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**SOCIETY FOR ECONOMIC DYNAMICS**  
**ANNUAL MEETING**

NYU STERN SCHOOL OF BUSINESS  
JUNE 28 – JUNE 30, 2002

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**Program Chairs:**

Narayana Kocherlakota, University of Minnesota  
Fabrizio Perri, New York University Stern School of Business

**Conference Coordinators:**

Felicia Shutter, New York University Stern School of Business  
Corporate Planners Unlimited, Inc.  
<http://www.corporateplanners.com/>

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<http://www.economicdynamics.org/society.htm>

**Conference Sponsors:**

**The C.V. Starr Center for Applied Economics**

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## Welcome to SED 2002

Dear Colleagues:

Welcome to the Society for Economic Dynamics 13<sup>th</sup> Annual Meeting. We are honored to be hosting this year's conference at New York University's Stern School of Business.

We hope you enjoy the fantastic program that we have put together. Narayana Kocherlakota, Fabrizio Perri and the program committee did a super job of putting together a scientific program of top quality research on a wide range of topics.

We also have an unprecedented social program planned for you at some special New York City venues. Our conference dinner will be held at the historic Tavern on the Green Restaurant located in Central Park. With sponsorship provided by Credit Suisse First Boston, we are also hosting a cocktail reception at the world-renowned Solomon R. Guggenheim Museum, where we will be viewing a brand new exhibit. And, as per SED conference tradition, The Contractions will provide musical entertainment.

June is a perfect time to visit New York City. We hope that you will be able to take advantage of some of what the city has to offer. *Time Out New York Magazine*, *NYC & Company Official NYC Guide* and *Tips and Suggestions for Exploring New York City*, all of which are included in your tote bag, will show you the incredible variety of activities and happenings in New York City.

We hope that you enjoy the conference and your stay in New York City!

Sincerely,

Thomas Cooley  
SED President

## **I. Useful Information**

### **Conference Staff**

A conference staff member will be at the registration booth at all times to answer questions. Additional staff members are identifiable by name badges.

### **Tote Bag Contents**

1. This useful program guide ☺.
2. Your name badge (your security pass to enter all events).
3. A name badge for your guest (if applicable).
4. Tickets to the events for you and your guest, if applicable (Located behind your namebadge in the plastic cover).
5. *Time Out New York* magazine for the current week. This magazine lists current events and happenings. It also lists many restaurants, museums, dance clubs, and other New York City venues.
6. *NYC & Company Official NYC Guide*. This guide includes a subway and bus map (pg. 36-37) and a “pull-out” street map of New York City that conveniently locates museums, site-seeing attractions, ticket offices and travel and tourist services. The guide also provides descriptions that highlight each attraction.
7. *Tips and Suggestions for Exploring New York City* which includes listings of restaurants, bars, museums and tips for getting around the city.
8. SED 2002 Crossword puzzle
9. SED 2002 pen

### **Name Badge**

Your name badge is your security pass for **entrance into all events, including those held off campus**. It is absolutely necessary for all conference participants (as well as guests) to wear their name badges at all times. Also, please note that you may also be asked to present photo ID.

### **Meals**

Breakfast, lunch and an afternoon snack will be provided each day in Patron’s Lobby in Tisch Hall (see map on page 11).

Additional indoor lunch areas:

- Sosnoff Student Lounge (see map on page 8)
- Lounge on Tisch LC level (see map on page 12)

Outdoor lunch areas (see map on page 7):

- Washington Square Park
- Gould Plaza

### **Computer/ Internet Access**

A computer lab for your use is open from 8:00am – 7:00pm. It is located in Room UC49 in Tisch Hall (see map on page 11). No log in necessary. If you need assistance, please see the lab technician at the front of the room.

### **Message Board**

A message board is located in Patron's lobby (see map on page 11) where you are welcomed post notes to colleagues.

### **Supplies for Presenters**

Presentation supplies can be found in each breakout room. For additional supplies, please see a staff member at the registration booth in Tisch Hall.

## **II. Accommodations**

### **Sheraton New York Hotel**

81 Seventh Avenue (at 53<sup>rd</sup> Street)

New York, NY 10019

Telephone (212) 581-1000

Fax (212) 262-4410

To change or cancel reservations please call Corporate Planners Unlimited, Inc. at 800-493-2545 x110, or send a fax to 949-493-5006.

### **NYU Dormitory, Goddard Hall**

79 Washington Square East (between West 4<sup>th</sup> Street and Washington Place, see map on page 7)  
(212) 995-3131

## **IV. Directions and Tourist Information**

### **Directions:**

#### **To the Sheraton Hotel from NYU Stern School of Business (see map on page 7):**

##### *By Subway*

Walk west on West 4<sup>th</sup> Street approximately 4 blocks. Make a left on 6<sup>th</sup> Avenue. Walk one block south to the subway station. Take the E train uptown 6 stops to the 7<sup>th</sup> Avenue stop at 53<sup>rd</sup> Street.

##### *By Bus*

Walk west on West 4<sup>th</sup> Street approximately 4 blocks. Make a left onto 6<sup>th</sup> Avenue. Walk one block south to West 3<sup>rd</sup> Street. Take the M6 bus north to 53<sup>rd</sup> Street and 6<sup>th</sup> Avenue. Walk one block west to 52<sup>nd</sup> Street.

## **To Tavern on the Green from NYU Stern:**

### *By Chartered Bus*

Chartered Buses will be provided at NYU Stern at West 3<sup>rd</sup> Street (behind Tisch Hall). Seating is limited so please arrive promptly after the plenary session on Sunday.

### *By Subway*

Walk west on West 4<sup>th</sup> Street approximately 4 blocks. Make a left on 6<sup>th</sup> Avenue. Walk one block south to the subway station. Take the E train uptown 4 stops to 42nd Street-Port Authority Bus Terminal- at 8<sup>th</sup> Avenue. Switch to the number 1 uptown train 2 stops to 66th Street. Exit station and walk east two blocks to Central Park West. Walk north one block to 67<sup>th</sup> Street.

## **To Tavern on the Green from the Sheraton Hotel:**

### *By Subway*

Walk one block east to Broadway and two blocks south to 50<sup>th</sup> Street. Take the number 1 uptown train 2 stops to 66th Street. Exit station and walk east two blocks to Central Park West. Walk north one block to 67<sup>th</sup> Street.

### *By Bus*

Walk West to 8<sup>th</sup> Avenue. Take the M10 or M20 bus north to Central Park South. Walk north to West 67<sup>th</sup> Street and Central Park West.

### *By Foot*

Walk north on 7<sup>th</sup> Avenue six blocks to Central Park South. Turn left onto Central Park South. Walk one block West and turn right onto Central Park West. Walk north 8 blocks to West 67<sup>th</sup> Street (approximately 35 minutes).

## **Tourist Information:**

New York City's Official Visitor Information Center

810 Seventh Avenue, between 52nd & 53rd Streets

(212) 484-1222

Open Monday to Friday 8:30am to 6pm, Saturday and Sunday 9am to 5pm

## **V. Disclaimer**

### **Disclaimer:**

The Organizing Committee, New York University and Corporate Planners Unlimited, Inc. accept no liability for injuries/losses of whatever nature incurred by participants and/or accompanying persons, nor loss of, or damage to, their luggage and/or personal belongings.

# Map of Streets Surrounding NYU Stern



**G** = Goddard Residence Hall, 79 Washington Square East

**KMC** = Henry Kaufman Management Center, 44 West 4th Street

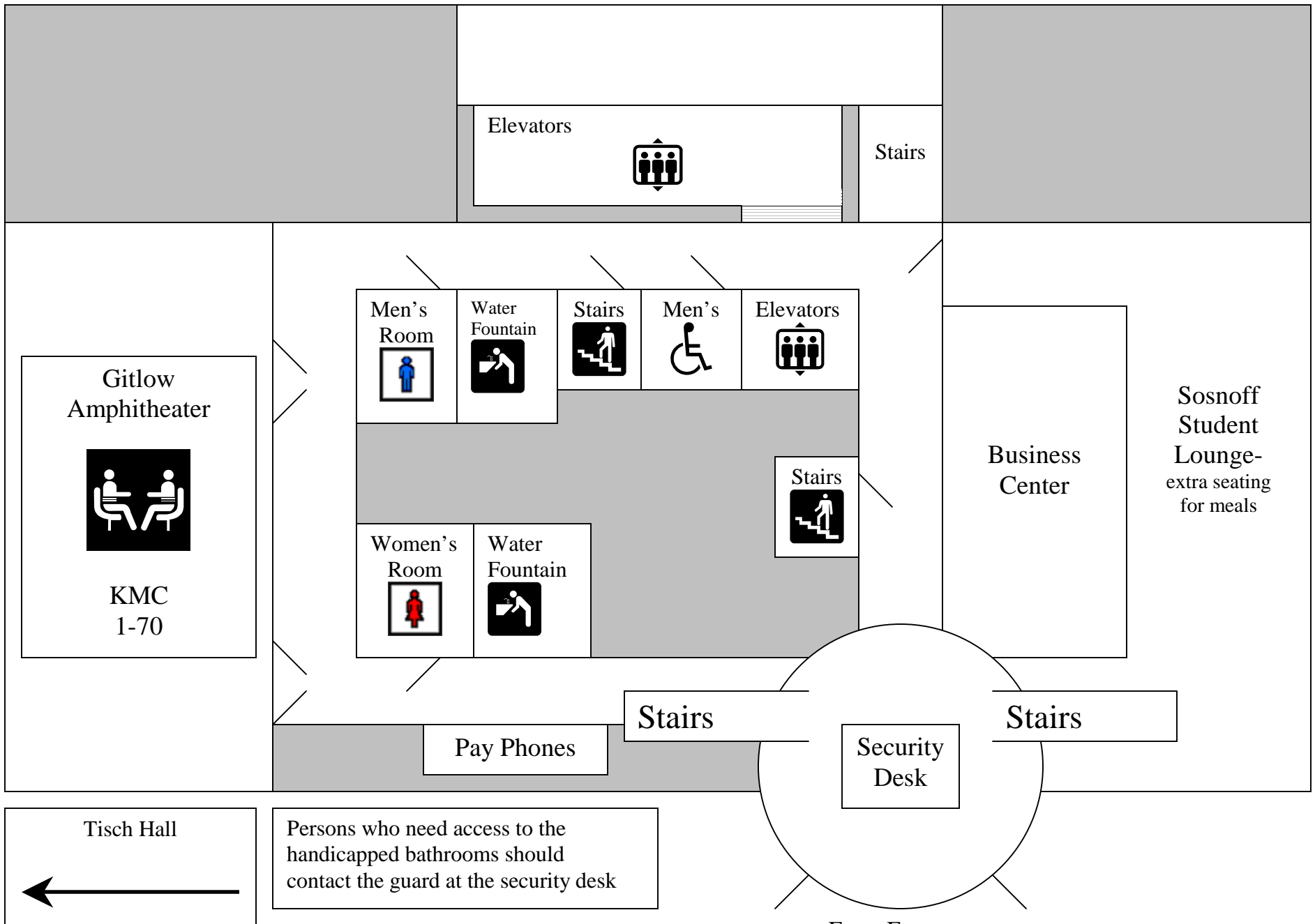
**Tisch** = Tisch Hall, 40 West 4th Street

**"Alley"** = Schwartz Alley  
(outdoor sitting and eating area)

**Gould** = Gould Plaza  
(outdoor sitting and eating area)

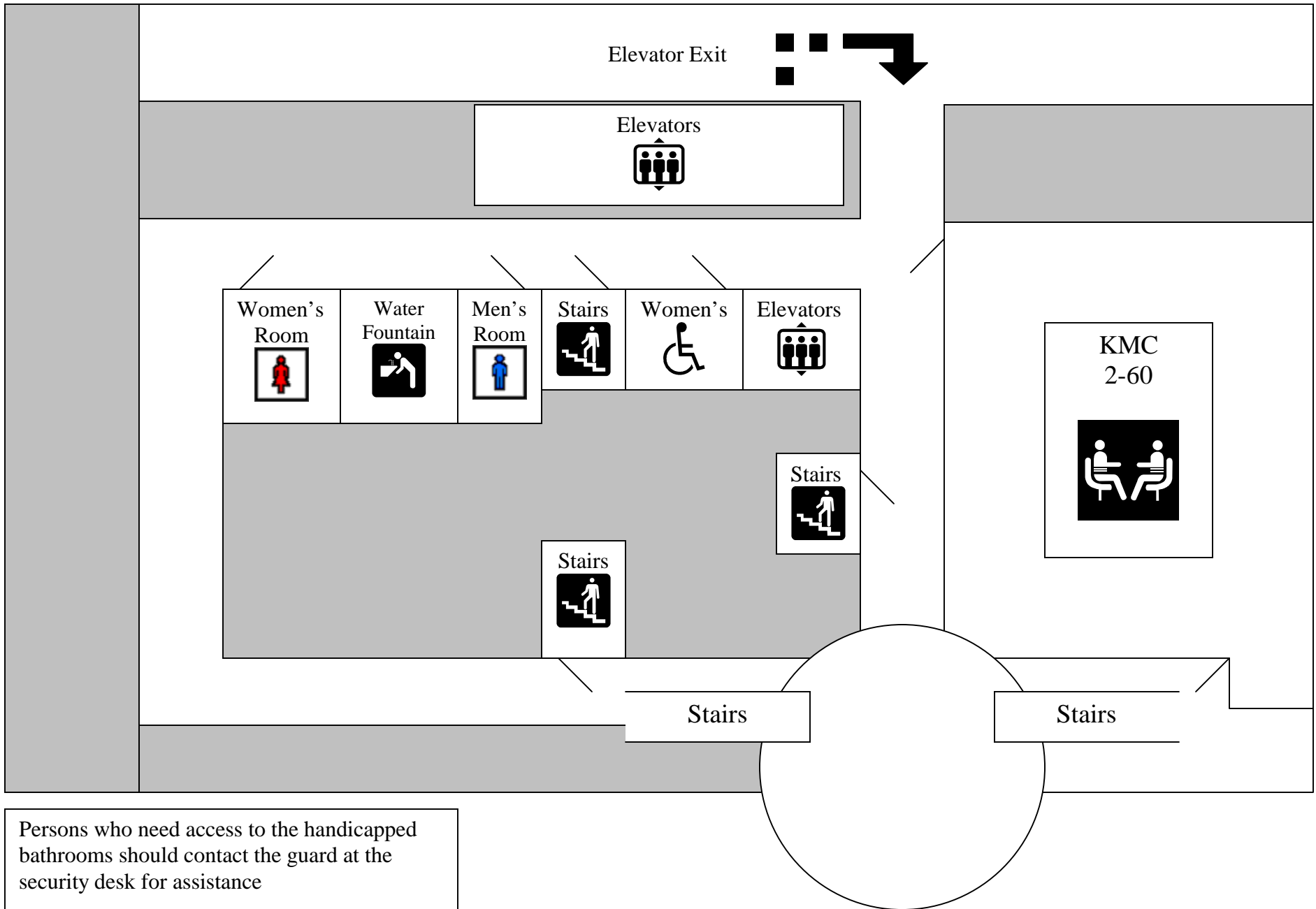


# Henry Kaufman Management Center First Floor

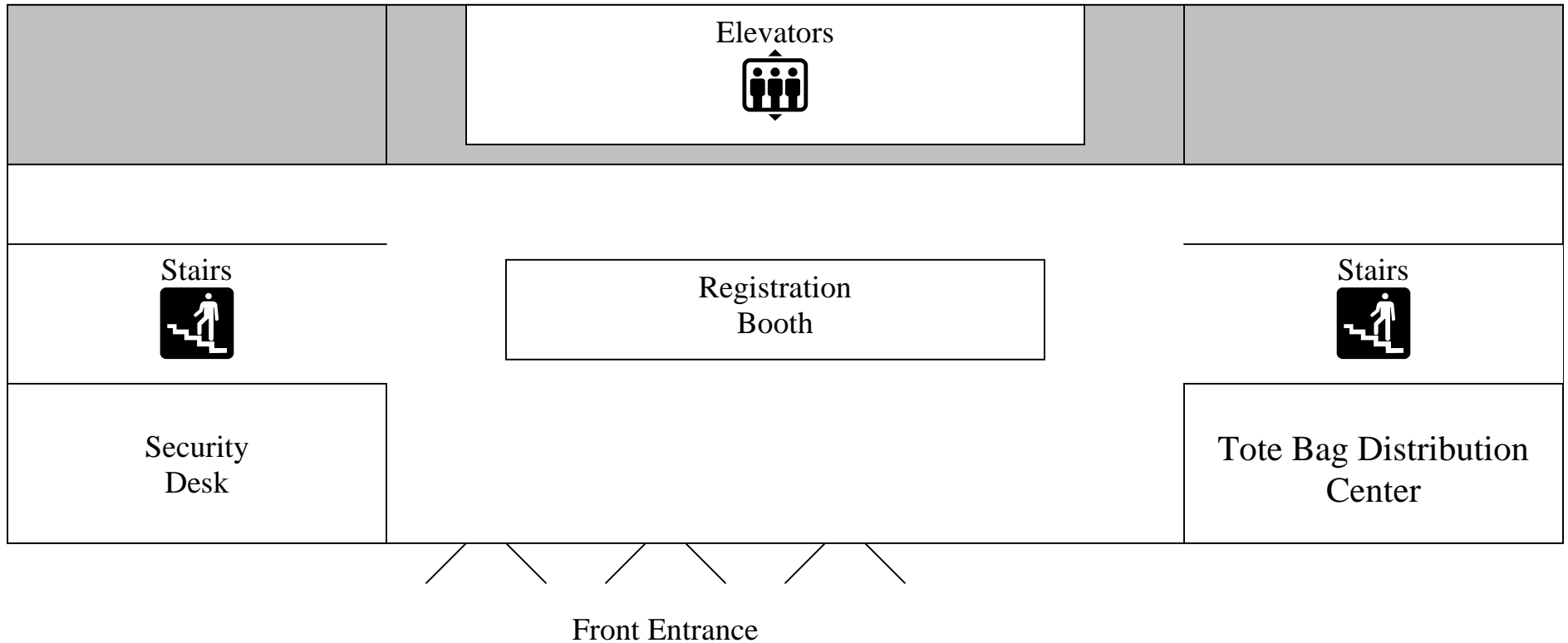


Front Entrance

# Henry Kaufman Management Center Second Floor



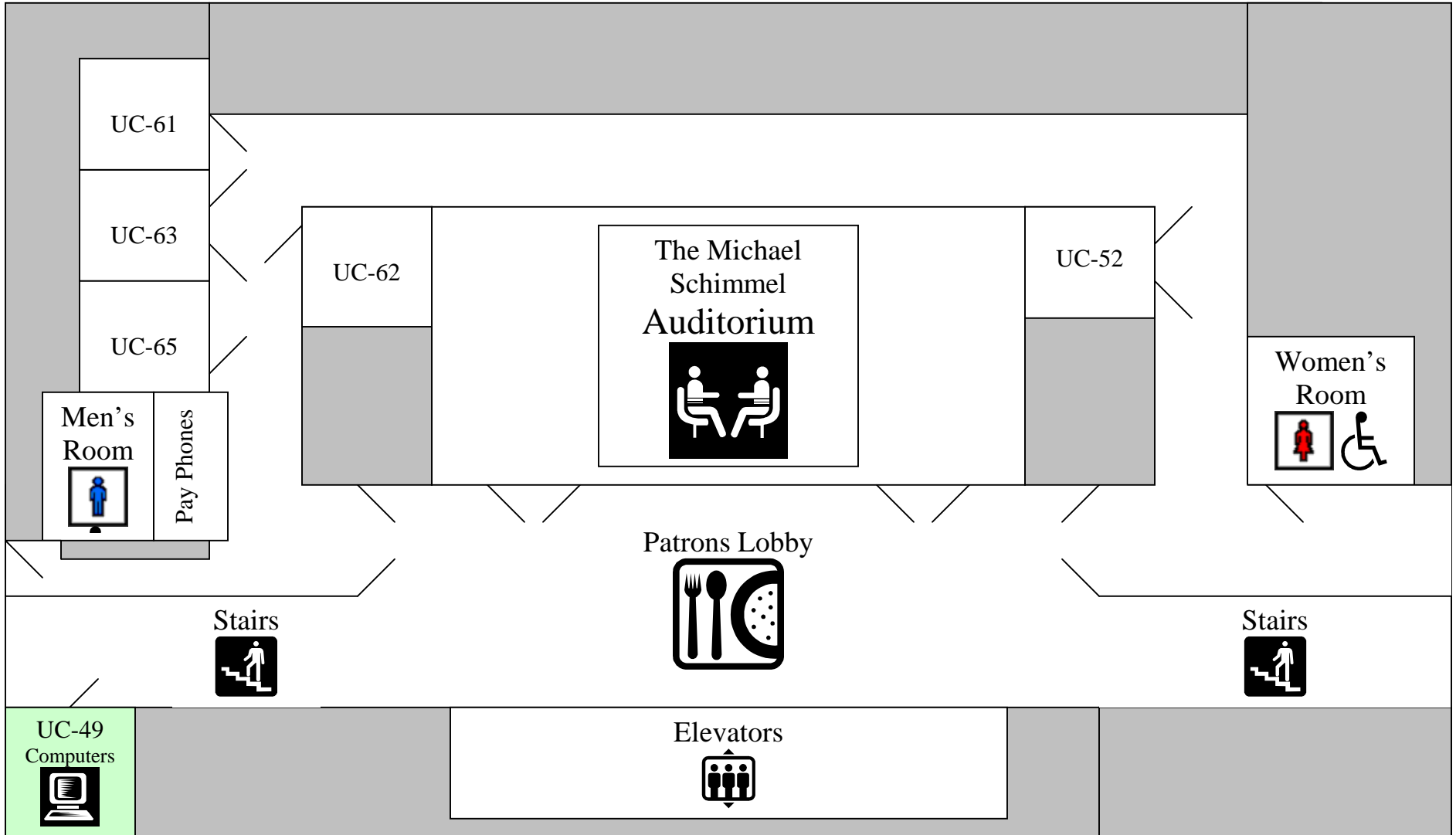
**Tisch Hall  
First Floor**



The elevator does not regularly stop on the Upper Concourse. Persons needing elevator access, please see the security guard at the front entrance of the building for assistance.

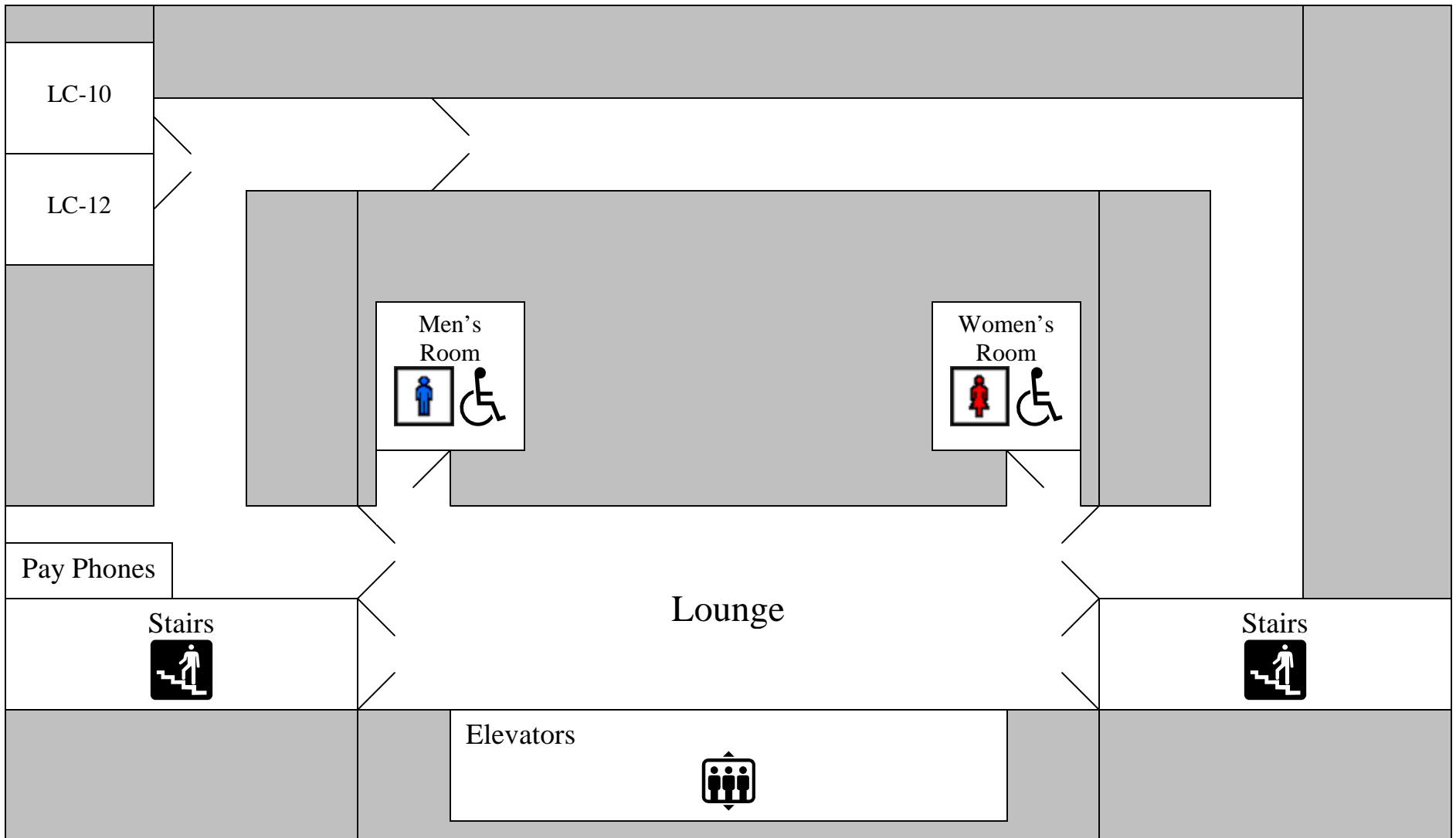
Henry Kaufman  
Management Center  
→

# Tisch Hall Upper Concourse (UC)



The elevator does not regularly stop on the Upper Concourse. Persons needing elevator access, please see the guard at the security desk

**Tisch Hall  
Lower Concourse (LC)**



# Program Overview

## *Friday, June 28*

8:00am – 9:30am	Registration
8:00am – 9:30am	Breakfast
9:30am – 11:30am	Parallel Sessions: Invited Contributions and Contributed Papers
11:30am – 12:45pm	Lunch
12:45pm – 2:45pm	Parallel Sessions: Invited Contributions and Contributed Papers
2:45pm – 3:15pm	Snack
3:15pm – 5:15pm	Parallel Sessions: Invited Contributions and Contributed Papers
5:30pm – 6:45pm	Plenary Session (Orazio Attanasio, University College-London)
10:00pm – 12:30am	The Contractions at the Sheraton Hotel

## *Saturday, June 29*

8:30am – 9:30am	Breakfast
9:30am – 11:30am	Parallel Sessions: Invited Contributions and Contributed Papers
11:30am – 12:45pm	Lunch
12:45pm – 2:45pm	Parallel Sessions: Invited Contributions and Contributed Papers
2:45pm – 3:15pm	Snack
3:15pm – 5:15pm	Parallel Sessions: Invited Contributions and Contributed Papers
5:30pm – 6:45pm	Plenary Session (Lee Ohanian, University of California, Los Angeles)
9:00pm – 11:00pm	Reception at Solomon R. Guggenheim Museum

## *Sunday, June 30*

8:30am – 9:30am	Breakfast
9:30am – 11:30am	Parallel Sessions: Invited Contributions and Contributed Papers
11:30am – 12:45pm	Lunch
12:45pm – 2:45pm	Parallel Sessions: Invited Contributions and Contributed Papers
2:45pm – 3:15pm	Snack
3:15pm – 5:15pm	Parallel Sessions: Invited Contributions and Contributed Papers
5:30pm – 6:45pm	Plenary Session (Wolfgang Pesendorfer, Princeton University)
6:45pm – 7:00pm	Chartered Busses leaving from West 3 <sup>rd</sup> Street (behind Tisch Hall) to Conference Dinner
7:30pm – 11:00pm	Conference Dinner at Tavern on the Green

# Social Program

## Friday, June 28

### *The Contractions at the Sheraton Hotel*

10:00pm – 12:30am

Sheraton New York Hotel and Towers  
New York Ballroom B – 3<sup>rd</sup> Floor  
811 7<sup>th</sup> Avenue at 52<sup>nd</sup> Street  
(212) 841-6450

Drinks are to be paid by each individual. Gratuities at this event are included in the drink price.

## Saturday, June 29

### *Reception at the Solomon R. Guggenheim Museum sponsored by Credit Suisse First Boston and The CV Starr Center for Applied Economics*

9:00pm – 11:00pm

Solomon R. Guggenheim Museum  
Rotunda  
1071 Fifth Avenue at 89<sup>th</sup> Street  
(212) 423-3500

Drinks and hors d'oeuvres will be served. Guests will be able to view a new exhibit. *Moving Pictures*, drawn from the Guggenheim Museum's permanent collections, features significant new trends in film, video and photo based art.

## Sunday, June 30

### *World Cup Title Game*

7:20am - Kilduff Faculty Lounge, Tisch Hall, Room 809

### *Conference Dinner at Tavern on the Green*

6:45pm - Chartered Buses are available at NYU Stern at West 3<sup>rd</sup> Street (behind Tisch Hall).

Seating is limited so please arrive promptly after the plenary session.

7:30pm - Cocktail Reception

8:30pm - Dinner

Tavern on the Green  
Crystal Pavilion, Rafters Room and Terrace Room  
Central Park West at 67<sup>th</sup> Street  
(212) 873-4111

## Program Guidelines

- The first presenter listed in each session is the session chair.
- In a 4-paper session, each speaker has 25 minutes to present and an additional 5 minutes for general audience discussion.
- In a 3-paper session, each speaker has 35 minutes to present and an additional 5 minutes for general audience discussion.

## Detailed Program

*Friday, June 28*

8:00am – 9:30am

**Registration**

First Floor – Tisch Hall, Stern School of Business

8:00am – 9:30am

**Breakfast**

Patrons Lobby – Upper Concourse, Tisch Hall

9:30am – 11:30am

**Parallel Sessions: Invited Contributions and Contributed Papers**

**Capital Flows and Crises – LC-12, Tisch Hall**

- *Jeanne Olivier*, IMF  
Pierre-Olivier Gourinchas, Princeton University  
On the Benefits of Capital Account Liberalization
- *Philippe Martin*, Federal Reserve Bank of New York  
Helene Rey, Princeton University  
Financial Globalization and Emerging Markets:  
With or Without Crash
- *Sergio Schmukler*, World Bank  
Graciela L. Kaminsky, George Washington University  
Short-Run Pain, Long-Run Gain: The Effects of Financial  
Liberalization

**Estimation and Solution of Dynamic Models – UC-65, Tisch Hall**

- *Noah Williams*, Princeton University  
Small Noise Asymptotics for a Stochastic Growth Model
- *Mark Huggett*, Georgetown University  
When are Comparative Dynamics Monotone?
- *Manuel Santos*, Arizona State University  
Simulation and Estimation of Dynamic Economic Models



### **The Stock Market and Macroeconomics – KMC 1-70**

- *Dmitriy Stolyarov*, University of Michigan  
John Laitner, University of Michigan  
Technological Change and the Stock Market
- *Rody Manuelli*, University of Wisconsin  
Technological Change, The Labor Market and the Stock Market
- *Andrew B. Abel*, Wharton School, University of Pennsylvania  
Janice Eberly, Kellogg School of Management, Northwestern University  
Q for the Long Run
- *Vincenzo Quadrini*, New York University Stern School of Business  
Urban Jermann, Wharton School, University of Pennsylvania  
Stock Market Boom and Economic Expansion

### **Heterogeneity in Macroeconomics – UC-63, Tisch Hall**

- *Pedro Amaral*, University of Minnesota  
Consequences of Turbulence and Heterogeneity in Ability to Learn For Wage Inequality
- *Jonas Fisher*, Federal Reserve Bank of Chicago  
A Real Explanation for Heterogeneous Investment Dynamics
- *Christian Zimmermann*, CREFE/UQAM and Bank of Canada  
Martin Berka, University of British Columbia  
Financial Intermediation with Heterogeneous Agents:  
Transitional Dynamics and Policy Responses
- *Paul Gomme*, Federal Reserve Bank of Cleveland  
Measuring the Welfare Costs of Inflation in a Life-Cycle Model

### **Technological Change and the Firm – UC-61, Tisch Hall**

- *Rajshree Agarwal*, University of Illinois at Urbana-Champaign  
April Franco, University of Iowa  
MB Sarkar and Raj Echambadi, University of Central Florida  
Knowledge Transfer Through Inherited Learning:  
Spin-out Generation, Growth and Survival
- *Peter Rousseau*, Vanderbilt University  
Boyan Jovanovic, University of Chicago and New York University  
The Q-Theory of Mergers

- *Vivek Ghosal*, Georgia Institute of Technology  
Impact of Uncertainty and Sunk Costs on Firm Survival and Industry Dynamics
- *Claudio Irigoyen*, University of Chicago  
Where Do Entrepreneurs Come From?

### **Monetary Economics I – KMC 2-60**

- *Braz Camargo*, University of Pennsylvania  
*Luis Araujo*, University of Pennsylvania  
Monetary Equilibrium with Decentralized Trade and Learning
- *Aleksander Berentsen*, University of Basel  
*Guillaume Rocheteau*, Australian National University  
Properties of Money: A Mechanism Design Approach
- *Gabriele Camera*, Purdue University  
*F. Vesely*, Purdue University  
End of Days: Trading Horizons and the Value of Money
- *Neil Wallace*, Penn State  
*Bruce Champ*, Federal Reserve Bank of Cleveland  
Resolving the National Banking System Note-Issue Paradox

### **Optimal Policy – LC-10, Tisch Hall**

- *Aysegul Sahin*, University of Rochester  
The Rotten Kid at College: The Incentive Effects of Higher Education Subsidies on Student Achievement
- *Thomas Renström*, Wallis Institute, University of Rochester and CEPR  
*Parantap Basu*, Fordham University  
Indivisible Labor and Optimal Dynamic Taxation
- *Juan Cordoba*, Rice University  
Optimal Taxation with Collateral Constraints
- *Diego Restuccia*, University of Toronto  
*Andres Erosa*, Universitat Autònoma de Barcelona  
*Luisa Fuster*, Universitat Pompeu Fabra  
A General Equilibrium Analysis of Parental Leave Policies

### **Dynamic Games – UC-62, Tisch Hall**

- *William Sandholm*, University of Wisconsin  
Negative Externalities and Evolutionary Implementation

- *Sandroni Alvaro*, University of Rochester  
Markets Favor Bayesian Estimators over Maximum Likelihood Estimators
- *In-Koo Cho*, University of Illinois, Urbana-Champaign  
*Akihiko Matsui*, University of Tokyo  
Aspiration and Cooperation in Repeated Prisoner's Dilemma
- *George Mailath*, University of Pennsylvania  
*Martin Cripps*, Olin School of Business, Washinton University  
*Larry Samuelson*, University of Wisconsin  
Imperfect Monitoring and Impermanent Reputations

### **Human Capital – UC-52, Tisch Hall**

- *Martin Schindler*, University of Pennsylvania  
Human Capital and Labor Market Policy
- *Holger Sieg*, Carnegie Mellon University  
*Dennis Epple*, Carnegie Mellon University  
*Richard Romano*, University of Florida  
Admission, Tuition and Financial Aid Policies in the Market of Higher Education: Theory and Evidence
- *Marcelle Chauvet*, University of California Riverside  
*Krishna B. Kumar*, University of Southern California  
Evaluating the Role of Human Capital in Economic Development
- *Alexander Monge*, Northwestern University  
Human Capital, Organizations and Foreign Direct Investment

11:30am – 12:45pm **Lunch**  
Patrons Lobby – Upper Concourse, Tisch Hall

12:45pm – 2:45pm **Parallel Sessions: Invited Contributions and Contributed Papers**

### **Inflation/Output Dynamics – UC-52, Tisch Hall**

- *Tao Zha*, Federal Reserve Bank of Atlanta  
*Christopher A. Sims*, Princeton University  
Macroeconomic Switching
- *Jean Boivin*, Columbia University  
*Marc Giannoni*, Federal Reserve Bank of New York  
Has Monetary Policy Become Less Powerful?
- *Timothy Cogley*, Arizona State University  
*Thomas J. Sargent*, Stanford University, Hoover Institution

Second Thoughts on Evolving Inflation Dynamics:  
Drifting Parameters and Stochastic Volatility

**Political Economy – LC-10, Tisch Hall**

- *Arianna Degan*, University of Pennsylvania  
A Dynamic Model of Voting Behavior
- *Matthias Doepke*, UCLA  
*Fabrizio Zilibotti*, University of Stockholm  
Who Gains from Child Labor? A Politico-Economic Investigation
- *Hulya Eraslan*, University of Pennsylvania  
*Antonio Merlo*, University of Pennsylvania  
*Daniel Diermeier*, Northwestern University  
Bicameralism and Government Formation

**Financial Markets in General Equilibrium – UC-62, Tisch Hall**

- *Felix Kubler*, Stanford University  
*Herakles Polemarchakis*, Brown University  
Simple Markov Equilibria for Overlapping Generation
- *Erzo Luttmer*, University of Minnesota  
*Thomas Mariotti*, GREMAQ, Universite de Toulouse 1  
Efficiency and Equilibrium when Preferences are Time-Inconsistent
- *Pascal Maenhout*, INSEAD  
*Bernard Dumas*, INSEAD  
A Central-Planning Approach to Dynamic Incomplete-Market  
Equilibrium

**Networks and Organizations – UC-63, Tisch Hall**

- *April Franco*, University of Iowa  
*Andreas Blume*, University of Pittsburgh  
Organizational Learning and Competition
- *Markus Mobius*, Harvard University  
Trading Favors
- *Thomas Wiseman*, University of Texas at Austin  
A Folk Theorem for Games with Unknown Payoff Distributions
- *Matthew Mitchell*, University of Iowa and Federal Reserve Bank of  
Minneapolis  
*Andrzej Skrzypacz*, Stanford Graduate School of Business  
Compatibility and Industry Evolution with Network Externalities

### **Dynamic Economics of Private Information – KMC 1-70**

- *Mikhail Golosov*, University of Minnesota and Federal Reserve Bank of Minneapolis  
Narayana R. Kocherlakota and Aleh Tsyvinski, University of Minnesota and Federal Reserve Bank of Minneapolis  
Optimal Indirect and Capital Taxation
- *Alberto Bisin*, New York University  
Ulrich Horst, Princeton University  
Onur Ozgur, New York University  
Rational Expectations Equilibria in Economies with Local Interactions
- *Cheng Wang*, Iowa State University  
Stephen E. Spear, GSIA, Carnegie Mellon University  
When to Fire a CEO:  
Transience and Ergodicity in Long-term Contracts
- *Cyril Monnet*, European Central Bank  
Erwan Quintin, Federal Reserve Bank of Dallas  
Optimal Contracts in a Dynamic Costly State Verification Model

### **Parents and Children – LC-12, Tisch Hall**

- *Richard Barnett*, Southern Methodist University  
Marco Espinosa, International Monetary Fund  
Barriers to Capital, Accumulation and the Inefficiency of Child Labor
- *Lutz Hendricks*, Arizona State University  
Intended and Accidental Bequests in a Life-Cycle Economy
- *Graziella Bertocchi*, University of Modena and CEPR  
The Law of Primogeniture and the Transition from Landed Aristocracy to Industrial Democracy

### **Currency Unions – UC-65, Tisch Hall**

- *Tommaso Monacelli*, Boston College  
Fiscal Policy Rules when Monetary Policy is Constrained
- *Fabio Massimo Natalucci*, Federal Reserve Board  
Federico Ravenna, University of California  
The Road to Adopting the Euro: Monetary Policy and Exchange Rate Regimes in EU Candidate Countries

- *Hubert Kempf*, Universite Paris-1 Pantheon-Sorbonne  
Simon Gilchrist, Boston University  
Jean-Olivier Hairault, University of Paris  
Financial Integration in a Monetary Union
- *Margarida Duarte* and Alexander Wolman  
Federal Reserve Bank of Richmond  
Regional Inflation in a Currency Union:  
Fiscal Policy versus Fundamentals

**Taxation – UC-61, Tisch Hall**

- *Dirk Niepelt*, IIES, Stockholm University  
Tax Evasion Dynamics
- *Tatyana Koreshkova*, Federal Reserve Bank of Cleveland  
Andres Erosa, Universitat Autònoma de Barcelona  
Progressive Taxation in a Dynastic Model of Human Capital
- *Martin Gervais*, Queen's University  
On the Optimality of Age-Dependent Taxes and the Progressive U.S.  
Tax System

**Wage Determination – KMC 2-60**

- *Fabiano Schivardi*, Bank of Italy  
Luigi Guiso, Ente Einaudi, Università di Sassari  
Luigi Pistaferri, Stanford University  
Employment and Wages Adjustments in a Labor Market with  
Frictions
- *Dale T. Mortensen*, Northwestern University  
How Are (Danish) Wages Determined?
- *Peter Rupert*, Federal Reserve Bank of Cleveland  
Ed Nosal, Federal Reserve Bank of Cleveland  
Life Cycle Job and Wage Changes
- *Iourii Manovskii*, University of Western Ontario  
Gueorgui Kambourov, University of Western Ontario  
Occupational Mobility and Wage Inequality

2:45pm – 3:15pm

**Snack**

Patrons Lobby – Upper Concourse, Tisch Hall

3:15pm – 5:15pm

**Parallel Sessions: Invited Contributions and Contributed Paper**

### **Retirement – UC-65, Tisch Hall**

- *David Domeij*, Stockholm School of Economics  
Martin Floden, Stockholm School of Economics  
Macroeconomic Adjustment to Demographic Change
- *Jean-Olivier Hairault*, EUREQUA-Université  
Paris 1- Panthéon-Sorbonne  
François Langot, CEPREMAP  
On the Distributional Effects of Demographic Changes under Different Pension Schemes
- *Eric French*, Federal Reserve Bank of Chicago  
The Effects of Health, Wealth, and Wages on Labor Supply and Retirement Behavior

### **Social Arrangements – UC-52, Tisch Hall**

- *Dan Silverman*, University of Pennsylvania  
Crime and Reputation
- *Hanming Fang*, Yale University  
The Complexity of Cultural Activities
- *Peter Norman*, University of Wisconsin  
Government as a Bundle of Public Goods
- *Roger Lagunoff*, Georgetown University  
Credible Communication in Dynastic Government

### **Understanding Asset Prices – KMC 2-60**

- *Josep Pijoan-Mas*, University College of London  
Asset Pricing in General Equilibrium Heterogeneous Agents Economies
- *Monika Piazzesi*, UCLA  
John Cochrane, University of Chicago  
Bond Risk Premia
- *Ravi Bansal*, Fuqua School of Business, Duke University  
Robert Dittmar and Chris Lundblad, Indiana University  
Consumption, Dividends, and the Cross-Section of Asset Returns
- *Adrian Peralta-Alva*, University of Minnesota  
Michele Boldrin, University of Minnesota  
What Did (Really) Happen to the US Stock Market?  
Accounting for the Last 40 Years

### **Empirical Industrial Organization I – LC-10, Tisch Hall**

- *Andrew Ching*, Ohio State University  
A Structural Model of Dynamic Competition in Price and Advertising under Quality Uncertainty, with an Application to a Prescription Drug Market
- *Matthew Shum*, Johns Hopkins University  
*Gregory Crawford*, Duke University  
Empirical Modeling of Endogenous Quality Choice:  
The Case of Cable Television
- *Amil Petrin*, University of Chicago, Graduate School of Business  
Efficiency Gains for Demand Estimates from Utilization Data

### **International Finance – KMC 1-70**

- *Cristina Arellano*, Duke University  
Dollarization and Borrowing Limits
- *Enrique G. Mendoza*, University of Maryland  
Asset Prices, Financial Frictions and Emerging-Markets Crises
- *Ariel Burstein*, Kellogg School of Management, Northwestern University  
*Sergio Rebelo* and *Martin Eichenbaum*, Northwestern University  
Why Are Rates of Inflation So Low After Large, Contractionary Devaluations?
- *Martin Uribe*, University of Pennsylvania  
A Fiscal Theory of Sovereign Risk

### **International Trade I – UC-61, Tisch Hall**

- *Kevin Huang*, Federal Reserve Bank of Kansas City  
*Zheng Liu*, Emory University  
Vertical International Trade as a Monetary Transmission Mechanism in an Open Economy
- *Ben Eden*, University of Haifa  
Sequential International Trade
- *Delfim Gomes Neto*, Princeton University  
On the Speed of Convergence of Open and Closed Economies

### **The Macroeconomics of Labor Markets – UC-62, Tisch Hall**

- *Yongsung Chang*, University of Pennsylvania  
*Sun-Bin Kim*, University of Concordia



- From Individual to Aggregate Labor Supply
  - *Ian King* and John Kennes, University of Auckland
  - Benoit Julien, University of Miami
  - Residual Wage Disparity in Directed Search Equilibrium
- *Jean-Pierre Danthine*, DEEP-HEC, University of Lausanne
- André Kurmann, University of Virginia
- Completing the New Neoclassical Synthesis:  
The Promise of Fair Wages

### **Business Cycles I – UC-63, Tisch Hall**

- *Kenneth Beauchemin*, University at Albany, SUNY
- On the Optimal Frequency and Duration of Recessions.
- *Fabio Ghironi*, Boston College
- Alessandro Rebucci, International Monetary Fund
- Talan Iscan, Dalhousie University
- Current Account Dynamics and Productivity Shocks
- *Diego Restuccia*, University of Toronto
- José-María Da-Rocha, Universidade de Vigo
- Agricultural Production and Business Cycles in OECD Economies
- *Ruilin Zhou*, Federal Reserve Bank of Chicago
- Cheng Wang, Iowa State University
- Equilibrium Lending Mechanism and Aggregate Activity

### **Growth – LC-12, Tisch Hall**

- *Minyuan Zhao*, Stern School of Business, New York University
- Knowledge Spillover and Knowledge Acquisition
- *Gadi Barlevy*, Northwestern University
- The Timing of Innovation in a Schumpeterian Model of Growth
- *Gerald Carlino*, Federal Reserve Bank of Philadelphia
- Satyajit Chatterjee and Robert Hunt, Federal Reserve Bank of Philadelphia
- Proximity and the Disclosure of Productive Knowledge
- *James Schmitz*, Federal Reserve Bank of Minneapolis
- Estimating the Gains From Reducing Monopoly:  
The Case of 19th Century U.S. Railroad Development

5:30pm

**Plenary Session – Schimmel Auditorium, Tisch Hall**

*Chair*, Fabrizio Perri

***Orazio Attanasio***, University College-London

The Evolution of Income and Consumption Distributions:  
What We Know and What We Can Learn From It

10:00pm – 12:30am

**The Contractions at the Sheraton Hotel**

Sheraton New York Hotel and Towers

New York Ballroom B – 3<sup>rd</sup> Floor

Drinks are to be paid by each individual. Gratuities at this event are included in the drink price.

*Saturday, June 29*

8:30am – 9:30am

**Breakfast**

Patrons Lobby – Upper Concourse, Tisch Hall

9:30am – 11:30am

**Parallel Sessions: Invited Contributions and Contributed Papers**

**International Macro – UC-52, Tisch Hall**

- *Bernhard Paasche*, Carnegie Mellon University  
Stanley E. Zin, Carnegie Mellon University  
Competition and Intervention in Sovereign Debt Markets
- *Roberto Chang*, Rutgers University  
Luis Cespedes, International Monetary Fund  
Andres Velasco, Harvard University  
Balance Sheets and Exchange Rate Policy
- *Gita Gopinath*, University of Chicago, Graduate School of Business  
Lending Booms, Sharp Reversals and Real Exchange Rate Dynamics
- *Diego Valderrama*, Duke University  
The Impact of Financial Frictions on a Small Open Economy:  
When Current Account Borrowing Hits a Limit

**Industrial Organization – UC-62, Tisch Hall**

- *Johannes Horner*, KSM-MEDS, Northwestern University  
Morton Kamien, KSM-MEDS, Northwestern University  
Too Much of a Good Thing? Resale and the Coase Conjecture
- *Mariagiovanna Baccara*, Princeton University  
Ronny Razin, New York University  
From Thought to Practice: Appropriation and Endogenous Market  
Structure with Imperfect Intellectual Property Rights
- *Andrzej Skrzypacz*, Stanford University  
Yossi Feinberg, Stanford University  
Uncertainty about Fundamentals and Delay in Bargaining

**The European Labor Markets – KMC 2-60**

- *Lars Ljungqvist*, Stockholm School of Economics  
Thomas J. Sargent, Stanford University  
The European Employment Experience

- *Olivier Blanchard*, MIT  
Thomas Philippon, MIT  
The Disappearance of Rents, and the Rise and Fall of Unemployment in Europe
- *Christopher Pissarides*, London School of Economics  
Paloma Lopez-Garcia, CES, Munich, and London School of Economics  
The Employment Implications of Firm Entry: OECD Evidence

### **Growth and R&D – UC-61, Tisch Hall**

- *Diego Comin*, New York University  
R&D? Just a Small Contribution to Productivity Growth
- *Pietro Peretto*, Duke University  
Fiscal Policy and Endogenous Growth:  
A Superneutrality Result for R&D-Based Models
- *Dan Peled*, University of Haifa (visiting Boston University)  
Benjamin Bental, University of Haifa  
Quantitative Growth Effects of Subsidies in a Search Theoretic R&D Model
- *John Coleman*, Duke University  
Francesco Caselli, Harvard University  
On the Theory of Ethnic Conflict

### **Macroeconomics and Finance I – KMC 1-70**

- *Jose Wynne*, Duke University  
Business Cycles and Firm Dynamics in Small Emerging Economies
- *Gian Luca Clementi*, Carnegie Mellon University  
Rui Castro, Universite de Montreal  
Glenn MacDonald, Washington University in St. Louis  
Optimal Financing Contracts, Investor Protection, and Growth
- *Pietro Reichlin*, Universita' di Roma La Sapienza  
Gaetano Bloise, CORE  
A Model of Strategic Default with Formal and Informal Lenders
- *Martin Schneider*, UCLA  
Rui Albuquerque, University of Rochester  
Stock Market Liberalizations:  
A Model of Transition Dynamics in Flows and Returns

### **Monetary Policy I – UC-65, Tisch Hall**

- *Ester Faia*, New York University  
Monetary Policy in a World with Different Financial Systems
- *Antonella Trigari*, New York University  
Equilibrium Unemployment, Wage Bargaining and Monetary Policy
- *Ariel Burstein*, Northwestern University  
Inflation and Output Dynamics with State Dependent Pricing Decisions
- *Andrea Tambalotti*, Princeton University  
Monetary Policy and Technological Progress

### **Bankruptcy and Default – UC-63, Tisch Hall**

- *Michele Tertilt*, University of Minnesota  
James MacGee, University of Minnesota and Federal Reserve Bank of Minneapolis  
Igor Livshits, University of Western Ontario  
Consumer Bankruptcy: A Fresh Start
- *Karsten Jeske*, Federal Reserve Bank of Atlanta  
A Dynamic Model of Vertical Specialization, Chains, and Default Risk
- *Carlos Garriga* and Eric Young, Florida State University  
Equilibrium Firms Financing with Bankruptcy
- *Luisa Lambertini*, UCLA  
Costas Azariadis, UCLA  
Is There a Risk Premium Puzzle?

### **The Role of Information in Markets – LC-12, Tisch Hall**

- *Ali Hortacsu*, University of Chicago  
Chad Syverson, University of Chicago  
Search Costs, Product Differentiation and the Welfare Impact of Entry: A Case Study of S & P 500 Index Funds
- *Gautam Gowrisankaran*, University of Minnesota, Federal Reserve Bank of San Francisco and NBER  
Michael Chernen, University of Michigan and NBER  
Dennis Scanlon, Pennsylvania State University  
Learning and the Value of Information:  
The Case of Health Plan Report Cards

- *Victor Aguirregabiria*, Boston University  
Price Dispersion and Intertemporal Price Discrimination in Supermarkets: Evidence from the Estimation of a Dynamic Game

11:30am – 12:45pm **Lunch**  
Patrons Lobby – Upper Concourse, Tisch Hall

12:45pm – 2:45pm **Parallel Sessions: Invited Contributions and Contributed Papers**

**Family Macroeconomics – KMC 1-70**

- *Raquel Fernandez*, New York University  
*Alessandra Fogli*, New York University  
*Claudia Olivetti*, Boston University  
Marrying Your Mom:  
Sons, Mothers, and Women's Labor Force Participation
- *Alessandra Fogli*, New York University  
*Vincenzo Quadrini*, New York University  
Born to Race
- *Jeremy Greenwood*, University of Rochester  
The Baby Boom and Baby Bust:  
Some Macroeconomics for Population Economics

**Private Information and Participation Costs – LC-12, Tisch Hall**

- *Laura Veldkamp*, INSEAD  
Frenzies, Crashes and Markets for Financial Information
- *Pierre-Olivier Weill*, Stanford University  
The Liquidity Premium in a Dynamic Bargaining Market
- *Uday Rajan*, Carnegie Mellon University  
*Christine A. Parlour*, Carnegie Mellon University  
Inefficient Trade
- *Helios Herrera*, New York University  
Participation Externalities and Asset Prices Volatility

**Dynamic Coordination Games – UC-63, Tisch Hall**

- *Stephen Morris*, Yale University  
*Amil Dasgupta*, London School of Economics  
*Giancarlo Corsetti*, Universita' di Roma  
Does One Soros Make a Difference? A Theory of Currency Crises with Large and Small Traders

- *Dana Heller*, University of Chicago and Tel-Aviv University  
Social Interactions, Human Capital and Mobility
- *George-Marios Angeletos*, MIT  
Christian Hellwig, London School of Economics  
Alessandro Pavan, Northwestern University  
Interest Rate Policy and Expectation Traps in Currency Crises

#### **Total Factor Productivity – UC-52, Tisch Hall**

- *Ricardo Lagos*, New York University  
A Model of TFP
- *Roberto Samaniego*, George Washington University  
Policy, Industry Composition and Output
- *Richard Rogerson*, Arizona State University  
Douglas Gollin, Williams College  
Stephen Parente, University of Illinois  
The Role of Agriculture in Development

#### **Real Exchange Rates: Pricing to Market – UC-61, Tisch Hall**

- *George Alessandria*, Ohio State University  
Real Exchange Rates and the Role of Domestic and International Trade Costs
- *Sylvain Leduc*, Federal Reserve Bank of Philadelphia  
Luca Dedola, Bank of Italy  
Giancarlo Corsetti, University of Rome III  
Accounting for Real Exchange-Rate Changes:  
The Role of Market Segmentation and Distribution Services
- *Michael Devereux*, University of British Columbia  
Charles Engel, University of Wisconsin  
Exchange Rate Volatility, Exchange Rate Pass-Through, and Exchange Rate Disconnect

#### **Private Money – UC-62, Tisch Hall**

- *Guido Lorenzoni*, Princeton University  
Christian Hellwig, London School of Economics  
Self-enforcing Ponzi Games and Liquidity
- *Stephen Williamson*, University of Iowa  
Limited Participation, Private Money, and Credit in a Spatial Model of Money

- *David Andolfatto*, Simon Fraser University  
Ed Nosal, Federal Reserve Bank of Cleveland  
Money and Banking with Costly State Verification
- *Régis Breton*, University of Paris 10 at Nanterre  
Inside Money, Debt, and the Mechanics of Exchange

#### **Dynamic Analysis of Markets – LC-10, Tisch Hall**

- *Julie Mortimer*, Harvard University  
The Effects of Revenue-Sharing Contracts on Welfare in Vertically-Separated Markets: Evidence from the Video Rental Industry
- *Marc Rysman*, Boston University  
Shane Greenstein, Kellogg School Of Management at Northwestern University  
Angelique Augereau, McKinsey Global Institute  
Coordination vs. Differentiation in a Standards War: 56K Modem Adoption by ISP's
- *Matthew Shum*, Johns Hopkins University  
F. Panetta and F. Schivardi, Bank of Italy  
Measuring the Informational Effects of Bank Mergers on Loan Markets
- *Ariel Pakes*, Harvard University  
Chaim Fershtman, Tel Aviv University  
A Dynamic Game with Asymmetric Information

#### **Private Information and Limited Enforcement – UC-65, Tisch Hall**

- *Aleh Tsyvinski*, University of Minnesota and Federal Reserve Bank of Minneapolis  
Mikhail Golosov, University of Minnesota and Federal Reserve Bank of Minneapolis  
Optimal Disability Insurance
- *Igor Livshits*, University of Western Ontario  
Allocative Consequences of Limited Liability
- *Beatrix Paal*, Stanford University and University of Texas  
Thomas Wiseman, University of Texas  
Group Lending with Endogenous Social Collateral
- *Garance Genicot*, University of California, Irvine and Princeton University  
Does Inequality Improves Risk-Sharing without Commitment?



## **Macroeconomics and Finance II – KMC 2-60**

- *Ellen McGrattan*, Federal Reserve Bank of Minneapolis  
Ed Prescott, University of Minnesota  
The Stock Market Crash of 1929: Irving Fisher was Right!
- *Amir Yaron*, Wharton School, University of Pennsylvania  
Joao Gomes and Lu Zhang, University of Pennsylvania  
Asset Pricing Implications of Firm's Financing Constraints
- *Annette Vissing-Jorgensen*, University of Chicago  
Tobias J. Moskowitz, University of Chicago, Graduate School of Business  
Marianne P. Bitler, RAND  
Why Must Entrepreneurs Hold Large Ownership Shares?  
Optimal Contracting in Private and Newly Public Firms
- *Burton Hollifield*, GSIA, Carnegie Mellon University  
Michael Gallmeyer, GSIA, Carnegie Mellon University  
An Examination of Heterogeneous Beliefs with a Short Sale Constraint

2:45pm – 3:15pm

### **Snack**

Patrons Lobby – Upper Concourse, Tisch Hall

3:15pm – 5:15pm

## **Parallel Sessions: Invited Contributions and Contributed Papers**

### **Monetary History – UC-63, Tisch Hall**

- *Warren Weber*, Federal Reserve Bank of Minneapolis  
Banknote Pricing in the Antebellum United States
- *Antoine Martin*, Federal Reserve Bank of Kansas City  
Endogenous Multiple Currencies
- *François Velde*, Federal Reserve Bank of Chicago  
Government Equity and Money: John Law's System in 1720 France

### **International Economics and the Depression – KMC 1-70**

- *Lee E. Ohanain*, UCLA  
Harold Cole, UCLA  
Ron Leung, University of Minnesota  
Real Wages, Deflation, and the World-Wide Great Depression
- *Amartya Lahiri*, UCLA  
Carlos Vegh, UCLA  
On the Non-Monotonic Relationship Between Interest Rates and the Exchange Rate

- *Sharon Harrison*, Barnard College, Columbia University  
Mark Weder, Humboldt University, Berlin  
Did Sunspot Forces Cause the Great Depression?

### **Measuring and Explaining Border Effects – UC-61, Tisch Hall**

- *Michael Rolleigh*, University of Minnesota  
Ron Leung, University of Minnesota and Federal Reserve Bank of Minneapolis  
Opening to Trade and Firm Selection
- *Marios Zachariadis*, Louisiana State University  
Mario Crucini, Vanderbilt University  
Chris Telmer, Carnegie Mellon University  
How Wide is the Border (cont.)?
- *Esteban Rossi-Hansberg*, University of Chicago  
A Spatial Model of Trade

### **Plant Heterogeneity – LC-12, Tisch Hall**

- *Raphael Bergoing*, Universidad de Chile  
Andrea Repetto, Universidad de Chile  
Disaggregated Fluctuations and Policy
- *Michael Gort*, State University of New York at Buffalo  
Seong-Hoon Lee, State University of New York at Buffalo  
J. Bradford Jensen, U.S. Bureau of the Census  
The Probability of Survival of Industrial Plants
- *Samuel Kortum*, University of Minnesota  
Jonathan Eaton, Boston University  
Francis Kramarz, CREST-INSEE  
An Anatomy of International Trade: Evidence from French Firms

### **Business Cycles II – UC-62, Tisch Hall**

- *Daniele Coen-Pirani*, Carnegie-Mellon University  
Microeconomic Inventory Behavior and Aggregate Inventory Dynamics
- *Aubhik Khan*, Federal Reserve Bank of Philadelphia  
Julia K. Thomas, University of Minnesota  
Reassessing the Role of Inventories over the Business Cycle
- *Yi Wen*, Cornell University  
Tarek Coury, Cornell University  
Global Indeterminacy and Chaos in Standard RBC Models

- *Brian Peterson*, Indiana University  
Housing Investment and the Business Cycle

### **Monetary Policy II – KMC 2-60**

- *Chris Edmond*, UCLA  
Fernando Alvarez, University of Chicago  
Andrew Atkeson, UCLA  
Can a Baumol-Tobin Model Explain the Short-Run Behavior of Velocity?
- *Vasso P. Ioannidou*, Tilburg University  
Charles T. Carlstrom, Federal Reserve Bank of Cleveland  
Timothy Fuerst, Bowling Green State University  
Monetary Policy and Asset Prices
- *Nurlan Turdaliev*, McGill University  
Cheap Talk and Monetary Policy
- *Filippo Occhino*, Rutgers University  
Monetary Policy Shocks in an Economy with Segmented Markets

### **Credit Market Frictions – UC-52, Tisch Hall**

- *Neng Wang*, Graduate School of Business, Stanford University  
Understanding the Distribution of Earnings, Wealth, and Lifetimes
- *Stijn Van Nieuwenburgh*, Stanford University  
Hanno Lustig, Stanford University  
Housing and Countercyclical Variation in Risk Premia
- *Dirk Krueger*, Stanford University  
Fabrizio Perri, Stern School of Business, New York University  
Does Income Inequality Lead to Consumption Inequality? Evidence and Theory
- *Tom Krebs*, Brown University  
Incomplete Markets, Borrowing Constraints, and Consumption Inequality

### **Structural Estimation of Dynamic Models I – LC-10, Tisch Hall**

- *Andrea Moro*, University of Minnesota  
Alberto Bisin and Giorgio Topa, New York University  
A Procedure for Estimating Models with Multiple Equilibria

- *Ken Wolpin*, University of Pennsylvania  
Using a Social Experiment to Validate a Dynamic Behavioral Model of Fertility and Child Schooling: Assessing the Impact of a School Subsidy Program in Mexico
- *Christopher Ferrall*, Queen's University  
Explaining and Forecasting Results of The Self-Sufficiency Project
- *Michael Keane*, New York University and Yale University  
*Antonio Merlo*, University of Pennsylvania  
A Political Economy Model of Congressional Careers

**Dynamic Portfolio Allocation – UC-65, Tisch Hall**

- *Andrea Eisfeldt*, Kellogg School of Management Northwestern University  
Smoothing with Liquid and Illiquid Assets
- *Valery Polkovnichenko*, University of Minnesota  
Life Cycle Consumption and Portfolio Choice with Additive Habit Formation Preferences and Uninsurable Labor Income Risk
- *Thomas D. Tallarini, Jr.*, Carnegie Mellon University  
*Stanley E. Zin*, Carnegie Mellon University  
Dynamic Portfolio Choice and Risk Aversion
- *Alex Michaelides*, LSE  
*Francisco Gomes*, London Business School  
Life-Cycle Asset Allocation: A Model with Borrowing Constraints, Uninsurable Labor Income Risk and Stock-Market Participation Costs

5:30pm

**Plenary Session – Schimmel Auditorium, Tisch Hall**

*Chair*, Thomas Cooley

**Lee Ohanian**, University of California, Los Angeles

Neoclassical Studies of Great Depressions: Puzzles and Progress

9:00pm – 11:00pm

**Reception at the Solomon R. Guggenheim Museum**

Rotunda

Drinks and hors d'oeuvres will be served. Guests will be able to view a brand new exhibit.

**Sunday, June 30**

8:30am – 9:30am

**Breakfast**

Patrons Lobby – Upper Concourse, Tisch Hall

9:30am – 11:30am

**Parallel Sessions: Invited Contributions and Contributed Papers**

**Migration – LC-10, Tisch Hall**

- *Paul Klein*, University of Western Ontario  
Gustavo Ventura, Pennsylvania State University  
The birth rate and the berth rate:  
Accounting for Mass Migration to the New World
- *Giorgio Bellettini*, University of Bologna  
Carlotta Berti Ceroni, University of Bologna  
Migration and Human Capital Accumulation
- *Giovanni Peri*, University of California, Davis  
Young Workers, Skills and Cities

**Search – KMC 2-60**

- *Robert Shimer*, Princeton University and NBER  
The Assignment of Workers to Jobs in an Economy with Coordination Frictions
- *Shouyong Shi*, Indiana University  
Frictional Assignment, Part II: Infinite Horizon and Inequality
- *Michael Sattinger*, University at Albany  
Temporary Equilibrium and Price Dispersion in a Queuing Model
- *Jan Eeckhout*, University of Pennsylvania  
Learning, Employer Competition, and Common Values

**Empirical Industrial Organization II – LC-12, Tisch Hall**

- *Patrick Bajari*, Stanford University  
Ali Hortacsu, University of Chicago  
The Winner's Curse, Reserve Prices and Endogenous Entry:  
Empirical Insights From eBay Auctions
- *Elie Tamer*, Princeton University  
Identification and Estimation in Discrete Response Models with Local Interaction

- *Daniel Akerberg*, UCLA  
A New Use of Importance Sampling to Reduce Computational Burden in Simulation Estimation
- *Harry Paarsch*, University of Iowa  
*Stephen Donald*, University of Texas  
*Jacques Robert*, Universite de Montreal  
Identification and Estimation in Empirical Models of Sequential, Oral, Ascending-Price Auctions

**Labor Supply and Wealth – UC-62, Tisch Hall**

- *Hugo Benitez-Silva*, SUNY-Stony Brook  
Labor Supply Flexibility and Portfolio Choice
- *Amir Yaron*, The Wharton School  
*Mark Huggett*, Georgetown University  
*Gustavo Ventura*, Penn-State University  
Distributional Implications of a Benchmark Human Capital Model
- *Michael Pries*, University of Maryland, College Park  
Fundamental Reform of Social Security: Labor Supply and Consumption Smoothing in a Model with Earnings Uncertainty
- *David Love*, Yale University  
401(k)s and Precautionary Savings

**Macroeconomic Policy – KMC 1-70**

- *Christopher Phelan*, Federal Reserve Bank of Minneapolis  
Opportunity and Social Mobility
- *Nancy L. Stokey*, University of Chicago  
Rules versus Discretion after Twenty-five Years
- *Christopher Sleet*, University of Iowa  
Credible, Incentive Constrained Fiscal Policy

**Contracts and Information – UC-63, Tisch Hall**

- *Marco Battaglini*, Princeton University  
Moral Hazard in Teams with Vector Outputs
- *Giacomo Calzolari*, University of Bologna  
*Alessandro Pavan*, Northwestern University  
Monopoly with Resale
- *Rui Zhao*, SUNY, Albany  
On Renegotiation-proof Contracts in Repeated Agency

- *Adrian Masters*, University of Essex  
Unpleasant Middlemen

### **Macroeconomics and Finance III – UC-65, Tisch Hall**

- *Christopher Otrok*, University of Virginia  
B. Ravikumar and Charles Whiteman, University of Iowa  
Stochastic Discount Factor Models and the Equity Premium Puzzle
- *Joao Gomes*, The Wharton School, University of Pennsylvania  
Dmitry Livdan, University of Pennsylvania  
Optimal Diversification
- *Charles Himmelberg*, Federal Reserve Bank of New York  
and Columbia University  
Vincenzo Quadrini, New York University  
The Dynamics of New Firms

### **Monetary Economics II – UC-52, Tisch Hall**

- *David Altig*, Federal Reserve Bank of Cleveland  
Lawrence Christiano and Martin Eichenbaum, Northwestern  
University  
Jesper Linde, Sveriges Riksbank  
Policy Shocks, Technology Shocks, and Nominal Rigidities:  
A Dynamic Model to Fit the Facts
- *Christopher Erceg*, Federal Reserve Board  
Andrew T. Levin, Federal Reserve Board  
Optimal Monetary Policy with Durable and Non-Durable Goods
- *Andrew Levin*, Federal Reserve Board  
John C. Williams, Federal Reserve Board  
Robust Monetary Policy with Competing Reference Models
- *Bill Dupor*, University of Pennsylvania  
Nominal Price versus Asset Price Stabilization

### **International Trade II – UC-61, Tisch Hall**

- *Berthold Herrendorf*, Universidad Carlos III de Madrid  
Arliton Teixeira, Ibmecc, Rio de Janeiro, Brasil  
How Trade Policy Affects Technology Adoption and Productivity
- *Marco Maffezzoli*, Bocconi University - IEP  
Alejandro Cuñat, LSE, CEP and CEPR  
Heckscher-Ohlin Business Cycles

- *Francesc Obiols-Homs*, ITAM  
Trade Effects on the Personal Distribution of Wealth
- *Marla Ripoll*, University of Pittsburgh  
*James Cassing*, University of Pittsburgh  
Tariffs, Growth, and Trading-Partner Tariffs

11:30am – 12:45pm **Lunch**  
Patrons Lobby – Upper Concourse, Tisch Hall

12:45pm – 2:45pm **Parallel Sessions: Invited Contributions and Contributed Papers**

**Bubbles and Macroeconomics – KMC 2-60**

- *Markus Brunnermeier*, Princeton University  
*Dilip Abreu*, Princeton University  
Bubbles and Crashes
- *Jaume Ventura*, MIT  
Globalization and Bubbles
- *Ricardo Caballero*, MIT  
*Mohamad Hammour*, Delta  
Speculative Growth

**Partial Insurance – UC-62, Tisch Hall**

- *Nicola Pavoni*, University College London  
*Abraham Arphad*, Universitat Pompeu Fabra  
Dynamic Moral Hazard with Borrowing and Lending
- *Luigi Pistaferri*, Stanford University  
*Richard Blundell* and *Ian Preston*, University College London  
Partial Insurance and Consumption Dynamics
- *Gianluca Violante*, University College London  
*Jonathan Heathcote*, Duke University  
*Kjetil Storesletten*, Stockholm University  
From Earnings to Consumption Inequality: A Quantitative Analysis
- *Elizabeth Caucutt*, University of Rochester  
*Lance Lochner*, University of Rochester  
Borrowing Constraints and Life-Cycle Human Capital Investment



### **International Trade III – UC-65, Tisch Hall**

- *Claustre Bajona*, University of Miami  
Timothy Kehoe, University of Minnesota and Federal Reserve Bank of Minneapolis  
Oh Dynamic Heckscher-Ohlin Models
- *Rafael Rob*, University of Pennsylvania  
Nikolaos Vettas, Duke University  
Foreign Direct Investment and Exports with Growing Demand
- *Kei-Mu Yi*, Federal Reserve Bank of New York  
A Simple Model of Trade Across Space and Time
- *Timothy Kehoe*, University of Minnesota  
An Evaluation of the Performance of Applied General Equilibrium Models of the Impact of NAFTA

### **Policies and Growth – UC-61, Tisch Hall**

- *Tianshu Chu*, East-West Center  
Exit Barriers and Economic Stagnation
- *Krishna Kumar*, USC Marshall School of Business  
Elizabeth M. Caucutt, University of Rochester  
Policies to Free a Trapped Economy:  
The Case of Sub-Saharan Africa
- *Andy Neumeyer* and Hugo Hopenhayn, Universidad T. Di Tella  
Growing with an Incredible Protection

### **Optimal Fiscal and Monetary Policy – KMC 1-70**

- *Marc Giannoni*, Federal Reserve Bank of New York  
Michael Woodford, Princeton University  
Optimal Interest-Rate Rules
- *Stephanie Schmitt-Grohe*, Rutgers University  
Martin Uribe, University of Pennsylvania  
Optimal Fiscal And Monetary Policy Under Sticky Prices
- *Pedro Teles*, Federal Reserve Bank of Chicago, CEPR  
Bernardino Adao and Isabel Correia, Banco de Portugal, UCP, CEPR  
Instruments of Monetary Policy
- *Jordi Gali*, CREI  
Richard Clarida, U.S. Treasury  
Mark Gertler, New York University  
A Simple Framework for International Monetary Policy Analysis

### **Unemployment – UC-62, Tisch Hall**

- *Rasmus Lentz*, Northwestern University  
Unemployment Insurance in a Structurally Estimated Model of Job Search and Savings
- *Stephane Pallage*, CREFE and University of Quebec at Montreal  
*Michel A. Robe*, Kogod School of Business, American University  
*Christian Zimmermann*, CREFE and University of Quebec at Montreal  
Unemployment Insurance: Isn't Marriage Enough?
- *Michelle Alexopoulos*, University of Toronto  
*Trisha Gladden*, University of Missouri-Columbia  
Wealth, Reservation Wages and Labour Market Transitions in the U.S
- *Marcelo Veracierto*, Federal Reserve Bank of Chicago  
The Cyclical Behavior of Employment, Unemployment and Labor Force Participation

### **Private Information, Monitoring and Trade – UC-63, Tisch Hall**

- *Susanna Esteban*, Penn State University  
*Eiichi Miyagawa*, Columbia University  
*Matthew Shum*, Johns Hopkins University  
Optimal Pricing of Temptation Goods
- *Edward Simpson Prescott*, Federal Reserve Bank of Richmond  
Models of Limited and Costly Communication
- *Adriano Rampini*, Northwestern University  
*Alberto Bisin*, New York University  
*Piero Gottardi*, University of Venice  
Portfolio Monitoring

### **Local Interactions: Theory and Evidence – LC-12, Tisch Hall**

- *Giorgio Topa*, New York University  
*Timothy G. Conley*, Graduate School of Business, University of Chicago  
Dynamic Properties of Local Interaction Models
- *Dean Corbae*, University of Texas at Austin  
*John Duffy*, University of Pittsburgh  
On Contagion in Network Economies
- *Thomas Holmes*, University of Minnesota  
Neighborhood Effects and the Dynamics of Unions

2:45pm – 3:15pm

**Snack**

Patrons Lobby – Upper Concourse, Tisch Hall

3:15pm – 5:15pm

**Parallel Sessions: Invited Contributions and Contributed Papers**

**Macroeconometrics – UC-52, Tisch Hall**

- *Pau Rabanal*, New York University  
Juan F. Rubio-Ramirez, Federal Reserve Bank of Atlanta  
Nominal versus Real Wage Inertia: A Bayesian Approach
- *Filippo Altissimo*, Kennedy School of Government, Harvard University and CEPR  
Paolo Zaffaroni, Bank of Italy and CEPR  
Micro Heterogeneity and Macro Dynamics: An Empirical Analysis
- *Marco Del Negro*, Federal Reserve Bank of Atlanta  
Frank Schorfheide, University of Pennsylvania  
Priors from General Equilibrium Models for VARs: Forecasting and Identification
- *James Bullard*, Federal Reserve Bank of St. Louis  
John Duffy, University of Pittsburgh  
Learning to Detrend the Macroeconomic Data

**Credible Government Policies – UC-65, Tisch Hall**

- *Stefania Albanesi*, Bocconi University and IGER  
The Time Consistency of Optimal Monetary Policy with Heterogeneous Agents
- *Jesus Fernandez-Villaverde*, University of Pennsylvania  
Aleh Tsyvinski, University of Minnesota  
Optimal Fiscal Policy in a Business Cycle Model without Commitment
- *Martin Bodenstein*, Northwestern University  
Roc Armenter, Northwestern University  
Does The Time Inconsistency Problem Make Fixed Exchange Rates More Desirable?
- *Sevin Yeltekin*, Kellogg School of Management, Northwestern University, MEDS  
Christopher Sleet, University of Iowa  
Markovian Government Preferences and Monetary Policy

### **Real Exchange Rates – LC-12, Tisch Hall**

- *Cedric Tille*, Federal Reserve Bank of New York  
How Valuable is Exchange Rate Flexibility?  
Optimal Monetary Policy under Sectoral Shocks
- *Bev Lapham*, Queen's University  
*Marianne Vigneault*, Bishop's University  
National Markets and International Relative Prices
- *Jim MacGee*, Federal Reserve Bank of Minneapolis  
Distribution, Trade and Relative Prices
- *Caroline Betts*, University of Southern California  
*Timothy Kehoe*, University of Minnesota  
Real Exchange Rate Movements and the Relative Price of Non-Traded Goods

### **Search-Based Models of Money – UC-63, Tisch Hall**

- *Brett Norwood*, University of Pennsylvania  
On the Emergence of Monetary Exchange
- *Miquel Faig*, University of Toronto  
*Belen Jerez*, Universidad Autonoma de Barcelona  
A Theory of Commerce: Competitive Search and Private Information
- *Guillaume Rocheteau*, School of Economics, Australian National University  
*Aleksander Berentsen*, University of Basel  
*Shouyong Shi*, Indiana University  
Friedman Meets Hosios: Efficiency in Search Models of Money
- *Miguel Molico*, University of Western Ontario  
*Yahong Zhang*, University of Western Ontario  
Monetary Policy and the Distributions of Money and Capital

### **Inequality, Consumption and Asset Returns – KMC 2-60**

- *Patrick Fève*, University of Toulouse  
*Franck Portier*, University of Toulouse  
The French Stock Market Valuation from a Neoclassical Perspective
- *Thijs van Rens*, Princeton University  
*Giorgio Primiceri*, Princeton University  
Inequality over the Business Cycle:  
Decomposing Income Uncertainty using Consumption Data

- *Jonathan Parker*, Princeton University  
The Risk of Equity for the Consumption of Wealthy Households
- *Fatih Guvenen*, University of Rochester  
Does Stockholding Provide Perfect Risk Sharing?

### **Human Capital and Labor Markets – UC-62, Tisch Hall**

- *Joe Kaboski*, Ohio State University  
Growth, Technology and Inequality with Rising Schooling Attainment
- *Sangeeta Prataap*, ITAM  
Erwan Quintin, Federal Reserve Bank of Dallas  
Are Labor Markets Segmented in Argentina?  
A Semi Parametric Approach
- *Alain Delacroix*, Purdue University  
Union Power, Insider Power and Labor Market Flexibility

### **Structural Estimation of Dynamic Models II – KMC 1-70**

- *Adam Copeland*, University of Minnesota  
Cyril Monnet, European Central Bank  
The Welfare Effects of Incentive Schemes
- *Francois Ortalo-Magne*, University of Wisconsin and London School of Economics  
Antonio Merlo, University of Pennsylvania  
A segmented market view of the listing price:  
Theory and Evidence from the Housing Market
- *Christopher Flinn*, New York University  
Meta Brown, University of Wisconsin  
Investment in Child Quality over Marital States
- *Zvi Eckstein*, Tel Aviv University and University of Minnesota  
Sarit Cohen, Bar-Ilan University  
Labor Mobility of Immigrants: Training, Experience and Opportunities

5:30pm

### **Plenary Session – Schimmel Auditorium, Tisch Hall**

*Chair*, Narayana Kocherlakota

**Wolfgang Pesendorfer**, Princeton University

The Revealed Preference Theory of Changing Tastes

7:30pm – 11:00pm

### **Reception at Tavern on the Green**

Crystal Pavilion, Rafters Room and Terrace Room

7:30pm – 8:30pm      Cocktail Reception

8:30pm – 11:00pm    Dinner