



1999-2000

European Centre for Advanced Research in Economics and Statistics

Université Libre de Bruxelles

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## FOREWORD

The academic year 1999-2000 marks the ninth anniversary of our research centre. Inaugurated on November 30, 1991, ECARE started as a joint initiative of the Institut d'Etudes Européennes (IEE) at the Université Libre de Bruxelles (ULB), and of the Centre for Economic Policy Research (CEPR), a network of around 500 researchers in Europe.

In the Fall of 1997, ECARE then merged with the *Centre d'Economie Mathématique et d'Econométrie*, CEME, which had been founded at ULB in the 1970's, with as purpose to foster international quantitative research in economics at ULB. And in the Fall of 1999, the collaboration with statisticians from ULB's *Institut de Statistique et de Recherche Opérationnelle* (ISRO) was officialized by the transformation of ECARE into ECARES, the 'European Centre for Advanced Research in Economics and Statistics'. These two institutional developments of the last four years have thus gone in the same direction: strengthening the connection between research in economics, econometrics and statistics while keeping our commitment to excellence and internationalization.

The growth of the last years had meant that ECARES researchers were scattered around several places on the ULB campuses. In the year 2000, we have been fortunate to be able to relocate a large number of our people in newly renovated offices in the eleventh and twelfth floors of a 15-story building of the "Solbosch" ULB Campus (the "S" building, which also hosts the Institut de Sociologie and the Central Administration of ULB). Together with our researchers located at the H building and our policy-oriented activities that take place at the IEE building, both on the same campus, ECARES today offers a coherent set of activities at ULB that correspond to its missions.

One mission of ECARES remains indeed to encourage high-quality research in economics with special emphasis on policy issues relevant to Western and Eastern Europe, and to provide a meeting place for academics, professional economists, and civil servants from the EC Commission. This interaction is exemplified by our "lunchtime meetings", jointly organized with CEPR, where academic economists present their research to an audience composed of civil servants from the European Commission and of members of the academic and business communities.

On the academic side, ECARES keeps serving as a force of attraction to recruit at ULB a number of non-Belgian researchers of international reputation, who have taught in the best universities in the world. Combined with the extensive international experience of the Belgian researchers at ECARES, this feature gives our research centre a diversity which is among the highest in Europe.

Over the years, ECARES researchers have developed expertise in a number of major fields of economics, in particular:

- The evaluation of European integration policies and of its dynamics of "deepening" and "widening".
- The analysis of economies in transition, in Eastern Europe and in China.
- The structure and behavior of banking and financial markets.
- The theory and empirics of macroeconomics, including its political economy component.
- The behavior and organization of firms and markets.
- The theory and applications of econometrics.

Members of ECARES have produced a lot of research in these areas. This research has resulted in many top international publications and has allowed ECARES to be recognized as a centre of excellence in Europe. ECARES researchers are also particularly active in CEPR, as Research Director, Programme Directors, Research Fellows or Research Affiliates. Members of ECARES

have moreover been serving on the Council of the European Economic Association (EEA) or the Council of the Econometric Society. And they have been organizing major international events, like a Nobel Symposium, an Annual meeting of the EEA, or the World Congress of the Econometric Society. Finally, ECARES has received a substantial number of EU-financed "Training and Mobility of Researchers" grants, and participates in several networks of this sort in the new "RTN" programme.

In parallel, ECARES is actively contributing to the development of the doctoral programme at ULB, which is part of the ENTER network together with Toulouse, Tilburg, Barcelona, Mannheim, Stockholm and University College London. In the last two years, 8 ULB Ph.D. dissertations supervised by ECARES researchers have been successfully defended in the areas of economics and econometrics.

And ECARES researchers have been the driving forces behind the creation at ULB of a brand new Doctoral Programme in Economics and Statistics, which has led in the last three years many high-quality students from various European countries to choose ULB for their graduate studies.

This report details the achievements of ECARES for the period 1999-2000. They were made possible by our collaboration with CEPR and the support of ULB. Our goal for future years is to keep our commitment to excellence in research as well as our mission of graduate education.

Mathias Dewatripont

Philippe Weil

### **Directors**

Mathias Dewatripont and Philippe Weil.

### **Resident Fellows**

Marco Becht, Isabelle Brocas, Juan Carrillo, Micael Castanheira de Moura, Christophe Croux, Marjorie Gassner, Victor Ginsburgh, Marc Hallin, Patrick Legros, Guy Mélard, Janet Mitchell, Noël Nizette, Lucrezia Reichlin, Gérard Roland, Loïc Sadoulet, André Sapir, Khalid Sekkat, Catalin Starica, Ariane Szafarz, Etienne Wasmer and Bas Werker.

### **Non-Resident Fellows**

Philippe Aghion, Ronald Anderson, Erik Berglöf, Patrick Bolton, Jacques Bughin, Antonio Estache, Jacques Lawarrée, Peter Praet, Ailsa Roëll and Ernst-Ludwig von Thadden.

### **Post-Doctoral Researchers**

Olivier Gergaud and Stephen Lawford.

### **Doctoral Researchers**

Ugo Albertazzi, Nathalie Chen, Tom Coupé, Benoît Crutzen, Antonello D'Agostino, Catherine Dehon, Bruno Deschamp, Wouter Dessen, Marina Emiris, Domenico Giannone, Gisèle Hites, Yuichi Katsura, Véronique Kun de Kozma, Benoît Laine, Elisabetta Lazzaro, Michele Lenza, Philippe Liégeois, Roman Liska, François Mairesse, Joffrey Malek-Mansour, Xavier May, Abdul Noury, Gianluca Papa, Pierre-Yves Preumont, Eugenio Proto, Pierre Provost, Jorge Rodrigues, Luca Sala, Valérie Smeets, Christophe Soil, Nathalie Sonnac, Serguei Stepanov, Vincenzo Verardi, Cristina Vespro and Alexis Walckiers.

### **Secretaries**

Claude Adan, Nancy De Munck, Romy Genin and Marie-Paule Orban.

## WHO'S WHO OF ECARES FELLOWS

### RESIDENT FELLOWS

#### Marco Becht

graduated from the London School of Economics and Political Science (LSE) and holds a Ph.D. in economics from the European University Institute (EUI) in Florence. Becht's research focuses on corporate governance and empirical corporate finance. He is also affiliated with the Solvay Business School at the Université Libre de Bruxelles. He teaches corporate law and economics at the Law Faculty of Université Libre de Bruxelles. He serves as scientific advisor and rapporteur to the Corporate Governance Committee of the European Association of Securities Dealers (EASD) and acts as executive co-ordinator of the European Corporate Governance Network (ECGN).

Selected work: "European Corporate Governance: Trading off Liquidity against Control", *European Economic Review*, 1999; "Blockholdings in Europe: An International Comparison", (with A. Roell), *European Economic Review*, 1999; *Ownership and Control in Europe*, (co-edited with F. Barca), Oxford University Press, forthcoming, 1999.

#### Isabelle Brocas

holds a master degree in Economics and Statistics (Université des Sciences Sociales de Toulouse) and a Ph.D. in Economics from the Université des Sciences Sociales de Toulouse, 1997. She has been a research fellow of ECARES since 1998. Her research interests include Regulation, Auction Theory, Behavioral Economics and Political Economics.

Selected work: "The Value of Information when Preferences are Dynamically Inconsistent", (with J. Carrillo), *European Economic Review*, 2000, 44, pp. 1104-1115; *Workbook to Accompany Political Economics and Economic Policy*, (with M. Castanheira, R. Razin & D. Stromberg), 2000, MIT Press; "Rush and Procrastination under Interdependent Activities", (with J. Carrillo), *Journal of Risk and Uncertainty*, 2000, forthcoming.

#### Juan Carrillo

after finishing his undergraduate studies at Complutense University in Madrid, he completed a Master degree in Statistics at Harvard University and a Ph.D. in Economics at the Université des Sciences Sociales de Toulouse, 1996. His research interests include Behavioral Economics, Political Economics and Industrial Organization.

Selected work: "Grafts, Bribes and the Practice of Corruption" *Journal of Economics & Management Strategy*, 2000; "Strategic Ignorance as a Self-Disciplining Device", (joint with T. Mariotti), *Review of Economic Studies*, 2000; "Rush and Procrastination under Interdependent Activities", (joint with I. Brocas), *Journal of Risk and Uncertainty*, 2000, forthcoming.

#### Micael Castanheira de Moura

works on game theoretic aspects of voting. He has written a Ph.D. thesis under the direction of Gérard Roland, where he studies how votes for small and extremist parties can be rationalized, and how the paradox of voting can be solved. He was awarded a Training and Mobility of Researchers (TMR) grant at IGIER (Bocconi University) since 1997 to pursue his work. He came back to ULB in September 1999. At the present time, he is also working with Juan Carrillo (ECARES) on the strategic positioning of parties when political platforms contain a quality dimension.

Selected work: "The Optimal Speed of Transition: A General Equilibrium Analysis", (with G. Roland), *International Economic Review*, 1999, forthcoming; "Why Vote for Losers", 1999, mimeo; "Should I Stay or Should I go: The Paradox of Voting", 1999, mimeo.

#### Christophe Croux

holds a Ph.D. in Statistics from Antwerp University, 1993. He has contributed to the development of robust statistical methodology in scale estimation, regression problems, estimation of multivariate

location and covariance and robust principal components. His current research interest is the robustification of econometric methods and the development of exploratory data analysis tools for multiple time series and dynamic panels. He is associate editor of the journal of Computational Statistics and Data Analysis. He is associate professor at ULB where he teaches statistics and econometrics.

Selected work: "Influence Function and Efficiency of the Minimum Covariance Determinant Scatter Matrix Estimator", (with G. Haesboeck), *Journal of Multivariate Analysis*, 1999, 71, pp. 161-190; "Principal Component Analysis based on Robust Estimators of the Covariance or Correlation Matrix: Influence Functions and Efficiencies", (with G. Haesboeck), *Biometrika*, 2000, forthcoming; "A Measure of Comovement for Economic Variables: Theory and Empirics", (with M. Forni & L. Reichlin), *The Review of Economics and Statistics*, 2000, forthcoming.

#### Mathias Dewatripont

holds a Ph.D. in Economics from Harvard University, 1986. His general research area is the theory of incentives and organizations, with applications to banking and corporate finance as well as to transition economics. He was Managing Editor of RES (1990-94) and Associate Editor of *Econometrica* (1996-99), is a Fellow and Council Member of the Econometric Society, was one of the three Programme co-chairs of its 2000 World Congress (Seattle). He is Research Director of CEPR, and was outside Director of CGER-Bank (1992-99). He is laureate of the 1998 Francqui Prize. He is part-time Visiting Professor at MIT, and is professor at ULB.

Selected work: "Transition as A Process of Large-Scale Institutional Change", (with G. Roland), in D. Kreps and K. Wallis (eds), *Advances in Economic Theory, the Seventh World Congress*, Cambridge, Cambridge University Press, 1997; "Advocates", (with J. Tirole), *Journal of Political Economy*, 1999, February; "The Economics of Career Concerns, Part I & Part II, (with I. Jewitt and J. Tirole), *Review of Economic Studies*, 1999, January; "Competition, Financial Discipline and Growth", (with P. Aghion and P. Rey), *Review of Economic Studies*, 1999, October.

#### Marjorie Gassner

holds a Ph.D. in Mathematics from the Université Libre de Bruxelles, 1989. Her research mainly concerns the mathematical aspects of electoral systems, and in particular proportional representation. She teaches Mathematics. She is a member of CRISP (Centre Recherche et d'Information Socio-Politiques).

Selected work: *Délégations Parlementaires - Méthodes Mathématiques et Représentation (Bi)dimensionnelle*, Editions de l'Université de Bruxelles, 2000; "Biproportional Delegations: A Solution for Two-Dimensional Proportional Representation", *Journal of Theoretical Politics*, 1991, 3(3), pp. 321-342; "Two-Dimensional Rounding for a Quasi-Proportional Representation", *European Journal of Political Economy*, 1988, 4, pp. 529-538.

#### Victor Ginsburgh

holds a Ph.D. from the Université Libre de Bruxelles, 1972. His research areas include applied general equilibrium modelling, industrial organization and, more recently, cultural economics. He teaches microeconomic theory and cultural economics. He has been visiting professor in several US universities (Yale, Virginia, Chicago), as well as in France (Paris and Marseille), and in Belgium (Louvain and Liège).

Selected work: "Optimal Policy Business Cycles", (with P. Michel) *Journal of Economic Dynamics and Control*, 22, 1998, pp. 503-518; "Absentee Bidders and the Declining Price Anomaly in Wine Auctions", *Journal of Political Economy*, 106, 1998, pp. 1302-1322; *The Structure of Applied General Equilibrium Models*, (with M. Keyzer), MIT Press, 1997.

#### Marc Hallin

holds a D.Sc in Mathematics from the Université libre de Bruxelles (1976). His research interests are in mathematical statistics, and include, mainly, asymptotic and nonparametric inference, with emphasis on time series models. He is on the editorial boards of the *Journal of Time Series Analysis*, *Statistical Inference for Stochastic Processes*, and the *Bulletin of the Belgian Mathematical Society*; he serves as a coordinating editor for the *Journal of Statistical Planning and Inference*. He is a Fellow of the Institute of Mathematical Statistics (I.M.S.), a Fellow of the American

Statistical Association (A.S.A.), a Membre titulaire of the International Statistical Institute (I.S.I.), and a Correspondant de la Classe des Sciences de l'Académie Royale de Belgique.

Selected work: "Optimal Inference for Discretely Observed Semiparametric Ornstein-Uhlenbeck Processes", (with C. Koell & B. Werker), *Journal of Statistical Planning and Inference*, 2000, forthcoming; "Rank-Based AR Order Identification", (with B. Garel), *Journal of the American Statistical Association*, 1999, 94, pp. 1357-1371; "Optimal Tests for Autoregressive Models Based on Autoregression Rank Scores", (with J. Jureckova), *Annals of Statistics*, 1999, 27, pp. 1385-1414; "Local Asymptotic Normality for Regression Models with Long-Memory Disturbance, with Statistical Applications, (with M. Taniguchi, A. Serroukh & K. Choy), *Annals of Statistics*, 1999, 28, pp. 2054-2080; "The Generalized Dynamic Factor Model: Identification and Estimation", (with M. Forni, M. Lippi & L. Reichlin), *Review of Economics and Statistics*, 2000, forthcoming.

#### Patrick Legros

holds a Ph.D. in Social Sciences, from the California Institute of Technology, 1989. His general research area is the theory of incentives and organizations. He is a Fellow of CEPR. He was an assistant professor of economics at Cornell University and has been teaching at the University of Liège since 1996 and at the Free University of Brussels since 1999. He teaches microeconomics, industrial organization and the theory of contracts.

Selected work: "Competing for Ownership", (with A. Newman), 1999, mimeo; "Monotone Matching in Perfect and Imperfect Worlds", (with A. Newman), Columbia University WP, 1997; "Wealth Effects, Distribution, and the Theory of Organization", (with A. Newman), *Journal of Economic Theory*, 1996; "Efficient and Nearly Efficient Partnerships", (with S. Matthews), *Review of Economic Studies*, 1993.

#### Guy Mélard

holds a Ph.D. in Statistics from Université Libre de Bruxelles, 1975. His research fields are: a) statistical analysis of time series and signal processing: algorithms for identification, estimation and forecasting methods, b) models with time-dependent coefficients, non-linear models (threshold models, ARCH models), intervention models, c) development of an Expert System for Economic Forecasting: TSE (Time Series Expert), d) empirical macroeconomics and dynamics of large cross-sectional data.

Selected work: "The exact quasi-likelihood of time-dependent ARMA models", (with R. Azrak), *Journal of Statistical Planning and Inference*, 1998, 68, pp. 31-45; *Méthodes de prévision à court terme*, Coll. Statistique et Mathématiques appliquées, Editions de l'Université de Bruxelles, Bruxelles et Editions Ellipses, Paris, 1990; "Computation of the Exact Information Matrix of Gaussian Dynamic Regression Time Series Models", (with A. Klein & T. Zahaf), *Annals of Statistics*, 1998, 26, pp. 1636-1650.

#### Janet Mitchell

holds a Ph.D. from Northwestern University, 1986. She has made research contributions in the areas of banking regulation, bankruptcy and financial reform in economies in transition, and labor-managed firms. Her current fields of research include banking regulation and financial crises, financial economics, and economies in transition. She served on the executive committee of the Association of Comparative Economic Studies (1990-1992) and was on the editorial board of *Comparative Economic Studies* (1991-1993) and the editorial board of the *Journal of Comparative Economics* (1996-1998). She is a fellow of CEPR. She teaches financial economics, economics of transition, and microeconomics and currently holds a position at Université Saint-Louis (Brussels).

Selected work: "Banks' Bad Debts: Policies, Creditor Passivity, and Soft Budget Constraints", in Anna Meyendorf & Anjan Thakor (eds), *Financial Sectors in Transition: The Design of Financial Systems in Central Europe*, MIT Press, Forthcoming, 2000; "Theories of Soft Budget Constraints and the Analysis of Banking Crises", *Economics of Transition*, 2000, 8/1, pp. 59-88; "Perfect Equilibrium and Intergenerational Conflict in a Model of Cooperative Enterprise Growth", *Journal of Economic Theory*, 1990; "Bankruptcy as a Control Device in Economies in Transition", (with P. Legros), *Journal of Comparative Economics*, 1995.

#### Lucrezia Reichlin

holds a Ph.D. in Economics from New York University, 1986. She has worked on applied dynamic macroeconomics and time series. Her work has been concerned with the development of methods to



identify the sources of the business cycle and to distinguish between transitory and permanent fluctuations in economic time series. Currently, she is working on methods to study dynamics of large cross-sections of sectors, firms or geographical units. She has been teaching econometrics and time series at ULB since the Fall of 1994. Previously she has been visiting associate professor at the Columbia University Graduate School of Business, Deputy Director of the Research Department of the Observatoire Français des Conjonctures Économiques in Paris, research fellow at the European University Institute in Florence. She is member of the editorial board of *Les Annales d'Economie et Statistique*, *European Economic Review*, *Macroeconomic Dynamics*, *Research in Economics*, *Il Giornale degli Economisti*, *European Economic Abstracts*. She is CEPR Program director of International Macroeconomics, and member of the Council of the European Economic Association.

Selected work: "Risk and potential insurance in Europe", (with M. Forni), *European Economic Review*, 1999; "Let's Get Real: a Factor Analytical Approach to Disaggregated Business Cycle Dynamics", (with M. Forni), *Review of Economic Studies*, 1998; "Information, Forecasts and the Measurement of the Business Cycle", (with G. Evans), *Journal of Monetary Economics*, 1994; "Diffusion of Technical Change and the Identification of the Trend Component in Real GNP", (with M. Lippi), *Review of Economic Studies*, 1994.

#### G rard Roland

holds a Ph.D. in Economics from the Universit  Libre de Bruxelles, 1988. His research areas are in the field of transition and in political economics. In the economics of transition, his contributions have covered mainly political economy aspects of transition but also financial reform, privatization, restructuring and macroeconomic aspects of transition. He was the coorganizer, together with Olivier Blanchard, of a Nobel symposium on the economics of transition in september 1999. He is Program Director of CEPR for transition economics. His research in political economics spans from the break-up of nations and federalism to the separation of powers in democracies and comparative analysis of parliamentary and presidential systems. He is Professor of economics at ULB.

Selected work: *Transition and Economics: Politics, Markets and Firms*. MIT Press 2000; "Reform Without Losers: An Interpretation of China's Dual-Track Approach to Reforms" (with L. Lau & Y. Qian), *Journal of Political Economy*, 2000; "Federalism and the Soft Budget Constraint", (with Y. Qian), 1998, *American Economic Review*; "Separation of Powers and Political Accountability", (with T. Persson & G. Tabellini), 1997, *Quarterly Journal of Economics*; "The Break-Up of Nations: a Political Economy Analysis", (with P. Bolton), *Quarterly Journal of Economics*, 1997; "The Design of Reform Packages under Uncertainty", (with M. Dewatripont), *American Economic Review*, 1995.

#### Lo c Sadoulet

holds a Ph.D. in Economics from Princeton University, 1999. His research has focused on incentive structures and coordination of individual behaviors in incomplete market environments characteristic of underdeveloped economies. His main focus has been on microfinance contracts and on local management of irrigation canals, but his interest extends to all local institutions that emerge informally as a response to contractual failures. He worked two years in the Agricultural Policy Department of the World Bank (1993-95), did field work in the Dominican Republic (1987,1989), and conducted a large survey on microfinance in Guatemala (1995). Currently, he is involved in a World Bank education program for policy makers in West Africa. At ULB, he teaches Development and Applied Microeconometrics.

Selected work: "Political Advertising: strategy and budgets," with David Soberman, INSEAD; "Equilibrium Risk-Matching in Group Lending", with Seth Carpenter, Federal Reserve, 1999; "Risk-Matching in Credit Groups: Evidence from Guatemala", 1999; "The Role of Insurance in Group Lending," 1997; "Water User Associations: An Analytical Framework", in Sustainable Water User Associations: Lessons from a Literature Review, World Bank Technical Paper No. 354, 1997.

#### Andr  Sapir

holds a Ph.D. in Economics from the Johns Hopkins University, 1977. His research interests centre on international trade and European integration. Before returning to ULB, his original alma mater, in 1983, he spent five years as Assistant Professor at the University of Wisconsin-Madison. He was President of the Institut d' tudes Europ ennes, ECARES' home, from 1992 to 1998. He is a Research Fellow of CEPR and Economic Adviser in the Directorate General for Economic and

Financial Affairs at the European Commission, where he works on economic and monetary integration, and on trade policy.

Selected work: *Economic Policy in EMU*, Oxford University Press, Oxford, 1998 (co-authored and edited with Marco Buti); *Trade and Jobs in Europe: Much Ado about Nothing?*, Oxford University Press, Oxford, 1999 (co-authored and edited with Mathias Dewatripont and Khalid Sekkat). "Optimum Electoral Areas: Should Europe Adopt a Single Election Date?", *European Economic Review* 43 (1999) 1595-1619 (with Khalid Sekkat). "The Political Economy of EC Regionalism", *European Economic Review* 42 (1998) 717-732.

#### Khalid Sekkat

holds a Ph.D. in Economics from ULB, 1989. He has contributed, among other issues, to the theory of vertical relations and to the economics of the EMS. His general research areas are industrial economics and the European economy. He was a visiting professor at the Universities of Louvain and Strasbourg. He is professor at ULB where he teaches industrial economics and European macroeconomics. He is currently Chair of the Department of Economics at ULB.

Selected work: *Trade and Jobs in Europe: Much Ado about Nothing?*, Oxford University Press, Oxford, 1999 (co-authored & edited with M. Dewatripont & A. Sapir); "Optimum Electoral Areas: Should Europe Adopt a Single Election Date?", *European Economic Review*, 43, 1999, pp. 1595-1619 (with A. Sapir); "Testing for Spurious Correlation in exchange rates", (with E. Renault & A. Szafarz), *Journal of Empirical Finance*, 1998; "Exchange Rate Regimes and Trade Prices: Does the EMS Matter ?", (with A. Sapir), *Journal of International Economics*, 1995.

#### Catalin Starica

holds a Ph.D. in Operations Research and Industrial Engineering from Cornell University (1996). His research interests are in mathematical statistics and econometrics and include extreme value theory and time series models for financial data. Home page: [www.math.chalmers.se/~starica](http://www.math.chalmers.se/~starica).

Selected work: "Multivariate extremes for models with constant conditional correlations", *Journal of Empirical Finance*, 6(5), 2000; "Limit theory for the sample autocorrelations and extremes of a Garch (1,1) Process", (with T. Mikosch), *Annals of Statistics*, 2000, forthcoming; "Long Range Dependence Effects and ARCH Modelling", (with Mikosch, T.), in *Guide to Long Range Dependence*, Ed. G. Oppenheim, M. Taqqu, P. Doukhan, Birkhauser, 2001, forthcoming.

#### Etienne Wasmer

holds a Ph.D. from the Department of Economics, London School of Economics and Political Sciences, 1997. He has worked on labor economics, search theory and macroeconomics. He is an associate member (membre extérieur) of 'Conseil d'analyse économique auprès du Premier Ministre' in France. He co-edits a special issue of *Louvain Economic Review* on The New Economy and a collective volume on *Dualism and Labor Market Institutions*.

Selected work: "The Macroeconomics of Credit and Labor Markets Imperfections", (with P. Weil), mimeo, 1999; "Competition for Jobs in a Growing Economy and the Emergence of Dualism in Employment", *The Economic Journal*, July 1999; 'The Fall and Rise of the Experience of Labor Market', *European Economic Review*, 2000.

#### Philippe Weil

has been at ULB since 1992. His current research interests center on the relation between finance and macroeconomics, on consumption theory under uncertainty, and on public debt and social security reform. He is completing a graduate macroeconomics textbook, co-authored with Miles Kimball from the University of Michigan, to be published by MIT Press. Prior to his coming to ULB, he studied law and political science in Paris, got his Ph.D. in Economics from Harvard University in 1985, and was assistant (1985-89) and associate professor (1989-92) at Harvard. He was director of the CEPR programme on International Macroeconomics (1994-98), and is now a member of its Executive Committee, and a Research Associate of the NBER. He is on the editorial board of the *Journal of Economic Growth*.

Selected work: *Macroeconomics and Finance: A Dynamic and Stochastic Control Approach*, (with M. Kimball), MIT Press, forthcoming; "The Macroeconomics of Credit and Labor Markets Imperfections", (with E. Wasmer), mimeo, 1999; "Incomplete Markets, Labor Supply and Capital Accumulation", (with

A. Marcet & F. Obiols-Homs), mimeo, 1998; "Precautionary Savings and the Permanent Income Hypothesis", *Review of Economic Studies*, 1993.

Bas Werker

holds a Ph.D. from Tilburg University, 1995. His research interests include semiparametric statistics, financial econometrics, and finance. Current research focuses, more specifically, on efficient invariance based inference, extreme value index estimation, high-frequency data, the LAN property for general time-series, mutual funds performance, and threshold models.

Selected work: "Optimal Inference for Discretely Observed Semiparametric Ornstein-Uhlenbeck Processes", (with M. Hallin & C. Koell), *Journal of Statistical Planning and Inference*, 1999, forthcoming; "Estimation and Testing in Models containing both Jumps and Conditional Heteroskedasticity", (with F.C. Drost & Th.E. Nijman), *Journal of Business and Economic Statistics*, 1998, 16, pp. 237-243; "Adaptive Estimation in Time Series Models", (with F.C. Drost & C.A.J. Klaassen), *Annals of Statistics*, 1997, 25, pp. 786-818.

## NON-RESIDENT FELLOWS

Philippe Aghion

holds a Ph.D. in Economics from Harvard University, 1987. He has contributed to contract theory, the theory of organizations, the theory of endogenous growth and the economics of transition. One of his current research topics is to help improve the microeconomic foundations to various dynamic aspects of macroeconomics. He has been assistant professor at MIT (1987-89), chargé de recherche at CNRS in Paris (since 1989), Deputy Chief Economist at the EBRD (1990-92), official fellow at Nuffield College (1992-96), and is currently professor at University College London and at Harvard University, where he teaches growth theory and contract theory. He is a fellow of the Econometric Society and Programme Director of CEPR for Industrial Organization and was a member of the Council of the European Economic Association.

Selected work: "Competition, Financial Discipline and Growth", (with M. Dewatripont & P. Rey), *Review of Economic Studies*, 1999; *Endogenous Growth Theory*, (with P. Howitt), MIT Press, 1998; "Real and Formal Authority in Organizations", (with J. Tirole), *Journal of Political Economy*, 1997; "Renegotiation Design with Unverifiable Information", (with M. Dewatripont & P. Rey), *Econometrica*, 1994.

Ron Anderson

holds a Ph.D. from the University of Michigan and is professor of economics at the Catholic University of Louvain and the London School of Economics, and a fellow of CEPR. He is an associate editor of the *Journal of Empirical Finance*. Prior to moving to Europe he was a professor at Columbia Business School and the City University of New York. He has worked on a variety of problems in finance with an aim of adding institutional realism through game theoretic modeling (financial distress, dynamic contingent claims valuation,...). Otherwise, he has been working on the economics of banking including a large comparative study of banking sector development in Central Europe.

Selected work: "A Comparative Study of Structural Models of Corporate Bond Yields", (with S. Sundaresan), *Journal of Banking and Finance*, 1999; *Transition Banking: The Financial Development of Central and Eastern Europe*, (with C. Kegels), Oxford University Press, 1998; *Banking Sector Development in Central and Eastern Europe*, (with E. Berglöf & K. Mitzel), Economic Policy Initiative, CEPR and Institute for East West Studies, 1996; "The Design and Valuation of Debt Contracts", (with S. Sundaresan), *Review of Financial Studies*, 1996.

Erik Berglöf

holds a Ph.D. from the Stockholm School of Economics, 1991. He has written extensively on financial contracting and corporate governance. In particular, he has applied theoretical insights to studies of differences between capitalist financial systems, and specific ownership and control arrangements in these countries. Recent work of his has also analyzed financing problems in transition economies. He spent the 1995-1996 academic year at Stanford University. He is a research fellow of CEPR and currently directs the Stockholm Institute of Transition Economics at the Stockholm School of Economics.

Selected work: "Soft Budget Constraints and Banking in Transition Economies", (with G. Roland), *Journal of Comparative Economics*, 1998; "Corporate Governance Reform. Redirecting the European Agenda", *Economic Policy*, April:24, 1997, pp. 91-124; "Short-Term versus Long-Term Interests: Capital Structure with Multiple Investors", (with E.-L. von Thadden), *Quarterly Journal of Economics*, 1994.

#### Patrick Bolton

holds a Ph.D. in Economics from the London School of Economics, 1986. He is Professor of Economics at Princeton University. His main contributions are in the area of corporate finance, the theory of the firm, antitrust theory, the theory of rational learning by experimentation, political economy, the economics of transition and development economics. He just stepped down as Managing Editor of the *Review of Economic Studies*. He was member of the Council of the European Economic Association and is a fellow of the Econometric Society and CEPR.

Selected work: "Strategic Experimentation", (with C. Harris), *Econometrica*, March, 1999; "Blocks, Liquidity and Corporate Control", (with E-L von Thadden), *Journal of Finance*, February, 1998; "A Model of 'Trickle-Down' Growth and Development with Debt Overhang", (with P. Aghion), *Review of Economic Studies*, 1997; "Optimal Debt Structure with Multiple Creditors", (with D. Scharfstein), *Journal of Political Economy*, 1996.

#### Jacques Bughin

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Wouter Dessen

*Essays on the Theory of Organizations and Network Industries.* 2000.

Directors: Mathias Dewatripont & Patrick Rey (Université des Sciences Sociales, Toulouse).

Marcelo Fernandez

*Essays on the Econometrics of Continuous-Time Finance.* 1999.

Director: Renato Flôres.

Maria do Rosario Fraga Oliveira Martins

*The Use of Nonparametric and Semiparametric Methods Based on Kernels in Applied Economics with an Application to Portuguese Female Labour Market.* 1999.

Director: Renato Flôres.

Nicolas Melissas

*Essays on Herding, Strategic Waiting and Cheap Talk.* 2000.

Director: Mathias Dewatripont.

Pénélope Papandropoulos

*Issues in European Competition Policy: Lobbying, Reputation and R&D co-operation.* 1999.

Directors: Mathias Dewatripont & Khalid Sekkat.

Anouk Rivière

*Countries, Constituencies and Parties: Three Essays in Political Economics and on the Strategic Aspects of Voting.* 1999.

Director: Gérard Roland.

## SELECTED ECARES ACTIVITIES

### POLICY ORIENTED SEMINARS AND WORKSHOPS

ECARES organizes public meetings on current problems of European integration and of transition to the market system. These activities bring together academics from all over Europe and North America as well as decision-makers from the EC Commission. The activities take the form of joint ECARES - CEPR Lunchtime Seminars or of day-long Research Workshops. Their list is as follows:

Lunchtime Meeting on ***The Future of European Banking***, by **Jean-Pierre Danthine** (Université de Lausanne), March 1999.

Lunchtime Meeting on ***What Causes the Differences between French and US Labour Markets***, by **Daniel Cohen** (Université Paris I, Ecole Normale Supérieure, Paris & CEPR), September 1999.

Workshop on ***Bank Restructuring : Options for Russia***, by **Erik Berglöf** (SITE and RECEP) and **Enrico Perotti** (University of Amsterdam, RECEP and CIFRA) and ECARES, November 1999.

Lunchtime Meeting on ***One Money, Many Countries: Monitoring the European Central Bank***, by **Carlo A. Favero** (IGIER, Università Bocconi, Milano, and CEPR), March 2000.

Lunchtime Meeting on ***Integration and the Regions of Europe - MEI 10***, by **Paul Seabright** (Churchill College, University of Cambridge and CEPR), June 2000.

### THE WORLD TRADING SYSTEM POST SEATTLE: INSTITUTIONAL DESIGN, GOVERNANCE AND OWNERSHIP

Organized by CEPR, The World Bank and André Sapir (ECARES), held in July 2000, at ULB. The programme was:

***GATT-Think***, by **Kyle Bagwell** (Columbia University) & **Robert Staiger** (University of Wisconsin). Discussant: **Robert Madelin** (Commission of the European Communities).

***Consensus, Committees and Delegation: Governing the Trading System***, by **Paolo Guerrieri** (University of Rome). Discussant: **Jim M C Rollo** (University of Sussex).

***NGOs, Civil Society and the WTO***, by **André Sapir** (ECARES, Université Libre de Bruxelles, European Commission and CEPR). Discussant: **Jayanti Durai** (Consumers International, London)

***Do We Need an Undertaker for the Single Undertaking? Considering the Angles of Variable Geometry***, by **Philip I Levy** (Yale University). Discussant: **B K Zutshi** (former Ambassador of India to World Trade Organization)

***The Seattle Impasse and Its Implications for the World Trade Organization***, by **John S Odell** (University of Southern California). Discussant: **Hervé Jouanjean** (European Commission) & **David F Luke** (Organization for African Unity, Geneva).

***WTO Negotiations and the Domestic Politics of Protection and Reform***, by **J Michael Finger** (World Bank) & **Julio J Noguez** (Advisor, UNIDO & Ministry of Economy, Argentina). Discussant: **T Ademola Oyejide** (University of Ibadan & AERC).

***Governance Challenges for the WTO: How to Increase the Benefits of Participation for Developing Countries***, by **Diana Tussie** (Latin American School for Social Sciences (FLACSO), Argentina). Discussant: **Jamel E Zarrouk** (Arab Monetary Fund).

***Enforcing WTO Commitments: Dispute Settlement and Developing Countries – Something Happened on the Way to Heaven***, by **Bernard Hoekman** (World Bank & CEPR) & **Petros C Mavroidis** (Université de Neuchâtel & CEPR). Discussant: **Marco Bronckers** (Stibbe Simont Monahan Duhot, Brussels).

***Reciprocity and the Political Economy of Harmonization and Mutual Recognition of Regulatory Measures***, by **Akiko Suwa-Eisenmann** (INRA-LEA & DELTA, Paris) & **Thierry Verdier**

(DELTA, Paris, & CEPR). Discussant: **Abdullah Al Turifi** (Assistant Undersecretary, International Economic Affairs, United Arab Emirates).

***Coherence with No 'Here': WTO Co-operation with the World Bank and the IMF***, by **L Alan Winters** (University of Sussex & CEPR). Discussant: **Patrick Low** (World Trade Organization).

**Panel – *Summing Up***, by **Rashad Cassim** (Trade and Industrial Policy Secretariat, South Africa), **Pierre Defraigne** (European Commission) & **Constantine Michalopoulos** (World Bank)

## FRANCOU CONFERENCE ON THE ECONOMICS OF CONTRACTING

Organized by the **Francqui Foundation** and **Mathias Dewatripont**, in November 1999, at Hotel Le Méridien, Brussels.

### SESSION 1:

***Collusion, Exclusion, and Inclusion in Random-Order Bargaining***, by **Ilya SEGAL** (Stanford University). Discussant: **Michel Lebreton** (CORE, Université Catholique de Louvain).

***Further Results on Efficient Auctions***, by **Eric Maskin** (Harvard University & Massachusetts Institute of Technology, joint paper with Peter Eso, Harvard University). Discussant: **Jean-Charles Rochet** (IDEI, Université des Sciences Sociales, Toulouse)

### SESSION 2:

***The Macroeconomics of Labor and Credit Market Imperfections***, by **Etienne Wasmer** and **Philippe Weil** (ECARES, Université Libre de Bruxelles). Discussant: **Jacques Drèze** (CORE, Université Catholique de Louvain).

***Competing for Ownership***, by **Andy Newman** (Columbia University & University College London, joint paper with Patrick Legros, ECARES, Université Libre de Bruxelles). Discussant: **Patrick Rey** (IDEI, Université des Sciences Sociales, Toulouse).

### SESSION 3:

***On the Design of Hierarchies: Coordination versus Specialization***, by **Oliver Hart** (Harvard University & London School of Economics, joint paper with John Moore, London School of Economics & University of St Andrews). Discussant: **Patrick Bolton** (Princeton University).

### SESSION 4:

***Reputation Effects and the Limits of Contracting: A Study of the Indian Software Industry***, by **Abhijit Banerjee** (Massachusetts Institute of Technology, joint paper with Esther Duflo, Massachusetts Institute of Technology). Discussant: **Loic Sadoulet** (ECARES, Université Libre de Bruxelles).

***Group Lending and Collusion***, by **Jean-Jacques Laffont** (IDEI, Université des Sciences Sociales, Toulouse). Discussant: **Guido Friebel** (SITE, Stockholm School of Economics & IDEI, Toulouse)

### SESSION 5:

***Information and Principal-Agent Problems***, by **Ian Jewitt** (University of Bristol). Discussant: **Jim Mirrlees** (University of Cambridge).

***The Continuous-Time Principal-Agent Problem: Frequent Monitoring Contracts***, by **Chris Harris** (University of Cambridge, joint paper with Patrick Bolton, Princeton University). Discussant: **Klaus Schmidt** (Universität München).

### SESSION 6:

***Testing for Asymmetric Information in Insurance Markets***, by **Bernard Salanié** (INSEE, Paris, joint paper with Pierre-André Chiappori, University of Chicago). Discussant: **Victor Ginsburgh** (ECARES, Université Libre de Bruxelles).

***Financial Contracting Theory Meets the Real World: An Empirical Analysis of Venture Capital Contracts***, by **Steven Kaplan** (University of Chicago, joint paper with Per Stromberg, University of Chicago). Discussant: **John Moore** (London School of Economics & University of St Andrews).

#### SESSION 7:

**Regulatory Inertia**, by **David Martimort** (Universités de Pau et de Montréal & IDEI, Toulouse, joint paper with Antoine Faure-Grimaud, London School of Economics). Discussant: **Jacques Lawarrée** (University of Washington & ECARES).

**Self-confidence and Social Interaction**, by **Jean Tirole** (IDEI, Université des Sciences Sociales, Toulouse, joint paper with Roland Benabou, Princeton University). Discussant: **Gérard Roland** (ECARES, Université Libre de Bruxelles).

#### SESSION 8:

**Nonlinear Pricing with Random Participation**, by **Lars Stole** (University of Chicago, joint paper with Jean-Charles Rochet, IDEI, Université des Sciences Sociales, Toulouse). Discussant: **Claude d'Aspremont** (CORE, Université Catholique de Louvain).

#### SESSION 9:

**An Incomplete-Contracts Approach to Corporate Bankruptcy**, by **Ernst-Ludwig von Thadden** (Université de Lausanne, joint paper with Erik Berglöf, SITE, Stockholm School of Economics & Gérard Roland, ECARES, Université Libre de Bruxelles). Discussant: **Ron Anderson** (IRES, Université Catholique de Louvain).

**Banking Crises and Bank Rescues: The Effect of Reputation**, by **Janet Mitchell** (Université St-Louis & ECARES, joint paper with Jenny Corbett, Oxford University). Discussant: **Erik Berglöf** (SITE, Stockholm School of Economics).

#### SESSION 10:

**Do Explicit Incentives Destroy Voluntary Cooperation ?**, by **Ernst Fehr** (Universität Zurich). Discussant: **Patrick Legros** (ECARES, Université Libre de Bruxelles).

**Partial Contracting, Control Allocation and Cooperation**, by **Philippe Aghion** (University College London, joint paper with Mathias Dewatripont, ECARES, Université Libre de Bruxelles, & Patrick Rey, IDEI, Université des Sciences Sociales, Toulouse). Discussant: **Georg Noldeke** (Universität Bonn).

### XXe RENCONTRE FRANCO-BELGE DE STATISTICIENS

Organized by ISRO and **Christophe Croux & Marc Hallin**, held in November 1999, at ULB.

**Empirical Analysis of Affine Term Structure Models with Transaction Costs**, by **Joost Driessen** (Tilburg University).

**Analysis of Karstwater Level Fluctuations**, by **Laszlo Markus** (Eotvos Lorand University, Budapest).

**Finite Factor Markov Models**, by **Christian Gourieroux** (CREST & CEPREMAP, Paris).

**An Empirical Investigation to the Longstaff-Schwartz Model**, by **Dennis Bams** (ING & Maastricht University).

**Analysis of High Dimensional Multivariate Stochastic Volatility Models**, by **Neil Shephard** (Nuffield College, Oxford).

**Application of Projection Filter Techniques to SV Models**, by **Bernard Hanzon** (Vrije Universiteit Amsterdam).

**The Stochastic Conditional Duration Model**, by **David Veredas** (Université Catholique de Louvain).

**Dynamic Factor Analysis & Conditionally Heteroskedastic Factor Models**, by **Catherine Doz** (Université de Cergy-Pontoise).

**An Alternative Estimation Procedure for Dynamic Factor Models**, by **Christian Francq** (Université du Littoral-Côte d'Opale).

**Robust Multivariate Methods Applied to Geostatistical Data**, by **Peter Filzmoser** (Vienna University of Technology).



**Factor Representing Portfolios in Large Asset Markets**, by **Enrique Sentana** (CEMFI, Madrid).

**Estimating and Testing Factor Affine Yield Curve Models**, by **João Liborio** (European University Institute, Firenze).

**Dynamic Principal Components and the Analysis of Large Cross-Sections**, by **Marco Lippi** (Università La Sapienza, Roma).

**The Generalized Factor Model: Consistency and Rates**, by **Marc Hallin** (ECARES, ULB).

**Forecasting with Dynamic Factor Models**, by **Daniel Pena** (Universidad Carlos III, Madrid).

**Factor Analysis in a Robust Way**, by **Greet Pison** (University of Antwerp).

**Identification Problems in Mixture Models**, by **Ernesto San Martin** (Université Catholique de Louvain).

**Algorithme de Sélection de Variables Discriminantes**, by **Hasna Chemlal** (Université de Rabat).

## PSYCHOLOGY AND ECONOMICS

Organized by CEPR, **Isabelle Brocas** (ECARES) and **Juan Carrillo** (ECARES), and held in June 2000, at ULB.

### SESSION 1: INTERDISCIPLINARY PERSPECTIVES

**Experimental Practices in Economics: A Challenge for Psychologists?**, by **Ralph Hertwig** (Max Planck Institute for Human Development, Berlin) & **Andreas Ortmann** (Max Planck Institute for Human Development, Berlin).

### SESSION 2: JUDGEMENT UNDER UNCERTAINTY: BELIEFS AND BIASES

**Psychological Traits and Trading Strategies**, by **Bruno Biais** (Université des Sciences Sociales de Toulouse and CEPR), **Denis Hilton** (Université de Toulouse II), **Karine Mazurier** (Université de Toulouse II) & **Sébastien Pouget** (Università degli Studi di Salerno). Discussant: **Nigel Harvey** (University College London).

**Cognitive Foundations of Inductive Inference and Probability: An Axiomatic Approach**, by **Itzhak Gilboa** (Eitan Berglas School of Economics, Tel Aviv University) & **David Schmeidler** (Tel Aviv University and Ohio State University). Discussant: **Bruno Jullien** (Université des Sciences Sociales de Toulouse and CEPR).

### SESSION 3: HAPPINESS

**Experienced Utility and Objective Happiness: A Moment-Based Approach**, by **Daniel Kahneman** (Princeton University). Discussant: **Denis Gromb** (Massachusetts Institute of Technology and CEPR).

**The Pursuit of Happiness Can be Self-Defeating**, by **Jonathan W Schooler** (University of Pittsburgh), **Daniel Ariely** (Massachusetts Institute of Technology) & **George Loewenstein** (Carnegie Mellon University). Discussant: **Michael Manove** (Boston University).

**Why Happiness is Like Food, and Why People Don't Know It**, by **Timothy D Wilson** (University of Virginia). Discussant: **Stefano Della Vigna** (Harvard University).

### SESSION 4: THE VALUE AND SUPPLY OF INFORMATION

**The Diagnostic Value of Actions in a Self-Signaling Model**, by **Ronit Bodner** & **Drazen Prelec** (Massachusetts Institute of Technology). Discussant: **Mathias Dewatripont** (ECARES & CEPR).

**Entry Mistakes, Entrepreneurial Boldness and Optimism**, by **Isabelle Brocas** (ECARES) & **Juan Carrillo** (ECARES & CEPR). Discussant: **Daniel Cohen** (Université de Paris I, Ecole Normale Supérieure & CEPR)

**The Supply of Information by a Concerned Expert**, by **Andrew Caplin** (New York University) & **John Leahy** (University of Chicago & University of Boston). Discussant: **Ian Jewitt** (University of Bristol & CEPR).

## SESSION 5: RATIONALITY AND COGNITIVE LIMITS

**Maximized Utility Meets Irrational Choice: 'Wanting' Versus 'Liking'**, by Kent Berridge (University of Michigan). Discussant: **David de Meza** (University of Exeter)

**Bounded Rationality and Directed Cognition**, by **Xavier Gabaix** (Massachusetts Institute of Technology & University of Chicago) & **David Laibson** (Harvard University). Discussant: **Antonio J Morales** (University of Malaga).

**Does Money Illusion Matter?**, by **Ernst Fehr** (Universität Zürich & CEPR) & **Jean-Robert Tyran** (Universität St Gallen). Discussant: **Eva Gilboa-Schechtman** (Bar-Ilan University).

## SESSION 6: PSYCHOLOGICAL JUDGEMENT

**The Psychology of Irrationality: Why People Make Foolish, Self-Defeating Choices**, by **Roy F Baumeister** (Case Western Reserve University). Discussant: **Iris Bohnet** (Harvard University).

**Personal Rules**, by **Roland Bénabou** (Princeton University & CEPR) & **Jean Tirole** (Université des Sciences Sociales de Toulouse & CEPR). Discussant: **Per Krusell** (IIES, Stockholm University, University of Rochester, & CEPR).

**Temporal Construal and Time-Dependent Changes in Preference**, by **Yaacov Trope** (New York University). Discussant: **Daniel Read** (Leeds University Business School).

## SELECTED ECARES RESEARCH SEMINARS

Fall 1999

**Rabah AMIR** (CORE, Université Catholique de Louvain): *On the Effects of Entry in Cournot Markets.*

**Jean-Marie BALAND** (CRED, Facultés Universitaires Notre-Dame de la Paix, Namur): *The Economics of Roscas and Intra-Household Resource Allocation*, (joint with S. Anderson).

**Henning BOHN** (University of California): *Social Security and Demographic Uncertainty.*

**Peter BOSSAERTS** (Caltech): *Learning-Induced Securities Price Volatility.*

**Estelle CANTILLON** (Harvard University): *Investment Incentives in Procurement Auctions.*

**Geert DHAANE** (Université de Gand): *Best Affine Unbiased Response Decomposition.*

**Christian FRANCO** (Université de Lille): *Conditional Heteroskedasticity Driven by Hidden Markov Chains*, (joint with M. Roussignol).

**Pietro GARIBALDI** (Bocconi University, Milano): *Gross Credit Flows.*

**Sanjeev GOYAL** (Erasmus University Rotterdam): *Networks of Collaboration in Oligopoly.*

**Harald HAU** (ESSEC - Graduate School of Business): *Information and Geography, Evidence from the German Stock Market.*

**Louis HOTTE** (Université Notre-Dame de la Paix, Namur): *International Trade with Endogenous Enforcement of Property Rights.*

**Jacques LAWARREE** (ULB & University of Washington): *Catching the Agent on the Wrong Foot.*

**Olivier RENAULT** (Université Catholique de Louvain): *Option Pricing Models.*

**Marc VAN AUDENRODE** (University Laval): *Employment Protection and the Consequences for Displaced Workers: a Comparison of Belgium and Denmark.*

**Jan C. VAN OURS** (Tilburg University): *Declining Prices in the Sequential Dutch Flower Auction of Roses*, (joint with G. J. van den Berg & M. P. Pradhan).

**Fernando VEGA-REDONDO** (Universidad de Alicante): *On the Evolution of Individualistic Preferences: Complete versus Incomplete Information Scenarios*, (joint with E. A. OK).

**Frank VERBOVEN** (Universiteit Antwerpen, UFSIA): *Quality-Based Price Discrimination and Tax Incidence - Evidence from Gasoline and Diesel Cars.*

**Oved YOSHA** (Tel Aviv University): *Stage Financing and the Role of Convertible Debt*, (joint with F. Cornelli).

Spring 2000

**Ronald ANDERSON** (IRES, Université Catholique de Louvain): *R&D, Capital Investments and Financing under Repeated Moral Hazard*, (joint with K. Nyborg).

**Philippe ASKENAZY** (CEPREMAP, Paris): *The Consequences of New Workplace Practices in the United-States*.

**Martin BESFAMILLE** (CREPP, Université de Liège): *When Insurance Defrauders Want to Be Punished*, (joint with D. Alary).

**Olivier CADOT** (HEC, Université de Lausanne): *Contribution to Productivity or Pork Barrel: the Two Faces of Infrastructure Investments*.

**Valentina CORRADI** (Queen Mary University of London): *A Kolmogorov-Smirnov Test for Diffusion Processes*.

**Alejandro CUNAT** (IGIER, Università Bocconi): *Can International Trade Equalize Factor Prices ?*

**Raquel FERNANDEZ**, (New York University, visiting the London School of Economics): *Sorting and Long-Run Inequality*, (joint with R. Rodgerson).

**Paul FRIJTERS** (University of Amsterdam): *Persistencies in the Labour Market*, (joint with M. Lindeboom & G. van den Berg).

**Pierre-Olivier GOURINCHAS** (Princeton University): *Precautionary Savings, Life Cycle and Macroeconomics*.

**Carsten HEFEKER** (University of Basel): *Structural Reforms and the Enlargement of Monetary Union*.

**Giovanna IANNANTUONI** (CORE, Université Catholique de Louvain): *Divided Government and Dominance Solvability*.

**Jean IMBS** (London Business School): *Stages of Specialization*.

**Bruno JULLIEN** (IDEI, GREMAQ, Toulouse): *Competing Networks and Price Discrimination*.

**Arik KUZNITZ** (Tel Aviv University): *A Generalized Consumption Model - Wealth in the Utility Function: Theory and Evidence*.

**Johan LAGERLÖF** (WZB, Berlin): *Hiding Information in Electoral Competition*, (joint with P. Heidhues).

**François MANIQUET** (Facultés Universitaires Notre-Dame de la Paix, Namur): *Optimal Income Taxation: an Ordinal Approach*.

**Ilian MIHOV** (INSEAD): *The Macroeconomic Effects of Fiscal Policy*.

**Ignatio PALACIO-HUERTA** (Brown University): *The Human Capital Premium Puzzle*.

**Franco PERACCHI** (University of Rome): *On the Relationship between Regression Quantiles and Conditional Distribution Functions*.

**Sergio PERELMAN** (University de Liège): *Efficiency Frontiers and Job Matching Process on the Moroccan Labour Market*.

**Richard PORTES** (London Business School, DELTA, CEPR & NBER): *The Determinants of Cross-Border Equity Flows: the Geography of Information*.

**James Alan ROBINSON** (University of California, Berkeley): *A Theory of Political Transitions*, (joint with D. Acemoglu, MIT).

**Robert J. SHIMER** (Princeton University): *The Impact of Young Workers on the Aggregate Labor Market*.

**Roland STRAUSZ** (Free University Berlin): *Monitoring versus Auditing ?*

Fall 2000

**Ronald ANDERSON** (IRES, Université Catholique de Louvain): *R&D, Capital Investments and Financing under Repeated Moral Hazard*, (joint with K. Nyborg).

**Marco OTTAVIANI** (University College London): *The Strategy of Professional Forecasting* (joint with P. Sorensen).

**Meg MEYER** (Nuffield College, Oxford University): *Designing Hiring and Evaluation Procedures when Evaluators are Biased* (joint with Chris Avery).

**Guido FRIEBEL** (Stockholm School of Economics): *Should I Stay or Can I Go: Worker Attachment in Russia* (joint with Sergei Guriev).

**Xavier FREIXAS** (Universitat Pompeu Fabra): *Interbank Integration under Asymmetric Information* (joint with Sergei Guriev).

**Jonathan CONNING** (Yale University and BU): *Joint Liability Loans under Moral Hazard: the Role of Diversification and Collusion*.

**Tore ELLINGSEN** (Stockholm School of Economics): *Is There a Hold-up Problem ?*

**Enrico MINELLI** (CORE, Université Catholique de Louvain): *Markets and Contracts*.

**Françoise FORGES** (Université de Cergy-Pontoise): *The Incentive Compatible Core of a Quasi-Linear Economy* (joint with Jean-François Mertens and Rajiv Vohra).

**Sandra BLACK** (Federal Reserve Bank of NY): *The Division of Spoils: Rent-Sharing and Discrimination in a Regulated Industry* (joint with Philip E. Strahan).

**Shlomo WEBER** (SMU and CORE): *The Arts of Making Everybody Happy: How to prevent a Secession* (joint with Michel Le Breton).

## VISITING PROFESSORS

**Martin BESFAMILLE**, Université de Liège  
**Estelle CANTILLON**, Yale University  
**Alain DESDOIGTS**, Université d'Evry  
**Raquel FERNANDEZ**, New York University  
**Mario FORNI**, Università di Modena  
**Guido FRIEBEL**, SITE, Stockholm School of Economics  
**Jacques LAWARREE**, ECARES and University of Washington  
**Mikko LEPPÄMÄKI**, University of Helsinki  
**Marco LIPPI**, Università di Roma  
**Colin MAYER**, Oxford University  
**Andrew NEWMAN**, Columbia University, New York  
**Torsten PERSSON**, Stockholm University  
**Guido TABELLINI**, Università L. Bocconi, Milano  
**Patrick REY**, Université des Sciences Sociales, Toulouse  
**Jean TIROLE**, Université des Sciences Sociales, Toulouse  
**Reinhilde VEUGELERS**, Katholieke Universiteit Leuven  
**Oved YOSHA**, Tel Aviv University

## RESEARCH CONTRACTS AND GRANTS

### BELGIAN SOURCES

#### Actions de recherche concertées

Guy Mélard, Marc Hallin, Lucrezia Reichlin and Khalid Sekkat are promoters of a research contract financed by the Communauté Française de Belgique on *Empirical Macroeconomics and the Dynamics of Large Cross Sectional Data* (started in June 96).

Christophe Croux, Mathias Dewatripont, Patrick Legros and Gérard Roland are promoters of a research contract financed by the Communauté Française de Belgique on *L'économie politique de l'organisation des Etats et des systèmes électoraux: théorie et étude empirique* (started in October 2000).

#### Pôles d'Attraction Interuniversitaire

Victor Ginsburgh is promotor of a research contract entitled *Politique économique et théorie de l'équilibre: méthodes et applications*. The partners are CORE (Université Catholique de Louvain, coordinator) and the Katholieke Universiteit te Leuven (started in 90).

Mathias Dewatripont is promotor and coordinator of a PAI contract entitled *The Strategic Analysis of Organizations: Microeconomic and Management Perspectives, with an Application to Universities*. Participants at ULB include Françoise Thys-Clément, Luc Wilkin and Gérard Roland. The associated partners are the Katholieke Universiteit te Leuven and Université de Mons-Hainaut (started in January 97).

#### Fonds de Recherche Fondamentale Collective (FRFC)

*Prévision des agrégats macroéconomiques à partir d'un large nombre de variables désagrégées: analyse théorique et empirique*. Scientist in charge: Lucrezia Reichlin. Researcher: Roman Liska (started on January 1<sup>st</sup> 2000).

*Prévision des agrégats macroéconomiques à partir d'un large nombre de variables désagrégées: analyse théorique et empirique*. Scientist in charge: Lucrezia Reichlin. Researcher: Luca Sala (started on September 1<sup>st</sup> 2000).

### EUROPEAN SOURCES

#### Training and Mobility of Researchers

Gérard Roland and Philippe Weil are promoters and coordinators of a network contract (started on October 1<sup>st</sup> 1996) on *The Economic Analysis of Political Institutions: Coalition Building and Constitutional Design (EAPI)*. The partners are IGIER (Università Commerciale L. Bocconi), Institute for International Economic Studies (Stockholm University), Athens Institute for Economic Policy Studies, IDEI (University of Toulouse), CNRS (Paris) and the CEPR (Centre for Economic Policy Research - London).

ECARES is a partner of the following network contracts:

- *New Approaches to the Study of Economic Fluctuations (NASEF)*, scientist in charge: Lucrezia Reichlin (started on April 1<sup>st</sup> 1998). The coordinator and partners are: Universidad Carlos III (Madrid), Humboldt University (Berlin), Athens Institute of Economic Policy Studies, Tilburg University, Università Degli Studi di Modena, Centre for Economic Policy Research and University College London.
- *The Industrial Organization of Banking and Financial Markets in Europe (IOBFME)*, scientist in charge: Mathias Dewatripont (started on March 1<sup>st</sup> 1998). The coordinator and partners are:

Centre for Economic Policy Research, Université des Sciences Sociales de Toulouse, Università Degli Studi di Salerno, Universitat Autònoma de Barcelona and Université de Lausanne.

- *The Evolution of Market Structure in Network Industries (EMSNI)*, scientist in charge: Gérard Roland (started on March 1<sup>st</sup> 1998). The coordinator and partners are: Wissenschaftszentrum Berlin für Sozialforschung, Institut Européen d'Administration des Affaires (Paris), Universität Mannheim, Universidade Nova de Lisboa, Consejo Superior de Investigaciones Científicas (Barcelona), London Business School and Centre for Economic Policy Research.

#### Marie Curie Individual Fellowships

*A Normative Approach of Cooperation in Research and Development*. Post-doctoral researcher: Isabelle Brocas. Scientist in charge: Mathias Dewatripont (24 months, January 97 to December 99).

*Advertising and the Media Industry in Europe*. Post-doctoral researcher: Nathalie Sonnac. Scientist in charge: Victor Ginsburgh (24 months, March 98 to February 2000).

*New Approaches to Modelling Nonlinearities*. Post-doctoral researcher: Stephen Lawford. Scientist in charge: Marc Hallin (24 months, November 2000 to October 2002).

#### Research Training Network

Lucrezia Reichlin is coordinator of a network contract (started on August 1<sup>st</sup> 2000) on *Specialization Versus Diversification: The Microeconomics of Regional Development and the Spatial Propagation of Macroeconomic Shocks in Europe (SVD)*. The partners are the CEPR (Centre for Economic Policy Research - London), Università di Modena (Dipartimento di Economia Politica), Universitat Pompeu Fabra (Department of Economics & Business), Université Catholique de Louvain (CORE), Tel Aviv University (Eitan Berglas School of Economics), Università degli Studi di Sassari (Istituto Economico de Aziedale) and Ecole Nationale des Ponts et Chaussées (CERAS-ENPRC, Paris).

ECARES is a partner of the following network contracts:

- *Product Markets, Financial Markets and the Pace of Innovation in Europe (PMFM)*, scientist in charge: Mathias Dewatripont (started on August 1<sup>st</sup> 2000). The coordinator and partners are: CEPR (Centre for Economic Policy Research - London), Université des Sciences Sociales de Toulouse (IDEI), University College London, Universität Mannheim, EUREQua (Paris), Universitat Pompeu Fabra and Wissenschaftszentrum Berlin.
- *Understanding Financial Architecture: Legal and Political Frameworks and Economic Efficiency (UFA)*, scientist in charge: Marco Becht (started on September 1<sup>st</sup> 2000). The coordinator and partners are: Stockholm School of Economics (SITE), Goethe Universität (Center for Financial Studies), CEMFI (Madrid), CEPR (London), Université des Sciences Sociales de Toulouse (IDEI), Università di Salerno (CSEF), University of Oxford, Princeton University (Department of Political Science) and Yale Law School.

#### OTHER

##### Mini-Arc (ULB)

*Institutions politiques comparées et décisions publiques: analyse économique et économétrique*. Scientist in charge: Gérard Roland. Researcher: Ugo Albertazzi (started on October 15, 1999)

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