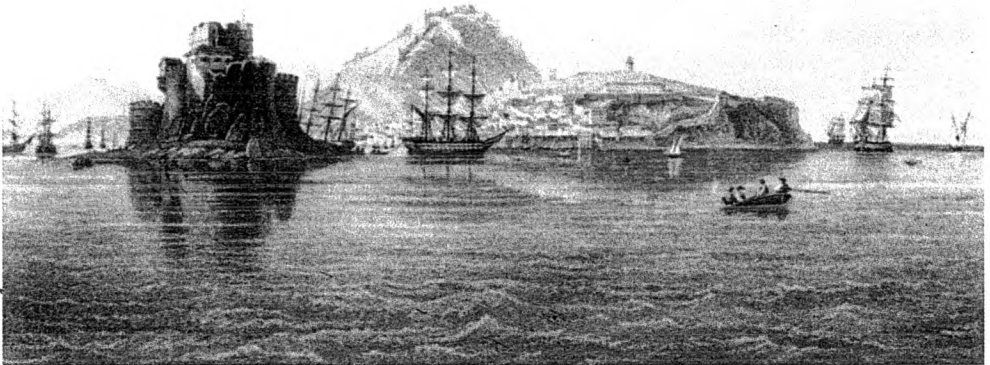


**15th ANNUAL CONFERENCE  
SOCIETY FOR ECONOMIC DYNAMICS AND CONTROL**

**22 - 25 June 1993  
NAFPLIO, GREECE**



**ATHENS UNIVERSITY OF ECONOMICS AND BUSINESS**



**ATHENS UNIVERSITY OF ECONOMICS AND BUSINESS**  
76, PATISSION STREET ATHENS 104-34 GREECE - TEL. (01) 8237.361 - TLX: 225363 AEOE GR -FAX: 8226204

**15th ANNUAL CONFERENCE**  
**SOCIETY FOR ECONOMIC DYNAMICS AND CONTROL**

**22 - 25 June 1993**  
**NAFPLIO (PELOPONNESE), GREECE**

**Program Committee**

K. Burdett, F. Canova, L. Christiano, Z. Eckstein,  
T. Kollintzas (Chairman), V. Rios-Rull.

**Organising Committee**

G. Alogoskoufis, N. Christodoulakis (Chairman),  
S. Dimelis, T. Kollintzas, L. Papademos, A. Xepapadeas.

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# GENERAL INFORMATION

## 1. VENUE

The Annual Conference of the Society for Economic Dynamics and Control for 1993, organized by the Athens University of Economics and Business (A.U.E.B.), is held at Naflpio, Peloponnese. The Conference takes place on the premises of "XENIA PALACE" Hotel.

## 2. SCHEDULE

Tuesday, 22 June

Afternoon: Registration

Evening: Welcome Reception at "XENIA PALACE" Hotel

Wednesday, 23 June

Morning: Contributed sessions

Afternoon: Contributed and invited sessions

Evening: Coctail Party at Epidavros

Thursday, 24 June

Morning: Contributed sessions

Afternoon: Contributed and invited sessions

Evening: Conference Banquet at Bourtzi

Friday, 25 June

Morning: Contributed sessions

Afternoon: Contributed sessions

**3. KEYNOTE SPEAKER:** Finn Kydland (Carnegie-Mellon University)

**PLENARY SPEAKERS:** Masanao Aoki (University of California, Los Angeles)  
Manuel Santos (Universitat Carlos III de Madrid)  
Kenneth D. West (University of Wisconsin)

## 4. SOCIAL EVENTS PROGRAM

**Tuesday, 22 June**

20:00 Welcome Reception at "XENIA PALACE" Hotel

**Wednesday, 23 June**

19:00 Departure from "XENIA PALACE" Hotel

19:30 Coctail Party at Epidavros

**Thursday, 24 June**

20:00 Departure from "XENIA PALACE" Hotel

20:30 Conference Banquet at Bourtzi

## 5. PRACTICAL INFORMATION

Naflpio was the first capital of modern Greece. A stroll in the town will delight even the most jaded traveller. The town is filled with picturesque scenes and images of neoclassical houses and Venetian buildings.

Using Naflpio as a base, you can easily visit Tiryns (4km.), the formidable citadel where Heracles was said to have been born; Argos (12 km.), with its impressive acropolis; Ancient Epidavros (29 km.), the sanctuary and centre of worship of Asclepius, renowned today for the drama festival held each summer in its 4th century B.C. theatre, and last but certainly

not least, legendary Mycenae (24 km.), Agamemnon's kingdom.

Further useful information can be obtained from:

Archaeological Museum : (30-752) 27502  
Peloponnesian Folklore Foundation: (30-752) 28379  
Tourist Police in Nafplio: (30-752) 27776

The weather in Nafplio in June is sunny with rather comfortably cool nights and moderately warm days (25-30 C). It is advisable to bring a light wardrobe.

**REQUEST:** Due to the limited photocopying facilities, conference participants should bring copies of their papers with them for distribution

## 6. TRAVEL

There are the following alternatives for your transferring from the International Airport of Athens (East Terminal) to Nafplio:

(a) There shall be three buses at the airport, East Air Terminal (See Map of the Athens area) hired by the Organising Committee to transfer conference participants to Nafplio at 11:00 am, 4:00 p.m and 9:00 pm on Tuesday, 22 June. In case this kind of transfer is suitable for you then you should notify this to SEDC Secretariat by the 10th of June at the utmost

**IMPORTANT NOTE:** The buses will be waiting for the conference participants outside the main entrance of the building of the East Terminal at the hours indicated above. A sign with the initials S.E.D.C CONFERENCE, NAFPLIO will help you to identify the bus.

(b) There are marine connections from Piraeus to Nafplio with hydrofoils (flying dolphins) departing only at 4:00 p.m. daily. One-way fare per person is about 4,000 drachmas. In case this kind of transfer is more suitable for you, you shall have to take a taxi from the airport to Piraeus. You may ask the taxi driver to take you to Marina Zeas (tel: 428 0001), where is the departure point for Nafplio. Taxi fare is about 2,000 drachmas. In case this kind of transfer is suitable for you then you should notify this to SEDC Secretariat by the 10th of June at the utmost. This is necessary so that early reservations could be made for you in the hydrofoil.

(c) Taxi fare from the airport directly to Nafplio costs about 20,000 drachmas and if shared by four persons it comes close to the fare by hydrofoils.

For your convenience you can arrange taxi by phone:

Radio Taxi tel: Athina: 9217942, 9221755  
Cosmos: 9642900 -4, 4933811, 4990614, 4920505  
Enossi: 6443345 6444494  
Parthenon: 5814711, 5821292  
Hermes: 4115200, 3214058, 5021131  
Aris: 3467137, 3467102, 3426658

(d) The public intercity bus station that services Nafplio is BUS TERMINAL A (See map of the Athens area). Buses leave every hour and take about two and half hours to get to Nafplio. The bus fare is 2,000 drachmas (tel: 512 4910). It normally takes 40 minutes and 1,500 - 2,000 drachmas by taxi to get to the bus station. However, one should worry about the possibility of running into heavy traffic on the way to Bus Terminal from the airport.

## 7 LODGING

The Conference participants may choose to stay either in "XENIA" Hotel complex or in "AMALIA" Hotel. The luxe "XENIA PALACE" Hotel is part of the "XENIA" Hotel complex which is located upon the promontory of Acronafplia crowning the historic town of Nafplion. Apart from the deluxe restaurant, other facilities at the guests' disposal include a conference hall, TV room, bar, snack bar, a disco and an open-air swimming pool.

Only 300 m. away lies the second member of the complex, the A' class "XENIA" Hotel with restaurant, bar and

spacious verandas with a marvellous view .

AMALIA Hotel is an A' class hotel with 3 restaurants, cafe, TV room, boutique, a conference hall, an open - air swimming pool and beautiful gardens. It is located 2 km. away from the Conference venue, middle - way between ancient Tiryns and centre of Nafplio. Transport to the Conference venue will be either by the bus provided by the Organizing Committee or by individually arranged taxis.

Coffee breaks and lunches during the conference will be offered in "XENIA PALACE" Hotel.

Due to the limited number of single bedrooms available, participants may be asked to share a room. You can indicate your choice in the accommodation form. Late applicants should bear in mind that finding a last minute accommodation in Nafplio in summer may not be easy.

Hotel reservation should be sent directly to the following addresses:

**"XENIA" Hotel complex**

Nafplio

Tel: (30-752) 28981/5

Fax: (30-752) 28987

**"AMALIA" Hotel**

Nafplio

Tel: (30-752) 24401

Fax: (30-752) 24400

**"AMALIA" Hotel**

Athens

Tel: (301) 323 7301

Fax: (301) 323 8792

or the SEDC Secretariat.

**8. INQUIRIES**

Any additional inquiries should be sent to Professor Nicos Christodoulakis at the following address:

Athens University of Economics and Business

76 Patission Street

Athens 104 34

GREECE

Tel: (30-1) 822 1011

Fax: (30-1) 8226204

or to :

SEDC Secretariat

Athens Institute of Economic Policy Studies

Patission 126

Athens 112 57

GREECE

Phone (30-1) 823-9060

Fax: (30-1) 832-6956

Email: TKOL (a) ISOSUN. ARIADNE-T. GR

# SCIENTIFIC PROGRAM

Wednesday, 23 June, 9:15 - 10:45 A.M.

## FIRST MORNING SESSIONS.

### 01 Risk and Insurance Theory

Chair: David G. Luenberger

**Carl Chiarella**, University of Technology - Sydney  
"The Dynamics of Futures Prices in a Model of Fundamentalists and Speculators"

**David G. Luenberger**, Stanford University  
"Solving Dynamic Economic Problems with Expected Present Benefit"

**Pieter W. Otter**, State University of Groningen  
**Henk von Eije**, State University of Groningen  
"On Solvency and the Value of Insurance Companies: A Markovian Approach"

**Roger Craine**, University of California-Berkeley  
"Deposit Insurance"

### 02 Monetary Theory

Chair: Ayse Imrohoroglu

**Mark Huggett**, University of Illinois  
**Stefan Krasa**, University of Illinois  
"Media of Exchange in Differential Information Economies"

**Jasmina Arifovic**, Stanford University  
**Thomas J. Sargent**, Stanford University  
"Genetic Algorithm Adaptation and the Behavior of the Exchange Rate"

**Irasema Alonso**, Universitat Pompeu Fabra  
"Patterns of Exchange, Fiat Money, and the Welfare Cost of Inflation"

**Javier Diaz-Gimenez**, Universidad Carlos III de Madrid  
**Edward Prescott**, Federal Reserve Bank of Minneapolis and University of Minnesota  
"Illustrating the Asset and the Quantitative Theories of

Money".  
**03 Time Series Analysis**  
Chair: Gerard A. Pfann

**John P. Miller**, University of Illinois  
**Paul Newbold**, University of Illinois  
"Uncertainty about Functions of ARIMA Model Parameters and Estimation of the Persistence of Economic Shocks"

**Lucrezia Reichlin**, O.F.C.E.  
**George Evans**, The London School of Economics  
"Information, Forecasts and Measurement of Business Cycle"

**Anthony Garratt**, London Business School  
**Stephen Hall**, London Business School  
"Model Consistent Learning and Regime Switching"

### 04 Dynamic Microeconometrics

Chair: Kenneth I. Wolpin

**Stelios Corres**, Virginia Polytechnic Institute and State University  
**Yannis M. Ioannides**, Virginia Polytechnic Institute and State University  
"Endogenous Attrition of Firms: An Investigation with Compustat Data"

**Michael P. Keane**, University of Minnesota  
**Kenneth I. Wolpin**, New York University  
"The Solution and Estimation of Discrete Choice Dynamic Models by Simulation: Monte Carlo Evidence"

**Youngjae Lim**, University of Cambridge  
"Disentangling Permanent Income and Risk Sharing: A General Equilibrium Perspective on Credit Markets in Rural South India"

**Zvi Eckstein**, Tel Aviv University  
**Ron Shachar**, Tel Aviv University  
"Correcting for Errors in Retrospective Data

10:45 - 11:15 A.M. Coffee Break

Wednesday, 23 June, 11:25 - 12:45 P.M.

## SECOND MORNING SESSIONS

### 05 Theory of Contracts I

Chair: Kenneth Burdett

**Beverly J. Lapham**, Queen's University  
**Roger Ware**, Queen's University  
"Markov Puppy Dogs and Other Related Animals"

**Kenneth Burdett**, University of Essex  
**Melvyn G. Coles**, University of Essex  
"Price Cycles (and the market for mortgages)"

**John Kennan**, University of Wisconsin  
"Repeated Contract Negotiations with Transient Private Information"

## 06 International Business Cycles I

**Chair:** Enrique G. Mendoza

**Jeffrey Wrase**, Arizona State University

**Elvan Ozlu**, Arizona State University

**Don Schlagenhauf**, Arizona State University

“Monetary Policy and Exchange Rate Dynamics in a Stochastic Open-Economy Model”

**Kunhong Kim**, Australian National University

“The Role of Terms of Trade Shocks in a Real Business Cycle Model of a Small Open Economy”

**Robert Kollmann**, University of Montreal

“Fiscal Policy, Technology Shocks and the US Trade Balance Deficit”

**Nicholas Apergis**

“The Role of Intervention Policies in the Foreign Exchange Market in the Process of Business Cycles: The Case of Greece”

## 07 Computable Economics

**Chair:** K. Velupillai

**Art DeVany**, University of California

“Hard Cores and Soft Cores: Evolving Coalitions, Edgeworth and the Boltzman Machine”

**Hakan J. Holm**, University of Lund

“Computational Ability and Institutional Performance”

**Hsiao-Yun Teng**, National Central University, Taiwan

“A Self-Regulatory Mechanism of Prices in an Interactive Network System”

## 08 Political Economy

**Chair:** Itzhak Zilcha

**V.V. Chari**, Northwestern University and Federal Reserve Bank of Minneapolis

**Harold L. Cole**, Federal Reserve Bank of Minneapolis

“A Contribution to the Theory of Pork Barrel Spending”

**Joao L. Cesar des Neves**, Universidade Catolica Portuguesa

“Poverty Equilibrium and the Introduction of Innovations: A Schumpeterian Approach”

**Casper van Ewijk**, University of Amsterdam

“A Political Model of Taxation, Distribution and Growth”

**Andrew P. Blake**, National Institute of Economic and Social Research

**Peter F. Westaway**, National Institute of Economic and Social Research

“Cooperation, Commitment and Stabilization Policy: Analysing the Benefits of Central Bank Independence”

**12:45 - 2:15 P.M. Lunch**

**Wednesday, 23 June, 2:15 - 3:45 P.M.**

## FIRST AFTERNOON SESSIONS

### 09 Environmental and Resource Economics I

**Chair:** Lary Karp

**Larry Karp**, University of California-Berkeley

“Monopoly Power Can Be Disadvantageous in the Extraction of a Durable Nonrenewable Resource”

**Michael Hoel**, University of Oslo

**Ivar Isaksen**, University of Oslo

“Intertemporally Efficient Emissions of Different Greenhouse Gases”

**Santanu Roy**, Erasmus University

**L. Olson**, University of California-Riverside

“On Extinction of Renewable Resources with Non-Concave Production Function and Stock-Dependent Return”

**Anastasios Xepapadeas**, University of Crete

“Long-Run Growth, Environmental Pollution and Increasing Returns”

### 10 Capital Income Taxation and Growth

**Chair:** Ramon Marimon

**Christophe Chamley**, Boston University and Universidad Carlos III de Madrid

“The Welfare Cost of Taxation and Endogenous Growth”

**Thomas Alesø Christensen**, Copenhagen Business School

**Soren Bo Nielsen**, Copenhagen Business School

“International Repercussions of Capital Income Taxation in Large Countries: The Source Versus the Residence Principle”

**Larry E. Jones**, Northwestern University

**Rodolfo E. Manuelli**, Stanford University

**Peter Rossi**, University of Chicago

“On the Optimal Taxation of Capital Income”

### 11 VAR and BVAR

**Chair:** Lucrezia Reichlin

**Georgios Kouretas**, University of Crete

**Dimitris A. Georgoutsos**, Athens University of Economics and Business

**Dikaio E. Tserkezos**, University of Crete

“Temporal Aggregation in Structural Var Models”

**M. R. Wickens**, London Business School  
“Var Analysis in the Presence of Cointegration”

**Matteo Manera**, European University Institute  
“Dynamic Duality and Vector Autoregression as Alternative Approaches to Factor Demand Analysis: An Application to the Italian Manufacturing Sector”

**Keith Cuthbertson**, University of Newcastle  
“The Expectation Hypothesis of the Term Structure: The U.K. Interbank Market”

## 12 Finance

**Chair:** Fabio Canova

**Bahram Pesaran**, Bank of England

**Gary Robinson**, Bank of England  
“Optimal Funding Rules”

**Berc Rustem**, Imperial College of Science, Technology & Medicine

**Melendres Howe**, Imperial College of Science, Technology & Medicine  
“A Continuous Min-Max Algorithm for Hedging”

**Huntley Schaller**, Carleton University  
“Production-Based Asset Pricing Models and Finance Constraints”

**Andrew Clare**, Southampton University  
“Macroeconomic Shocks and the Domestic CAPM: Evidence from the UK Stockmarket”

**3:45 - 4:15 P.M. . Coffee Break**

**Wednesday, 23 June, 4:15 - 5:45 P.M.**

## SECOND AFTERNOON SESSIONS

**13 Plenary Session I: Externalities Modelling**  
**Chair:** Roger Craine

**Masanao Aoki**, University of California-Los Angeles  
“Applications of Statistical Physics Concepts and Tools to Neural Networks and to Economic Modelling”

**14 Plenary Session II: Dynamic Economic Theory**  
**Chair:** Christophe Chamley

**Manuel Santos**, Universidad Carlos III de Madrid  
“Smooth Dynamics and Simulation in Models of Economic Growth”

**15 Plenary Session III: Dynamic Econometrics**  
**Chair:** Michael Magdalinos

**Kenneth D. West**, University of Wisconsin  
“Inventory Models”

**Wednesday, 23 June: 7:30 P.M. . Cocktail Party at Epidavros**

**Thursday, 24 June, 9:15 - 10:45 A.M. .**

## FIRST MORNING SESSIONS

**16 Economic Cycles and Fluctuations**  
**Chair:** Yves Balasko

**Yves Balasko**, University of Geneva  
**Christian Ghiglino**, University of Geneva  
“Cycles in the Overlapping-Generations Model”

**Christian Ghiglino**, University of Geneva  
**Mich Tvede**, Copenhagen Business School  
“Income Distribution and Fluctuations in Overlapping-Generation Models”

**Herve Cres**, University of Geneva  
**Christian Ghiglino**, University of Geneva  
“Consumption Externalities and Cycles”

**17 The European Monetary Union**  
**Chair:** Theodore Georgakopoulos

**Thomas F. Cooley**, University of Rochester  
“Inflation and Welfare with a Monetary Union”

**Pedro Teles**, Banco de Portugal

“Fiscal Implications of Monetary Coordination in the EC”

**Juan Pablo Nicolini**, Universitat Pompeu Fabra  
“An Exchange Rate Rule as a Coordination Device”

**Andrew J. Hughes-Hallett**, Princeton University and Strathclyde University, and CEPR  
**Yue Ma**, Strathclyde University  
“Changing Partners: The Importance of Coordinating Fiscal and Monetary Policy within the European Monetary Union”

**18 Computational Methods in Economics and Finance**

**Chair:** Hans M. Amman

**Serdar Dalkir**, Cornell University  
“Asymmetric Auctions with Uniform Private Signals”

**Steve Bakalis**, Victoria University  
“An Investigation of the Role of Multinational Corporations in Developing Economies with a Miniature CGE Model”



**Olin Liu**, Boston College  
**Christopher Baum**, Boston College  
"An-Alternative Nonlinear General Equilibrium Model of the Term Structure of Interest Rates"

**David Kendrick**, University of Texas  
**Hans M. Amman**, University of Amsterdam  
"Forward Looking Variables and Learning in Stochastic Control"

**19 International Business Cycles II**  
Chair: Leonardo Leiderman

**Morton Ravn**, Aarhus University and European University Institute

**Fabio Canova**, Brown University and European University Institute  
"International Consumption Risk Sharing"

**Enrique G. Mendoza**, International Monetary Fund, Washington D.C.  
**Linda L. Tesar**, University of California-Santa Barbara  
"A Quantitative Examination of Fiscal Policy Coordination in a Global Economy"

**J. Marrinan**, Innocenzo Gasparini Institute  
**E. van Wincoop**, Boston University and Innocenzo Gasparini Institute  
"Private and Government Savings in a Multi Country Model"

**10:45 - 11:15 A.M. Coffee Break**

**Thursday, 24 June, 11:25 - 12:45 P.M.**

## SECOND MORNING SESSIONS

**20 Labor Economics**  
Chair: John Kennan

**Patricia Augier**, Université d'Aix-Marseille II  
**Christophe Deissenberg**, Université du Québec a Montreal and Université de Nantes  
**Jean-Louis Reiffers**, Université d'Aix Marseille II  
"Macroeconomic Adjustment under 'Inherited' Supply Behavior"

**Leonor Modesto**, Universidade Catolica Portuguesa  
"Dynamic Behaviour of Wages and Employment: A Bargaining Model Introducing Adjustment Costs"

**Vassilis A. Hajivassiliou**, Yale University  
**Yannis M. Ioannides**, Virginia Polytechnic Institute and State University  
"Unemployment and Liquidity Constraints"

**Zvi Eckstein**, Tel Aviv University and Boston University  
**Kenneth Wolpin**, New York University  
"Duration to First Job and the Return to Schooling: Estimates from a Search- Matching Model"

**21 Applied Monetary Theory**  
Chair: George W. Evans

**Paul D. McNelis**, Georgetown University  
**Carlos M. Asilis**, International Monetary Fund, Washington D. C.  
"Monetary and Fiscal Feedback in a Two-Country Framework: An Application of Linear Quadratic Control to the U.S. and Japan"

**Henriette M. Prast**, University of Amsterdam  
"Strategic Model Representation: How to reduce Inflationary Expectations without becoming Unpopular?"

**Helmut Zink**, University of Bern  
"Stability Problems in Hyperinflation Models"  
**22 Topics in Business Cycle Analysis**

Chair: Andrew J. Hughes-Hallett

**Beth Ingram**, The University of Iowa  
**Narayana Kocherlakota**, The University of Iowa  
**N.E. Savin**, The University of Iowa  
"What's the Culprit? Letting the Data Tell Us About the Great Productivity Slowdown"

**Francois Langot**, Université de Paris I- M.A.D.  
**Patrick Fève**, Université de Paris I- M.A.D.  
"The RBC Model through Statistical Inference"

**Leonardo Leiderman**, Tel Aviv University  
**Alex Cukierman**, Tel Aviv University  
**Miguel A. Kiguel**, Tel Aviv University  
"The Choice of Exchange Rate Bands: Credibility versus Flexibility"

**23 Dynamic Econometrics I**  
Chair: Zvi Eckstein

**Maria Rosarja d' Esposito**, Università di Napoli  
"Federico II"  
**Marilena Furno**, Università di Pavia  
"Sampling Methods for Robust Procedures Using P-Dimensional Subsets"

**Carlo Bianchi**, Banca d' Italia  
**Giuseppe Bruno**, Banca d' Italia  
**Andrea Cividini**, Banca d' Italia  
"Efficient Instrumental Variables Estimate of Large Scale Nonlinear Econometric Models"

**Agelike Nikolaou**, University of Macedonia  
**K. Margaritis**, University of Macedonia  
**D. Papanastasiou**, University of Macedonia  
"Confidence Intervals for Elasticities and the Bootstrap Method: On the Application of Parallel Processing Techniques"

**John S. Chipman**, University of Minnesota  
**Peter Winker**, Universität Konstanz  
"Optimal Aggregation by Threshold Accepting"

**12:45 - 2:15 P.M. Lunch**

**Thursday, 24 June, 2:15 - 3:45 P.M.**

**FIRST AFTERNOON SESSIONS**

**24 Dynamic Exchange Models**

**Chair:** Elias Flytzanis

**Ita Falk**, Harvard University

“Variation Utility and the Formation of Dynamic Preferences, Temporary Fashions, and Habits”

**Nick Vriend**, European University Institute

“Decentralized Trade with Perfectly Rational Agents”

**Vyacheslav V. Kalashnikov**, C.E.M.I. of Russian Academy of Sciences

**Natalia I. Kalashnikova**, Institute of Physics and Technology

“Scalarization of Lexicographic Variational Inequality”

**Cars H. Hommes**, University of Amsterdam

“Periodic, Quasi-Periodic and Strange, Chaotic Attractors in Hicks’ Nonlinear Trade Cycle Model”

**25 Learning and Finance**

**Chair:** Mark Salmon

**Kent D. Wall**, Naval Postgraduate School

“A Model of Competing Decision Makers under Bounded Rationality”

**John Duffy**, University of Pittsburgh

**James Bullard**, Federal Reserve Bank of St. Louis  
“Learning in a Large Square Economy”

**Pamela Labadie**, Board of Governors of the FRB

“Asset Prices and Undiversifiable Income Risk in an Overlapping Generations Model”

**Linda L. Tesar**, University of California

**Ingrid M. Werner**, Stanford University

“Financial Transactions and Tests of the International CAPM”

**26 Dynamic Econometrics II**

**Chair:** M.R. Wickens

**George Tauchen**, Duke University

**A. Ronald Galland**, North Carolina State University  
“Which Moments to Match?”

**A. Zadrozny**, GTE Laboratories

“A Principal-Components Variance Decomposition for Vector Autoregressive Moving-Average Models”

TBA

**27 Stylized Facts of Business Cycles**

**Chair:** Sophia Dimelis

**Arthur Blakemore**, London School of Economics and Arizona State University

**William Crowder**, Arizona State University

**Dennis L. Hoffman**, Arizona State University

“A Cross-Country Comparison of Labor Market Adjustments: Are There Common Sources of Nonstationary Behavior?”

**Gianni de Nicolò**, Università di Roma “La Sapienza”

**Fabio Canova**, Brown University and European University Institute

“The Equity Premium and the Risk Free Rate in a Cross-Country Comparison: Some Puzzles Re-examined”

**Kyprianos Prodromidis**, Athens University of Economics and Business

“Stylized Facts of Electoral and Partisan Cycles”

**3:45 - 4:15 P.M. Coffee Break**

**Thursday, 24 June, 4:15 - 5:45 P.M.**

**SECOND AFTERNOON SESSIONS**

**28 Keynote Speech**

**Chair:** Professor Georgios K. Christou, Rector

of the A.U.E.B.

**Finn Kydland**, Carnegie Mellon University

TBA

**Thursday, 24 June: 8:30 P.M. Conference Banquet at Bourtzis**

**Friday, 25 June, 9:15 - 10:45 A.M.**

**FIRST MORNING SESSIONS**

**29 Investment and Employment Decisions**

**Chair:** Michael Hoel

**Dale T. Mortensen**, Northwestern University

“The Cyclical Behavior of Job and Worker Flows”

**Hugo Hopenhayn**, Universitat Pompeu Fabra

TBA

TBA

### **30 Labor and Trade in Aggregate Economies**

**Chair:** Thomas F. Cooley

**Christopher A. Pissarides**, The London School of Economics

**Dale T. Mortensen**, Northwestern University

“Growth, Job Creation and Job Destruction”

**Dominique Simard**, Rutgers University

“Private Information and Aggregate Labor Market Fluctuations”

**Pietro Reichlin**, University of Rome

**Aldo Rustichini**, New York University

“Diverging Patterns in a Two Country Model With Endogenous Labor Migration”

**Manjira Datta**, Université Catholique de Louvain

“Stationary Temporary Equilibrium in a Model of Trade and Optimal Accumulation”

### **31 Topics in Applied Macro**

**Chair:** John S. Chipman

**Orazio Attanasio**, Università di Bologna

“Consumer durables and Inertial behavior: Estimation

and Aggregation of Ss Rules”

**Franck Portier**, Université de Paris I

**Jean-Marc Tallon**, Université de Paris I

“Incomplete Financial Markets and the Role of Monetary Policy: A Macroeconomic Presentation”

**Ayse Imrohoroglu**, University of Southern California

**Selahattin Imrohoroglu**, University of Southern California

“Welfare Effects of Inflation in a Life Cycle Model”

### **32 Theory of Contracts II**

**Chair:** Alan Kirman

**Paul Levine**, Leicester University

**Joseph Pearlman**, London Guildhall University

“Staggered Wage Contracts, Conservative Bankers and a European Central Bank”

**Pieter Hasekamp**, European University Institute

**Mark Salmon**, European University Institute

“Divide and Rule: A Theory of Public Policy with Atomistic Agents”

**Aditya Goenka**, University of Essex

“On the Stability of Rationing Schemes”

**10:45 - 11:15 A.M. Coffee Break**

**Friday, 25 June, 11:25 - 12:45 P.M.**

### **SECOND MORNING SESSIONS**

#### **33 Quantitative Theoretical Models of the Wealth Distribution**

**Chair:** Victor Rios-Rull

**Ayse Imrohoroglu**, University of Southern California

**Selahattin Imrohoroglu**, University of Southern California

**Douglas H. Joines**, University of Southern California

“A Dynamic, Stochastic Model of IRAs and Saving”

**P. Krusell**, University of Pennsylvania

**Victor Rios-Rull**, University of Pennsylvania

“Politico-Economic Equilibrium and Growth”

**Edi Karni**, The Johns Hopkins University

**Itzhak Zilcha**, Tel Aviv University

“Technological Progress and Income Inequality”

#### **34 Growth Theory**

**Chair:** Christophe Deissenberg

**Jean Pierre Drugeon**, Université de Paris I

“Impatience and Long-Run Growth”

**Maurizio Baussola**, Catholic University of Milan  
“Technological Change, Diffusion and Output Growth”

**Maria Muniagurria**, University of California at Santa Cruz

**Nirvikar Singh**, University of California at Santa Cruz

“Foreign Technology, Externalities and Research Development Policies”

**Dan Ben-David**, University of Houston and Ben-Gurion University

**Michael Loewy**, University of Houston

“Trade and Convergence: Does the Choice of Trading Partner Matter?”

#### **35 Growth Policies**

**Chair:** Rodolfo E. Manuelli

**Christophe Chamley**, University of Boston and Universidad Carlos III de Madrid  
“Asymptotic Non Stationary Second-Best and Endogenous Growth”

**B. Ravikumar**, University of Virginia

**Gerhard Glomm**, University of Virginia

“Endogenous Expenditures on Public Schools and

Persistent Growth”

**Giorgia Giovannetti**, Cambridge University and Rome University

**Albert Marcet**, Universitat Pompeu Fabra

**Ramon Marimon**, Universitat Pompeu Fabra, University of Minnesota, and Cambridge University  
“Commitment and International Capital Transfers in Developing Economies”

**Isabel Correia**, Banco de Portugal

“Dynamic Optimal Taxation in Small Open Economies”

### 36 Differential Games in $H^*$

**Chair:** Tamer Basar

**Tamer Basar**, University of Illinois

“Time-Scale Separation and Robust Nash Equilibria in Nonzero-Sum Differential Games-With Deterministic Uncertainties”

**P. Caravani**, University of Aquila

“On  $H^*$  Criteria for Macroeconomic Policy Evaluation”

**Maria Luisa Petit**, Universita di Roma “La Sapienza”

**Boleslaw Tolwinski**, Colorado School of Mines

“R&D Investments in Technology Sharing Cartels”

12:45 - 2:15 P.M. Lunch

Friday, 25 June, 2:15 - 3:45 P.M.

### FIRST AFTERNOON SESSIONS

#### 37 Recursive Games with Nonrecursive Constraints

**Chair:** Berc Rustem

**Albert Marcet**, Universitat Pompeu Fabra

**Ramon Marimon**, Cambridge University, Universitat Pompeu Fabra

“Recursive Formulation of Dynamic Contracts with non Recursive Constraints”

**Curtis Eberwein**, University of Pittsburgh and European University Institute

**Tryphon Kollintzas**, Athens University of Economics and Business, IMOII, and CEPR

“A Dynamic Model of Bargaining in a Unionized Firm with Irreversible Investment”

**Kenneth L. Judd**, Stanford University

**James Conklin**, Universidad Carlos III de Madrid  
“Computing Supergame Equilibria”

#### 38 Production Technologies and Aggregate Fluctuations

**Chair:** Dale T. Mortensen

**Thomas F. Cooley**, University of Rochester

**Bruce Hansen**, University of Rochester

**Edward Prescott**, Federal Reserve Bank of Minneapolis and University of Minnesota

“The Plants and Staff”

**Michael B. Devereux**, Queen’s University

**Allen C. Head**, Queen’s University

**Beverly J. Lapham**, Queen’s University

“Exit and Entry, Increasing Returns to Specialization, and Business Cycles”

**David Andolfatto**, University of Waterloo

**Glen M. MacDonald**, University of Rochester

“Endogenous Technological Change, Growth, and Aggregate Fluctuations”

#### 39 Computational Elements in Econometrics and Statistics

**Chair:** David A. Belsley

**George Tsiouris**, International Monetary Fund, Washington D.C.

“Emergent Noise in Foreign Exchange Markets”

**Jan A. Eklof**, Stockholm School of Economics

**Anders Westlund**, Stockholm School of Economics

“Testing for Structural Variability in the Case of Partly Inaccurate Data”

**Basma Bekdache**, Boston College

“A Multiprocess Mixture Model of the Term Structure of Interest Rates”

#### 40 The Greek Economy in Transition

**Chair:** Christopher A. Pissarides

**George Alogoskoufis**, Athens University of Economics and Business and IMOII

**George Bitros**, Athens University of Economics and Business and IMOII

**Nicos Christodoulakis**, Athens University of Economics and Business and IMOII

**Loucas Papademos**, University of Athens and IMOII

**Louka Katseli**, University of Athens and IMOII

**Alexandros Sarris**, University of Athens and IMOII

3:45 - 4:15 P.M. Coffee Break

**Friday, 25 June, 4:15 - 5:45 P.M.**

**SECOND AFTERNOON SESSIONS**

**41 High Performance Computing in Economics and Econometrics**

**Chair:** Anna Nagurney

**Manfred Gilli**, University of Geneva

**Giorgio Pauletto**, University of Geneva  
"Econometric Model Simulation on Parallel Computers"

**Vassilis Argyrou Hajivassiliou**, Yale University  
"Simulating Normal Orthant Probabilities: The Effects of Vectorization"

**Gerard A. Pfann**, University of Limburg

**Franz C. Palm**, University of Limburg  
"Unravelling the Stochastic Components of Total Factor Productivity"

**Anna Nagurney**, University of Massachusetts

"Towards Massively Parallel Computation of Variational Inequalities as Solutions of Dynamical Systems"

**42 Learning and Bubbles**

**Chair:** Kent D. Wall

**Alan Kirman**, European University Institute

"Testing for Bubbles"

**George W. Evans**, University of Edinburg

**Seppo Honkapohja**, University of Helsinki  
"On the Local Stability of Sunspot Equilibria under Adaptive Learning Rules"

**Robert E. Marks**, Stanford University

**David Midgley**, University of New South Wales

**Lee Cooper**, University of California-Los Angeles  
"Adaptive Behavior in an Oligopoly"

**Wenjie Fan**, Boston College

"The Information Content of Stock Options"

**43 EMS / EMU**

**Chair:** Kyriakos Prodromidis

**Sarantis Kalyvitis**, Athens University of Economics and Business

**Nikitas Pittis**, Union Bank of Switzerland and University of Cyprus

**Guglielmo Maria Caporale**, National Institute of Economic and Social Research

"Interest Rate Linkages, Risk Premia and Foreign Exchange Market Efficiency within the EMS"

**Thomas Krichel**, University of Surrey

"Seigniorage, Taxation and Myopia in EMU"

**Eric Girardin**, Universite Bordeaux 1, L.A.R.E.

**Velayoudom Marimoutou**, Universite Bordeaux 1, L.A.R.E.

"Has the Franc-Deutsche Mark Target-Zone Become Credible at the Turn of the Nineties?"

**44 Environmental and Resource Economics II**

**Chair:** Ngo van Long

**Ngo van Long**, Australian National University

**Engelbert J. Dockner**, University of Bielefeld

**Gerhard Sorger**, University of Vienna

"Does the Lack of Coordination in Pollution Control Result in Environmental Chaos?"

**Elias Flytzanis**, Athens University of Economics and Business

"Linear Chaos in Hilbert Spaces"

TBA

**Friday, 25 June, 6:00 P.M.**

**END OF THE CONFERENCE**

