEORY III**  
Chairperson:  
Theodore Bergstrom, University of California Santa Barbara, United States  
Room 1.1

**THEORIES OF DELEGATION: INFORMATION PROCESSING VERSUS INCENTIVES**  
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Discussant(s):  
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11:30 - 13:00  **ECONOMETRICS III**  
Chairperson:  
TBA  
Room 3.1

**MODELLING OPTIMAL INSTRUMENTS FOR DYNAMIC PANEL DATA**  
Manuel Arellano, CEMFI, Spain  
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Discussant(s):  
Jan F.Kiviet, University of Amsterdam, Netherlands  
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13:00 - 14:30  **Lunch**

14:30 - 16:00  **Contributed Sessions**  
Economic Theory

14:30 - 16:00  **NETWORKS III**  
Chairperson:  
Pinar Dogan, PURC - University of Florida, United States  
Room 2.1

**PLATFORM COMPETITION IN TWO-SIDED MARKETS**  
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UNBUNDLING THE LOCAL LOOP
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EDUCATION POLICY AND THE LABOUR MARKET PERFORMANCE
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FIRM-FINANCED GENERAL TRAINING AND PROMOTION
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INSURANCE AND SOCIAL SECURITY
Comparing Alternative Reimbursement Methods in a Model of Public Health Insurance
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Health Care Demand and Health Insurance
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DESIGNING SOCIAL SECURITY - A PORTFOLIO CHOICE APPROACH
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14:30 - 16:00
INDUSTRIAL ORGANISATION: MERGERS I

Chairperson:
Sven-Olof Fridolfsson, IUI, Sweden

WEDDINGS WITH UNCERTAIN PROSPECTS
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DOWNSTREAM MERGER WITH OLIGOPOLISTIC INPUT SUPPLIERS
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WHY MERGERS REDUCE PROFITS AND RAISE SHARE PRICES - A THEORY OF PREEMPTIVE MERGERS
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14:30 - 16:00
LABOUR MARKET DYNAMICS

Chairperson:
Marcel Jansen, Universidad Carlos III de Madrid, Spain

COMPETITIVE WAGE CYCLES WITH IMPERFECT OUTPUT MARKET COMPETITION
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MARKET INCENTIVES AND MOBILITY
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EQUILIBRIUM UNEMPLOYMENT WITH MATCHING FRICTIONS AND WORKER
MORAL HAZARD: DOES SHIRKING INCREASE UNEMPLOYMENT?
Marcel Jansen, Universidad Carlos III de Madrid, Spain
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14:30 - 16:00
BANKING REGULATION II
Chairperson:
Rafael Repullo, CEMFI, Spain

REMEDIES FOR BANKING CRISIS
Levent Yildiran, GREMAQ-University of Toulouse 1, France
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COOPERATION IN INTERNATIONAL BANKING SUPERVISION. A POLITICAL
ECONOMY APPROACH
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CAPITAL REQUIREMENTS, MARKET POWER, AND RISK-TAKING IN BANKING
Rafael Repullo, CEMFI, Spain
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14:30 - 16:00
CONTRACT THEORY III
Chairperson:
Thorsten V. Koeppl, University of Minnesota, United States

MORAL HAZARD IN TEAMS WITH VECTOR OUTPUTS
Marco Battaglini, Princeton University, United States
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CAREER CONCERNS AND CHOOSING WHETHER TO COMPETE
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OPTIMAL DYNAMIC RISK SHARING WHEN ENFORCEMENT IS A
DECISION VARIABLE
Thorsten V. Koeppl, University of Minnesota, United States
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14:30 - 16:00  
**BUSINESS CYCLES**  
*Chairperson:*  
Frédéric Dufourt, EUREQUA - University of Paris 1, France  
Room 1.8

**ANIMAL SPIRITS WITH ARBITRARILY SMALL FINANCIAL IMPERFECTION**  
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**BUBBLES AND CRASHES**  
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**THE INFLUENCE OF ANIMAL SPIRITS OVER FREE ENTRY IN THE BUSINESS CYCLE**  
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14:30 - 16:00  
**BEHAVIORAL FINANCE**  
*Chairperson:*  
Ani Guerdjikova, University of Heidelberg, Afred-Weber Institute, Germany  
Room 5.5

**HYPERBOLIC DISCOUNTING: MARKET DATA EVIDENCE**  
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**EXPECTATIONS AND BUBBLES IN AN EXPERIMENTAL ASSET PRICING MODEL**  
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CASE-BASED DECISION THEORY - AN APPLICATION FOR THE
FINANCIAL MARKETS
Ani Guerdjikova, University of Heidelberg, Afred-Weber Institute, Germany
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14:30 - 16:00
CORPORATE GOVERNANCE
Chairperson:
Daniel Krähmer, Social Science Research Center Berlin (WZB), Germany

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14:30 - 16:00
GROWTH AND INEQUALITY
Chairperson:
Mendez Rodrigue, EUREQUA and LEMMA, France

RESOLVING DISTRIBUTIONAL CONFLICTS BETWEEN GENERATIONS
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HETEROGENEOUS MARK-UPS, DEMAND COMPOSITION, AND THE
INEQUALITY-GROWTH RELATION
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DIRECTED TECHNICAL CHOICE AND THE RETURNS TO SKILL
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14:30 - 16:00

UNEMPLOYMENT II
Chairperson:
Paul Madden, Manchester University, United Kingdom
Room 4.10

EVALUATING LABOR MARKET REFORMS: A GENERAL EQUILIBRIUM APPROACH
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ON THE EFFICIENCY OF EMPLOYMENT SUBSIDIES IN LIMITING THE EFFECTS OF LABOUR MARKET RIGIDITIES
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EQUILIBRIUM INVOLUNTARY UNEMPLOYMENT UNDER OLIGEMPY
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14:30 - 16:00

R&D AND INNOVATIONS II
Chairperson:
Jaehyon Nahm, Hong Kong University of Science and Technology, Hong Kong
Room 4.11

THE STRATEGIC EQUIVALENCE OF RENT-SEEKING, INNOVATION, AND PATENT RACE GAMES
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COMPLEMENTARITY IN THE INNOVATION STRATEGY: INTERNAL R&D, EXTERNAL TECHNOLOGY ACQUISITION AND COOPERATION IN R&D
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THE EFFECTS OF AN OPEN SYSTEM ON R&D COMPETITION
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14:30 - 16:00

TAXATION
Chairperson:
Joel Shapiro, Universitat Pompeu Fabra, Spain

SOCIAL PREFERENCES REVEALED THROUGH EFFECTIVE MARGINAL TAX RATES
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INCOME TAXATION WITH HABIT FORMATION AND CONSUMPTION EXTERNALITIES
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INCOME MAINTENANCE PROGRAMS AND MULTIDIMENSIONAL SCREENING
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14:30 – 16:00

SEARCH AND MATCHING
Chairperson:
Nadia Burani, Universidad Carlos III de Madrid, Spain

ON THE EFFICIENCY OF JOB SEARCH WITH SOCIAL NETWORKS
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MATCHING, SEARCH, AND INTERMEDIATION WITH TWO-SIDED HETEROGENEITY
Nadia Burani, Universidad Carlos III de Madrid, Spain
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14:30 – 16:00  Contributed Sessions
Econometrics

14:30 – 16:00  FINANCIAL ECONOMETRICS V
Chairperson:
Clara Vega, University of Pennsylvania, United States

NONPARAMETRIC SPECIFICATION TESTING FOR CONTINUOUS-TIME MODELS WITH APPLICATION TO SPOT INTEREST RATES
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MODELING COMOVEMENTS IN TRADING INTENSITIES
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PRIVATE INFORMATION AND THE STOCK MARKETS’ REACTION TO EARNINGS ANNOUNCEMENTS
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DEPOSIT INSURANCE, MORAL HAZARD AND MARKET MONITORING
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14:30 - 16:00  COINTEGRATION: ESTIMATION II
Chairperson:
Hans Christian Kongsted, University of Copenhagen, Denmark

CONSISTENT TESTING OF COINTEGRATING RELATIONSHIPS
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THE PERFORMANCE OF SUBSPACE ALGORITHM COINTEGRATION ANALYSIS: A SIMULATION STUDY WITH NEW TESTS
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ANALYZING I(2) SYSTEMS BY TRANSFORMED VECTOR AUTOREGRESSIONS
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CONVERGENCE OF OUTPUT IN THE G-7 COUNTRIES
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14:30 - 16:00
ESTIMATION III
Chairperson:
Laetitia Malavolti, GREMAQ - Université de Toulouse I, France

QUASI BAYESIAN ALTERNATIVE TO M ESTIMATION
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IDENTIFICATION AND ESTIMATION OF TRIANGULAR SIMULTANEOUS EQUATIONS MODELS WITHOUT ADDITIVITY
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INSTRUMENTAL REGRESSION WITH DISCRETE VARIABLES
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14:30 - 16:00
TREATMENT EFFECTS AND PROGRAM EVALUATION V
Chairperson:
Francesca Cornaglia, Laboratorio "Riccardo Revelli", Italy

IDENTIFICATION OF DYNAMIC TREATMENT EFFECTS BY INSTRUMENTAL VARIABLES
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NONPARAMETRIC COVARIATE ADJUSTMENT: PAIR-MATCHING VERSUS LOCAL POLYNOMIAL MATCHING
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MEASURING THE IMPACT OF THE ITALIAN CFL PROGRAMME ON THE JOB OPPORTUNITIES FOR THE YOUTHS
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14:30 - 16:00
UNIT ROOT TESTS III
Chairperson:
Giuseppe Cavaliere, University of Bologna, Italy

TESTS FOR UNIT ROOT AND THE INITIAL OBSERVATION
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EXAMINATION OF SOME MORE POWERFUL MODIFICATION OF THE Dickey-Fuller TEST
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TESTING UNDECLARED CENTRAL BANK INTERVENTION IN FOREIGN EXCHANGE MARKETS
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14:30 - 16:00
BOOTSTRAP METHODS II
Chairperson:
James Davidson, Cardiff Business School, United Kingdom

BOOTSTRAPPING THE HEGY SEASONAL UNIT ROOT TESTS
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A NONPARAMETRIC TEST FOR WEAK DEPENDENCE AND ITS BOOTSTRAP ANALOGUE
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ALTERNATIVE BOOTSTRAP PROCEDURES FOR TESTING COINTEGRATION IN FRACTIONALLY INTEGRATED PROCESSES
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TIME SERIES III
Chairperson:
Marius Ooms, Free University Amsterdam, Netherlands

NONPARAMETRIC MULTI-STEP AHEAD PREDICTION IN TIME SERIES ANALYSIS
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TESTING THE EXPECTATIONS THEORY OF THE TERM STRUCTURE OF INTEREST RATES IN THRESHOLD MODELS
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PERIODIC UNOBSERVED COMPONENT TIME SERIES MODELS: ESTIMATION AND FORECASTING WITH APPLICATIONS
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ECONOMICS OF EDUCATION II
Chairperson:
Gary Koop, University of Glasgow, United Kingdom

CHILD SCHOOLING IN PERU: FURTHER EVIDENCE FROM A SEQUENTIAL ANALYSIS
Sarmistha Pal, Cardiff University, United Kingdom
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USING HETEROSEDASTICITY TO ESTIMATE THE RETURNS TO SCHOOLING
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LEARNING ABOUT UNOBSERVED HETEROGENEITY IN RETURNS TO SCHOOLING
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FAMILY TRANSFERS ON EDUCATION AND MONEY AND INCOME DISTRIBUTION: EMPIRICAL EVIDENCE
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14:30 - 16:00
INTRAHOUSEHOLD ALLOCATION II
Room 1.3
Chairperson:
Valerie Lechene, University of Oxford, United Kingdom

DOES THE REPRESENTATION OF FAMILY DECISION PROCESS MATTER? A COLLECTIVE MODEL OF HOUSEHOLD LABOUR SUPPLY FOR THE EVALUATION OF A PERSONAL TAX REFORM IN SPAIN
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ESTIMATING CONSUMPTION ECONOMIES OF SCALE, ADULT EQUIVALENCE SCALES, AND HOUSEHOLD BARGAINING POWER
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HOUSEHOLD DECISIONS: TESTS OF INCOME POOLING AND EFFICIENCY
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Orazio Attanasio, University College London, United Kingdom
14:30 - 16:00  STRUCTURAL BREAKS II  Room 4.8
Chairperson: Stephen Leybourne, University of Nottingham, United Kingdom

TESTS FOR STATIONARITY IN SERIES WITH ENDOGENOUSLY DETERMINED STRUCTURAL CHANGE
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TESTS FOR COVARIANCE STATIONARITY AND WHITE NOISE, WITH AN APPLICATION TO EURO/US DOLLAR EXCHANGE RATE: AN APPROACH BASED ON TIME-FREQUENCY DOMAIN
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TESTS FOR A CHANGE IN PERSISTENCE AGAINST THE NULL OF DIFFERENCE-STATIONARITY
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14:30 - 16:00  INFLATION AND UNEMPLOYMENT  Room 2.2
Chairperson: Eilev S. Jansen, Norges Bank, Norway

WHAT'S WRONG WITH THE(GERMAN) NAIRU?
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FAIR TREATMENT AND INFLATION PERSISTENCE
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TESTING THE NEW KEYNESIAN PHILLIPS CURVE
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TESTING FOR A FORWARD-LOOKING PHILLIPS CURVE. ADDITIONAL EVIDENCE FROM EUROPEAN AND US DATA
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14:30 - 16:00
PANEL UNIT ROOT TESTS
Chairperson:
Werner Ploberger, University of Rochester, United States

PANEL DATA TESTS FOR A COMMON BREAK POINT IN A COINTEGRATED REGRESSION: ASYMPTOTIC AND SMALL SAMPLE RESULTS
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A PARAMETRIC APPROACH TO THE ESTIMATION OF COINTEGRATION VECTORS IN PANEL DATA
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ESTIMATING COINTEGRATING RELATIONS FROM A CROSS SECTION
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OPTIMAL TESTING FOR UNIT ROOTS IN PANELS
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14:30 - 16:00
VAR MODELS
Chairperson:
Frank Schorfheide, University of Pennsylvania, United States

SIMILARITY OF SUPPLY AND DEMAND SHOCKS BETWEEN THE EURO AREA AND THE CEECS
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GENERAL-TO-SPECIFIC MODEL SELECTION PROCEDURES FOR STRUCTURAL VECTOR AUTOREGRESSIONS
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PRIORS FROM GENERAL EQUILIBRIUM MODELS FOR VARS: FORECASTING AND IDENTIFICATION
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14:30 - 16:00
LABOUR DEMAND II
Chairperson:
Pablo Burriel-Llombart, Bank of England and LSE, United Kingdom

THE DEMAND FOR PHYSICIAN SERVICES. EVIDENCE FROM A NATURAL EXPERIMENT
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THE DEMAND FOR LABOUR AND THE LUCAS CRITIQUE: EVIDENCE FROM NORWEGIAN MANUFACTURING
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AN ECONOMETRIC ANALYSIS OF EDUCATION EXTERNALITIES IN THE MATCHING PROCESS OF UK REGIONS (92-99)
Pablo Burriel-Llombart, Bank of England and LSE, United Kingdom
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16:00 - 16:30
Coffee Break

16:30 - 18:00
PRESIDENTIAL ADDRESS
Chairperson:
Soren Johansen, University of Copenhagen, Denmark
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INCOME MAINTENANCE AND LABOR FORCE PARTICIPATION
Guy Laroque, CREST-INSEE and CNRS URA 2200, France
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Wednesday, August 28, 2002

09:30 - 11:00

**Contributed Sessions**

**Economic Theory**

09:30 - 11:00

**INDUSTRIAL ORGANISATION: MERGERS II**

*Chairperson:*

Emanuele Giovannetti, University of Rome "La Sapienza", Italy
and University of Cambridge, United Kingdom

*Room 1.4*

**STRATEGIC MERGER WAVES: A THEORY OF MUSICAL CHAIRS**

Flavio Toxvaerd, London Business School, United Kingdom

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**TOMERGE OR TO LICENSE: IMPLICATIONS FOR COMPETITION POLICY**

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**MERGERS AND BOTTLENECKS IN THE INTERNET THE IMPACT OF WIRELESS ACCESS**

Emanuele Giovannetti, University of Rome "La Sapienza", Italy, University of Cambridge, United Kingdom

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09:30 - 11:00

**LABOUR HIRING AND FIRING**

*Chairperson:*

Maia Guell, Universitat Pompeu Fabra, Spain

*Room 4.2*

**TWO-SIDED SEARCH IN AN HETEROGENEOUS LABOR MARKET: THE ROLE OF SOCIAL CONTACTS**

Juana Santamaria-Garcia, European University Institute, Italy

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**REGULATING DAMAGE CLAUSES IN LABOR CONTRACTS**

Gerd Muehlheusser, University of Bonn, Germany

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**LET'S GO TO COURT! FIRING COSTS AND DISMISSAL CONFLICTS**

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**OLIGOPOLY II**

**Chairperson:**
Burkhard Schipper, University of Bonn, Germany and Tel Aviv University, Israel

OLIGOPOLY THEORY AND DEMAND UNCERTAINTY
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COURNOT VS. WALRAS IN DYNAMIC OLIGOPOLIES WITH MEMORY
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IMITATORS AND OPTIMIZERS IN SYMMETRIC N-FIRM COURNOT OLIGOPOLY
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**BUSINESS CYCLES II**

**Chairperson:**
Klaus Wälde, University of Dresden, Germany

ASSET PRICE FLUCTUATIONS WITHOUT AGGREGATE SHOCKS
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LOCAL COMPLEMENTARITIES AND AGGREGATE FLUCTUATIONS
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CAPITAL ACCUMULATION IN A MODEL
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**COOPERATIVE GAME THEORY**

**Chairperson:**
Geoffroy de Clippel, CORE, Belgium

PERFECTLY FAIR ALLOCATIONS WITH INDIVISIBILITIES
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THE PROCEDURAL VALUE
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09:30 - 11:00

CORRUPTION
Chairperson:
Ernesto Dal Bó, University of Oxford, United Kingdom

CORRUPTION AND THE SHADOW ECONOMY
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ON CORRUPTION AND INSTITUTIONS IN DECENTRALISED ECONOMIES
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PLATA O PLOMO?: BRIBES AND THREATS IN A THEORY OF BAD POLITICIANS
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09:30 - 11:00

BARGAINING
Chairperson:
Andreas Westermark, Uppsala University, Sweden

THE NON TRANSFERABLE UTILITY BARGAINING MODEL WITH TWO
PRIVATELY INFORMED AND PATIENT PLAYERS
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BARGAINING OVER RESIDENTIAL REAL ESTATE: EVIDENCE FROM ENGLAND
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STACKELBERG BARGAINING AND STRATEGIC INEFFICIENCIES
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09:30 - 11:00
CREDIT MARKETS
Chairperson:
Emmanuelle Nys, University of Birmingham, United Kingdom
and University of Limoges, France

ENTRY AND STRATEGIC INFORMATION DISPLAY IN CREDIT MARKETS
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IMPACT OF MARKET STRUCTURE ON CREDIT RATIONING
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CREDIT RATE AND SERVICES: A THEORETICAL AND EMPIRICAL ANALYSIS
Emmanuelle Nys, University of Birmingham, UK, University of Limoges, France
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09:30 - 11:00
BEHAVIOURAL ECONOMICS
Chairperson:
Arno Riedl, University of Amsterdam, Netherlands

YOUR MORALS ARE YOUR MOODS
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LEARNING TO DEAL WITH RISK
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EMOTIONS AND ECONOMIC SHOCKS IN A FIRST-PRICE SEALED BID AUCTION: AN EXPERIMENTAL STUDY
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09:30 - 11:00
ENDOGENOUS GROWTH
Room 1.8
Chairperson:
Aditya Goenka, University of Essex, United Kingdom and Odile Poulsen, Aarhus School of Business, Denmark

RESEARCH POLICY AND ENDOGENOUS GROWTH
Maria Morales, University of Murcia, Spain
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SOCIAL DISCRIMINATION, ENDOGENOUS FERTILITY AND EDUCATION IN AN ENDOGENOUS GROWTH MODEL
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INDETERMINACY IN A MODEL OF ENDOGENOUS GROWTH WITH LABOUR AUGMENTING EXTERNALITIES
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Odile Poulsen, Aarhus School of Business, Denmark
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09:30 - 11:00
GROWTH AND TECHNOLOGY I
Room 5.8
Chairperson:
Cees A. Withagen, Tilburg University, Netherlands

CAPITAL ACCUMULATION, FACTOR PRICES, AND ENDOGENOUS LABOR-SAVING TECHNICAL CHANGE
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ON THE LINK BETWEEN GROWTH AND UNCERTAINTY: UNCERTAIN TECHNOLOGICAL CHANGE
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ON THE SUSTAINABLE PROGRAM IN SOLOW'S MODEL
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EQUILIBRIUM ANALYSIS
Chairperson:
Hans Haller, Virginia Polytechnic Institute and State University,
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PRIVATE PROVISION OF A PUBLIC GOOD IN A GENERAL EQUILIBRIUM MODEL
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HOMOTOPY AND INDEX IN INCOMPLETE MARKET
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COMPETITIVE MARKETS, COLLECTIVE DECISIONS AND GROUP FORMATION
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ENVIRONMENTAL POLICY
Chairperson:
Fridrik Baldursson, University of Iceland, Iceland

LEADERSHIP AND SELF-ENFORCING INTERNATIONAL ENVIRONMENTAL AGREEMENTS WITH NON-NEGATIVE EMISSIONS
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CAN CARBON TAX EAT OPEC'S RENTS?
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A WHITER SHADE OF PALE: ON THE POLITICAL ECONOMY OF ENVIRONMENTAL REGULATORY INSTRUMENTS
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09:30 - 11:00
PREFERENCE FORMATION
Chairperson:
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Room 1.11

UNDERSTANDING PREFERENCE FORMATION IN
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SELF-CONTROL AND SAVINGS
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BEHAVIORAL FOUNDATIONS OF INCOMPLETE PREFERENCES
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09:30 - 11:00
WAGE FORMATION
Chairperson:
Markus Knell, Oesterreichische Nationalbank, Austria
Room 1.14

RESIDUAL WAGE DISPARITY IN DIRECTED SEARCH EQUILIBRIUM
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INCOMPLETE WAGE POSTING
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WAGE FORMATION IN OPEN ECONOMIES AND THE ROLE OF MONETARY AND WAGE-SETTING INSTITUTIONS
Markus Knell, Oesterreichische Nationalbank, Austria
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09:30 - 11:00
Contributed Sessions
Econometrics

GARCH MODELS IV
Chairperson:
Jurgen Doornik, Nuffield College, University of Oxford, United Kingdom

NONLINEAR FUNCTIONS AND CONVERGENCE TO BROWNIAN MOTION: BEYOND THE CONTINUOUS MAPPING THEOREM
Benedikt M Poetscher, University of Vienna, Austria
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MULTIVARIATE DIAGONAL FIGARCH: SPECIFICATION, ESTIMATION AND APPLICATION TO MODELLING EXCHANGE RATES VOLATILITY
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OUTLIER DETECTION IN GARCH MODELS
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CONSUMPTION IV
Chairperson:
Raffaele Miniaci, University of Padua, Italy

HETEROGENEOUS QUASI-GEOMETRIC CONSUMERS: PANEL DATA EVIDENCE
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HOUSE PRICE SHOCKS, NEGATIVE EQUITY AND HOUSEHOLD CONSUMPTION IN THE UK IN THE 1990S
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IS THERE A RETIREMENT CONSUMPTION PUZZLE IN ITALY?
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09:30 - 11:00
NONLINEAR TIME SERIES II
Chairperson:
Marcelo C. Medeiros, Pontifical Catholic University of Rio de Janeiro, Brazil

THE PURCHASING POWER PARITY PUZZLE: DOES THE LSTAR OUTPERFORM THE RANDOM WALK?
Melika Ben Salem, CRIEF and EUREQua, France
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OIL PRICES AND EXCHANGE RATES: NORWEGIAN EVIDENCE
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A FLEXIBLE COEFFICIENT SMOOTH TRANSITION TIME SERIES MODEL
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Alvaro Veiga, Pontifical Catholic University of Rio de Janeiro, Brazil
09:30 - 11:00 **SEMI- AND NON-PARAMETRIC METHODS IV**
Chairperson: Tsunao Okumura, Yokohama National University, Japan

**SOLVING DIFFERENTIAL EQUATIONS WITH ENDOGENEOUS EFFECTS**
Anne Vanhems, ESC Toulouse, France
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**MODEL RISK AND REGULATORY CAPITAL**
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**NONPARAMETRIC ESTIMATION OF SUPPLY AND DEMAND FACTORS WITH APPLICATIONS TO LABOR AND MACRO ECONOMICS**
Tsunao Okumura, Yokohama National University, Japan
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09:30 - 11:00 **MONETARY POLICY TRANSMISSION II**
Chairperson: Alexandra Olmedo, THEMA - Université de Paris X-Nanterre, Université de Cergy-Pontoise, France

**IDENTIFYING A CREDIT CHANNEL OF MONETARY POLICY TRANSMISSION AND EMPIRICAL EVIDENCE FOR GERMANY**
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**THE TRANSMISSION OF GERMAN MONETARY POLICY IN THE PRE-EURO PERIOD**
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**THE ASYMMETRIC EFFECTS OF MONETARY POLICY SHOCKS: A NONLINEAR STRUCTURAL VAR APPROACH**
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Co-Author(s):
Frederic Karame, EPEE EUREQUA, France
09:30 - 11:00  EXCHANGE RATES: EMPIRICAL
Chairperson:
Marie Bessec, EUREQua-University Paris Panthéon-Sorbonne,
France and
François-Mathieu Robineau, ESSEC, France

AN EMPIRICAL INVESTIGATION OF TWO NONLINEAR MODELS IN REAL
EXCHANGE RATE SERIES
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ESTIMATING THE EQUILIBRIUM REAL EXCHANGE RATE: THE CASE OF
VENEZUELA
Hilde Bjørnland, University of Oslo, Norway
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CHARTIST AND FUNDAMENTALIST ANALYSIS : INTERACTION OR
ALTERNATIVE REFERENCE IN THE FOREIGN EXCHANGE MARKET ?
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THE EMPIRICAL PERFORMANCE OF OPTION BASED DENSITIES OF
FOREIGN EXCHANGE
Joachim Keller, Deutsche Bundesbank, Germany
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09:30 - 11:00  FINANCIAL AND CURRENCY CRISES
Chairperson:
Guenter Beck, University of Frankfurt, Germany and
Axel A. Weber, University of Cologne and Center for Financial
Studies, Germany

LONG-RUN MACROECONOMIC EFFECTS OF ECONOMIC CRISES AND
ECONOMIC INTEGRATION IN MEXICO FROM 1945 TO 2000
Daniel Garces-Diaz, Bank of Mexico, Mexico
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INFORMATION DISPARITIES AS A TRIGGER OF CURRENCY CRISES:
EMPIRICAL EVIDENCE
Peter Tillmann, University of Cologne, Germany
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ECONOMIC INTEGRATION AND THE EXCHANGE RATE REGIME: HOW DAMAGING ARE CURRENCY CRISES?
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Co-Author(s):
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09:30 - 11:00

GROWTH: EMPIRICAL
Chairperson:
Hyeok Jeong, University of Southern California, United States

EXTERNAL DEBT AND GROWTH
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ROBUST INFERENCE ON AVERAGE ECONOMIC GROWTH
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MODELS OF GROWTH AND INEQUALITY: AN EVALUATION
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09:30 - 11:00

TAX POLICY: EMPIRICAL
Chairperson:
Philip Merrigan, University of Québec at Montréal, Canada

AN EXPERIMENTAL TEST OF THE PUBLIC-GOODS-CROWDING-OUT HYPOTHESIS WHEN TAXATION IS ENDOGENOUS
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POSITIVE AND NORMATIVE ANALYSIS OF TAX POLICY: DOES THE REPRESENTATION OF THE HOUSEHOLD DECISION PROCESS MATTER?
EVIDENCE FOR FRANCE
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A ‘NATURAL EXPERIMENT’ ON THE ECONOMICS OF STORKS: EVIDENCE ON THE IMPACT OF DIFFERENTIAL FAMILY POLICY ON FERTILITY RATES IN CANADA
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09:30 - 11:00
VOLATILITY MODELS I
Room 1.3

A MODEL FOR INTRA-DAILY VOLATILITY WITH MULTIPLE INDICATORS
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BAYESIAN ESTIMATION OF A STOCHASTIC VOLATILITY MODEL USING OPTION AND SPOT PRICES
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A SIMPLE ESTIMATION METHOD AND FINITE-SAMPLE INFERENCE FOR A STOCHASTIC VOLATILITY MODEL
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AGGREGATION AND MEMORY OF MODELS OF CHANGING VOLATILITY
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09:30 - 11:00

**FORECASTING III**

*Chairperson:*
Paolo Paruolo, University of Insubria, Varese, Italy, Italy

**FORECASTING EURO AREA INFLATION: DOES AGGREGATING PRICE COMPONENT FORECASTS IMPROVE FORECAST ACCURACY?**
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**POOLING OF FORECASTS**
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**FORECASTING US CONSUMER PRICE INDEXES THROUGH A DISAGGREGATED I(2) ANALYSIS**
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Pilar Poncela, Universidad Autonoma de Madrid, Spain
Eva Senra, Universidad de Alcala, Spain

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09:30 - 11:00

**ASSET PRICING**

*Chairperson:*
Andrew Patton, University of California, San Diego, United States

**AN EX-ANTE EXAMINATION OF THE EQUITY PREMIUM**
Mark Kamstra, Federal Reserve Bank of Atlanta, United States
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Glen Donaldson, UBC, Canada and
Lisa Kramer, University of Toronto, Canada
TESTING THE CAPM IN POSSIBLY NON-GAUSSIAN CONTEXTS: AN EXACT SIMULATION-BASED APPROACH
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Co-Author(s):
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Jean-Marie Dufour, CRDE, CIRANO and Université de Montreal, Canada

ON THE IMPORTANCE OF SKEWNESS AND ASYMMETRIC DEPENDENCE IN STOCK RETURNS FOR ASSET ALLOCATION
Andrew Patton, University of California, San Diego, United States
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EFFICIENCY TESTS OF THE FRENCH INDEX (CAC 40) OPTIONS MARKET
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09:30 - 11:00
DISCRETE CHOICE PANEL DATA ANALYSIS
Chairperson:
Knut Reidar Wangen, Statistics Norway, Norway

CONSISTENT ESTIMATION OF DISCRETE-CHOICE MODELS FOR PANEL DATA WITH MULTIPLICATIVE EFFECTS
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THE REPEATED SCHOOL-TO-WORK TRANSITION: EVIDENCE FROM A DYNAMIC PROGRAMMING MODEL
Helena Skyt Nielsen, Aarhus School of Business, Denmark
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PREVALENCE AND SUBSTITUTION EFFECTS IN TOBACCO CONSUMPTION: A DISCRETE CHOICE ANALYSIS OF PANEL DATA
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Erik Biorn, University of Oslo, Norway
09:30 - 11:00  
**HEDONIC PRICING**  
*Chairperson:*  
Roger von Haefen, Bureau of Labor Statistics, United States

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**A STRUCTURAL ANALYSIS OF THE CORRELATED RANDOM COEFFICIENT WAGE REGRESSION MODEL**  
Christian Belzil, Concordia University, Canada  
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*Co-Author(s):*  
Jorgen Hansen, Concordia University, Canada

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**A REPEATED SAMPLING EXPERIMENT IN ASSESSING THE VALIDITY OF BENEFIT TRANSFER IN VALUING NON-MARKET GOODS**  
Sudip Chattopadhyay, San Francisco State University, United States  
e-mail: sudip@sfsu.edu

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**MODELING CONSUMER DEMAND FOR A LARGE SET OF QUALITY DIFFERENTIATED GOODS: ESTIMATION AND WELFARE RESULTS FROM A SYSTEMS APPROACH**  
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*Co-Author(s):*  
George Parsons, University of Delaware, United States and Daniel Phaneuf, North Carolina State University, United States

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09:30 - 11:00  
**PRODUCTIVITY: EMPIRICAL**  
*Chairperson:*  
Naercio Menezes-Filho, University of Sao Paulo, Brazil

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**THE DETERMINANTS OF TECHNOLOGICAL SPECIALIZATION AND ITS DYNAMICS**  
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**ECONOMIC DEVELOPMENT AND THE RETURN TO HUMAN CAPITAL: AN APPROACH BASED ON A SMOOTH COEFFICIENT SEMIPARAMETRIC MODEL**  
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R&D, WAGES AND PERFORMANCE: EVIDENCE FROM A PANEL OF UK COMPANIES
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11:00 - 11:30 Coffee Break

11:30 - 13:00 Invited Sessions

11:30 - 13:00 INVITED SESSION: ECONOMIC THEORY IV
Chairperson:
Patrick Rey, University of Toulouse, France

CONTEST ARCHITECTURE
Benny Moldovanu, University of Mannheim, Germany
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Discussant(s):
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11:30 - 13:00 INVITED SESSION: ECONOMETRICS IV
Chairperson:
TBA

QUANTILE BASED IDENTIFICATION OF STRUCTURAL DERIVATIVES
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