



REPORT 2005

European Centre for Advanced Research
in Economics and Statistics

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FOREWORD

Inaugurated in November 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 changes 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.

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 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.
- The statistical analysis of time series data

This research activity has given ECARES international visibility and reputation: the European Wall Street Journal in September 2004 was mentioning ECARES in a short list of seven European centres of excellence that were resisting the brain drain to the more attractive US universities. Its members 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. They have organized major international events, such as a Nobel Symposium, two annual meetings of the EEA, and a World Congress of the Econometric Society.

In 2005, Mathias Dewatripont served as President of the EEA. He was also appointed by the European Commission as member of the newly created European Research Council. Marc Hallin was awarded a Chaire Francqui to lecture on at the Katholieke Universiteit Leuven. Lucrezia Reichlin was appointed as Director General Research at the European Central Bank in February 2005.

In close connection with this research, ECARES has developed an important doctoral activity, with the creation of a Doctoral School that attracts many first-class European and non-European students. ECARES has also received a substantial number of EU-financed "Training and Mobility of Researchers" grants, and participates in several networks in the "Research Training Network" programme.

ECARES and CORE have decided to join forces in a common center of excellence, ECORE that integrates the research activities and doctoral programs of both institutions. ECORE ranks among the top five research institutions in Europe, after LSE, Tilburg, Oxford and Cambridge. ECORE has 60 permanent Faculty, some 20 post-doctoral students and 90 doctoral students in residence in Brussels and Louvain-la-Neuve.

This report presents the achievements of ECARES for the year 2005. 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 high-quality graduate education.

Victor Ginsburgh.

PEOPLE

Directors

Victor Ginsburgh

Marc Hallin

Financial Director

Victor Ginsburgh

ECARES Fellows

Marco Becht

Estelle Cantillon

Micael Castanheira de Moura

Paola Conconi

Griselda Deelstra

Catherine Dehon

Christine De Mol

Mathias Dewatripont

Jean-Jacques Dreesbeke

Marjorie Gassner

Domenico Giannone

Victor Ginsburgh

Marc Hallin

Georg Kirchsteiger

Patrick Legros

Guy Mélard

Noël Nizette

Abdul Noury

Davy Paindaveine

Lucrezia Reichlin

Nicolas Sahuguet

André Sapir

David Veredas

Patrick Waelbroeck

Philippe Weil

Non-Resident Fellows

Philippe Aghion

Erik Berglöv

Patrick Bolton

Christophe Croux

Antonio Estache

Jacques Lawarrée

Peter Praet

Ailsa Roëll

Gérard Roland

Etienne Wasmer

Visiting Fellows

Julio Davila

Robert Kollman

Steve Portnoy

Selen Sarisoy Guerin

Post-Doctoral Fellows

Benoît Crutzen

Vincenzo Verardi.

Doctoral Researchers

Ugo Albertazzi

Narcissa Balta

Martha Banbura

Laurent Bouton

Maria-Caterina Bramati

Aida Caldera

Paolo Casini

Delphine Cassart

Cédric Ceulemans

Claudia Cicconi

Jacopo Cimadomo

Laura Coroneo

Benoît Crutzen

Antonello D'Agostino

Quentin David

David De Antonio Liedo

Kristin Ross

Bruno Deschamps

Marina Emiriz

Nicolas Gothelf

Denis Herbaux

Gisèle Hites

Alexandre Janiak

Joachim Keller

Benoît Laine

Elisabetta Lazzaro

Michele Lenza,

Joëlle Liebermann

Roman Liska

Frédéric Malherbe

Anne Michels

Michele Modugno

Paulo Santos Monteiro

Francesca Monti

Fulvio Mulatero

Gianluca Papa

Rafal Raciborski

Alexander Sebald

Christophe Soil

Biagio Speciale

Mohamed Sraieb

Serguei Stepanov

Hiroyuki Taniai

Lydia Tsyganok

Patrick Van Roy

Cristina Vespro

Alexis Walckiers

Ariane Wautelet

Administrative Staff

Claude Adan

Corine Barella: began in
November

Nancy De Munck

Romy Genin

Karina Huberman: left in August

Claude Léonis (interim)

WHO'S WHO AT ECARES

ECARES FELLOWS

Marco Becht

teaches finance and economics at ULB and he is the Executive Director of the European Corporate Governance Institute (ECGI). In 2003 he taught at the Said Business School (University of Oxford). He graduated from the London School of Economics and Political Science (LSE) and holds a Ph.D. in economics from the European University Institute (EUI). Previously he worked at the Centro de Estudios Monetarios y Financieros (CEMFI) in Madrid and at the European Commission's Directorate for Industry (DG III). He is a member of the European Academic Council of Standard & Poor's, the Belgian Corporate Governance Commission and an invited member of the management committee of the European Confederation of Directors Associations (ECODA). He has given expert briefings to the Group of Economic Analysis of the President of the European Commission, the senior management of Alcatel, BP, the clients of Hermes Pension Management, the Euro 50 Group, the Italian Securities Regulator (CONSOB), the OECD and the World Bank, among other. His research focuses on empirical law and finance.

Selected Work: "Corporate Mobility Comes to Europe: The Evidence", 2005 (with C. Mayer & H. Wagner); "Why has there been so little Blockholding in the United States?", (with B. DeLong), in R. Morck (ed), *The History of Corporate Governance around the World: Family Business Groups to Professional Managers*, NBER, Chicago University Press, forthcoming; "Corporate Governance and Control", (with P. Bolton & A. Roëll), Chapter 1 of *Handbook of the Economics of Finance*, edited by G. Constantinides, M. Harris & R. Stulz (eds), North-Holland, 2003; *The Control of Corporate Europe*, (with F. Barca), Oxford University Press, 2001; "European Corporate Governance: Trading off Liquidity against Control", *European Economic Review*, 1999.

Estelle Cantillon

holds a M.Sc. in Management from ULB (Solvay Business School), an M.Phil. in Economics from Cambridge University and a Ph.D. in Economics from Harvard University. Prior to joining ECARES in 2004, she was a post-doctoral fellow at the Cowles Foundation, Yale University, and an Assistant Professor at Harvard Business School. She is also a research affiliate at the Centre for Economic Policy Research (CEPR). Her main research interests are in auction and market design, with applications to procurement, the design of combinatorial auctions, the competition between marketplaces and the creation of markets. Her work combines theoretical and empirical analysis to answer questions such as: How do market rules affect the outcome in a particular market? How should the market be organized in the interest of the market owner? Her work has implications for firms at the operational level (procurement) and at the strategic level ("firms-as-markets"). At ECARES she teaches market design and empirical industrial organization.

Selected work: "Auctioning Bus Routes: The London Experience", (with M. Pesendorfer), Chap. 22 in *Combinatorial Auctions*, P. Cramton, N. Shoham & R. Steinberg (eds), MIT Press, 2005; "Investment Incentives in Procurement Auctions", (with L. Arozamena), *Review of Economic Studies*, 2004.

Micael Castanheira de Moura

holds a Ph.D. in Economics from ULB (1998). He spent two years (1997-1999) at IGIER (Bocconi University) as a TMR research fellow and is now Chercheur Qualifié auprès du FNRS. His main focuses of research are political economics (voting and party theory), transition, and information management in organizations. Work currently in progress comprises the analysis of the strategic positioning of parties when political platforms contain a quality dimension (with Juan Carrillo), the parties' strategic use of a governance structure (with Nicolas Sahuguet and Benoît Crutzen), the political economics of welfare reforms in the European Union (with Tito Boeri), and the analysis of information management inside and across organizations (with Mikko Leppamäki). He teaches Introductory Microeconomics (Undergraduate level) and Topics in Political Economics (Graduate Level) at ULB, and recently taught industrial organization, macroeconomics, and graduate monetary theory.

Selected Work: "Why Vote for Losers?", *Journal of the European Economic Association*, 2003; "Victory Margins and the Paradox of Voting", *European Journal of Political Economy*, 2003; "Public Finance and the Optimal Speed of Transition", *The Economics of Transition*, 2003; "The Optimal Speed of Transition: A General Equilibrium Analysis", (with G. Roland), *International Economic Review*, 2000; "Political Economy of Growth: Lessons Learned and Challenges Ahead", (with H. Esfahani), in *Explaining*

Growth: A Global Research Project, Palgrave, 2003; "Workbook to Accompany Political Economics, Explaining Economic Policy", (with I. Brocas, R. Razin & D. Stromberg), MIT Press, 2000.

Paola Conconi

Her main research interests are in the areas of International Trade, Regional Integration, Development Economics, Environmental Economics, and Political Economy. She holds a B.A. in Political Science from the University of Bologna, an M.A. in International Relations from the School of Advanced International Studies of Johns Hopkins University, and a M.Sc. and a Ph.D. in Economics from the University of Warwick. She is a research fellow of the ESCR Centre for the Study of Globalisation and Regionalisation (CSGR) at the University of Warwick and a Research Affiliate of the Centre for Economic Policy Research (CEPR).

Selected work: "Green Lobbies and Transboundary Pollution in Large Open Economies", *Journal of International Economics*, 2003; "Issue Linkage and Issue Tie-in in International Negotiations" (with C. Perroni), *Journal of International Economics*, 2002; "Green and Producer Lobbies: Competition or Alliance?", in S. M. Murshed (ed.), in *Issues in Positive Political Economy*, Routledge Publishers, 2002; "Conditionality, Separation, and Open Rules in Multilateral Institutions" (with C. Perroni) in J.C. Hartigan (ed.), in *Handbook of International Trade: Economic and Legal Analysis of Laws and Institutions*, Blackwell Publishers, 2004.

Griselda Deelstra

holds a degree in Actuarial Sciences (1992) and a D.Sc in Mathematics (1996) from the Vrije Universiteit Brussel. Her research fields are: Interest rate models, stochastic optimization, mathematical finance and applications in insurances. She teaches Stochastic Finance and Stochastic Calculus at the ULB. Between 1997 and 2001, she has been teaching at the Ecole Nationale en Statistique et de l'Administration Economique (ENSAE) in Paris and at the doctoral programs of the Universit es Paris 7 and Paris 11. During that period, she was a member of the jury of the Institut des Actuaire Franais (IAF).

Selected work: *Insurance, Mathematics and Economics*; "Optimal Design of the Guarantee for Defined Contribution Funds", (with M. Grasselli & P.-F. Koehl), 2004, *Journal of Economic Dynamics and Control*; "Pricing of Arithmetic Basket Options by Conditioning", (with J. Liinev & M. Vanmaele), 2004; "Optimal Investment Strategies for Defined Contribution Funds", (with M. Grasselli & P.-F. Koehl), 2003; *Insurance, Mathematics and Economics*; "Dual Formulation of the Utility Maximisation Problem under Transaction Costs", (with H. Pham & N. Touzi), *Annals of Applied Probability*, 2001

Catherine Dehon

holds a Ph.D. in Statistics from ULB, 2001. Her research areas focus on robust regression, robust multivariate analysis and robusteconometric methods. She has been assistant professor at ULB since Spring 2002.

Selected work: "Estimators of the Multiple Correlation Coefficient: Local Robustness and Confidence Intervals", (with C. Croux), *Statistical Papers*, 2003; "Bounded Influence Regression Using High Breakdown Scatter Matrices", (with C. Croux & S. Van Aelst), *Annals of the Institute of Statistical Mathematics*, 2003; "Robust Estimation of the Conditional Median Function at Elliptical Models", (with C. Croux, P.J.Rousseeuw & S. Van Aelst), *Statistics and Probability Letters*, 2001; "Robust Linear Discriminant Analysis Using S-estimators", (with C. Croux), *The Canadian Journal of Statistics*, 2001.

Christine De Mol

holds a Ph.D. in Physics (1979) and a habilitation degree in Mathematical Physics (1992) from ULB. Since 1975, she has held several research positions with the Belgian National Fund for Scientific Research (FNRS) that she left in 1998 as a Honorary Research Director to become a full-time Professor at ULB. She has served on the Editorial Board of the journal "Inverse Problems" and has held several visiting positions (Universities of London, Rome, Montpellier, Paris-Sud). Her research interests include inverse and ill-posed problems, regularization methods, mathematical methods in signal and image processing, wavelet theory and time series analysis with applications to economic data.

Selected work "An Iterative Thresholding Algorithm for Linear Inverse Problems with a Sparsity Constraint", (with I. Daubechies & M. Defrise), *Comm. Pure and Appl. Math*, 2004; "A Fourier-based method for the restoration of chopped and noded images", (with M. Bertero, P. Boccacci, A. Custo & M. Robbeto); *Astronomy and Astrophysics*; 2003; "Super-Resolution by Data Inversion", (with M. Bertero), *Progress in Optics*; 1996.

Mathias Dewatripont

holds a Ph.D. in Economics from Harvard University, 1986. His general research area is the theory of incentives and organizations. He is Professor of Economics at ULB where he teaches introductory economics, microeconomic theory and contract theory. He has been part-time Visiting Professor at MIT and Research Director of CEPR since 1998. Fellow of the Econometric Society, laureate of the 1998 Francqui Prize and of the 2003 Yrjö Jahnsson Prize for Economics, he was elected President of the EEA for the Year 2005. He has also been appointed member of the Scientific Council of the *European Research Council* in 2005. He was Managing Editor of the *Review of Economic Studies* (1990-94) and one of the three Programme co-chairs of the 2000 World Congress of the Econometric Society. He was outside Director of CGER-Bank (1992-99) and co-Director of ECARES (1991-2002).

Selected work: "Advocates", (with J. Tirole), *Journal of Political Economy*, 1999; "The Economics of Career Concerns, Part I & Part II, (with I. Jewitt & J. Tirole), *Review of Economic Studies*, 1999; "Moral Hazard and Capital Structure Dynamics", (with P. Legros & S. Matthews), *Journal of the European Economic Association*, 2003; "Transferable Control", (with P. Aghion & P. Rey), *Journal of the European Economic Association*, 2004; *Contract Theory*, (with P. Bolton), MIT Press, 2005, 724 p.; "Modes of Communication", (with J. Tirole), *Journal of Political Economy*, 2005, forthcoming.

Marjorie Gassner

Marjorie Gassner holds a Ph.D. in Mathematics from ULB, 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) and CEVIPOL (Centre d'étude de la vie Politique - U.L.B.) and the Groupe de Recherche sur l'Analyse des Choix Collectifs.

Selected work: "Human Development and Electoral Systems", *Journal of Human Development*, 2006 (with D. Ugarte & V. Verardi); *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; « Two-Dimensional Rounding for a Quasi-Proportional Representation », *European Journal of Political Economy*, 1988.

Domenico Giannone

holds a Ph.D. from ULB, 2004 (see Thesis). His primary fields of interests are Time Series Econometrics, Monetary Economics and Applied Macroeconomics. His research is on the development of econometric methods to study the dynamics of large panels of time series with applications to Macroeconomics, Monetary Economics, International Economics and Forecasting.

Selected work: "Monetary Policy in Real Time", (with L. Reichlin & L. Sala), 2004, in *Macroeconomic Annuals*, M. Gertler & K. Rogoff (eds), NBER, forthcoming; "VARs, Factor Models and the Empirical Validation of Equilibrium Business Cycle Models", 2004, (with L. Reichlin & L. Sala), *Journal of Econometrics*, 2004, forthcoming; "Euro area and US recessions: 1970-2003", (with L. Reichlin), in *The Euro Area Business Cycle*, L. Reichlin (ed), CEPR, 2004, forthcoming.

Victor Ginsburgh

holds a Ph.D. from ULB, 1972. His research areas include applied general equilibrium modelling, industrial organization and, more recently, cultural economics. He is a Faculty member of CORE, at the Université Catholique de Louvain. He has been financial director and co-director to ECARES since Spring 2001.

Selected publications: "Disenfranchisement in Linguistically Diverse Societies. The Case of the European Union", (with I. Ortuno-Ortin & S. Weber), *Journal of the European Economic Association*, 2005; "The Museum Pass Game and its Value", (with I. Zang), *Games and Economic Behavior*, 2003; "Expert Opinion and Compensation: Evidence from a Musical Competition", (with J. Van Ours), *American Economic Review*, 2003; "Awards, Success and Aesthetic Quality in the Arts", *Journal of Economic Perspectives*, 2003; "Absentee Bidders and the Declining Price Anomaly in Wine Auctions", *Journal of Political Economy*, 1998; *The Structure of Applied General Equilibrium Models*, (with M. Keyzer), MIT Press, paperback edition 2002; *Handbook of Economics of Art and Culture*, (coeditor with D. Throsby), in preparation, Elsevier-North Holland.

Marc Hallin

holds a D.Sc. in Mathematics from the Université libre de Bruxelles (1976). He is on the editorial boards of the *Journal of the American Statistical Association*, the *Journal of Time Series Analysis*, *Statistical*

Inference for Stochastic Processes, and the *Journal de la Société Française de Statistique*; he serves as a coordinating editor for the *Journal of Statistical Planning and Inference*. A Fellow of the Institute of Mathematical Statistics (I.M.S.), of the American Statistical Association (A.S.A.), and a Membre titulaire of the International Statistical Institute (I.S.I.), he is member of the Classe des Sciences de l'Académie Royale de Belgique.

Selected work: "Semiparametric Efficiency, Distribution-Freeness, and Invariance", (with B. Werker), *Bernoulli*, 2003; "Efficient Detection of Random Coefficients in AR(p) Models", (with A. Akharif), *Annals of Statistics*, 2003; "Local Linear Spatial Regression", (with Z. Lu & L.T. Tran), *Annals of Statistics*, 2004; "Rank-Based Optimal Tests of the Adequacy of an Elliptic VARMA Model?" (with D. Paindaveine), *Annals of Statistics*, 2004; "Affine-invariant aligned rank tests for the multivariate general linear model with ARMA errors", (with D. Paindaveine), *Journal of Multivariate Analysis*, 2005; "The Generalized Dynamic Factor Model: One-Sided Estimation and Forecasting", (with M. Forni, M. Lippi, & L. Reichlin), *Journal of the American Statistical Association*, 2005; "Distribution-free bounds for serial correlation coefficients in heteroskedastic symmetric time series", (with A. Farhat and J.-M. Dufour), *Journal of Econometrics*, 2005, forthcoming; "Linear serial and nonserial sign-and-rank statistics: asymptotic representation and asymptotic normality", (with C. Vermandele and B. Werker); *Annals of Statistics*, 2006, forthcoming; "Optimal Rank-Based Tests for Sphericity", (with D. Paindaveine), *Annals of Statistics*, 2006, forthcoming.

Georg Kirchsteiger

holds a Ph.D. in economics from the University of Vienna (1993). He worked previously at the University of Vienna, at the CentER in Tilburg, and at the University of Maastricht. In 2000 he received the Hicks-Tinbergen Medal of the EEA (jointly with E. Fehr & A. Riedl). His main research interests are: behavioral economics, experimental economics, game theory, industrial economics, and public economics.

Selected publications: "Endogenizing Market Institutions: An Experimental Approach", (with M. Niederle & J. Potters), *European Economic Review* Vol. 49(7), October 2005, 1827-1853; "Learning to Like What You Have - Explaining the Endowment Effect", (with S. Huck & J. Oechssler), *Economic Journal*, Vol. 115, July 2005, 689-702; "A Theory of Sequential Reciprocity", (with M. Dufwenberg), *Games and Economic Behavior*, 2004; "Inefficient Equilibria in Lobbying", (with A. Prat), *Journal of Public Economics*, 2001; "Theoretically Robust But Empirically Invalid: An Experimental Investigation Into Tax Equivalence", (with R. Kerschbamer), *Economic Theory*, 2000; "Gift Exchange and Reciprocity in Competitive Experimental Markets", (with E. Fehr & A. Riedl), *European Economic Review*, 1998; "Reciprocity as a Contract Enforcement Device: Experimental Evidence", (E. Fehr & S. Gächter), *Econometrica*, 1997.

Patrick Legros

holds a Ph.D. in Social Science, from the California Institute of Technology, 1989. His research interests are microeconomics, theory of contracts and organizations and antitrust policy. He was assistant professor of economics at Cornell University until 1996, professor of economics at the University of Liège (1996-1999) and has been Professor at ULB since 1999. He teaches microeconomics, industrial organization, competition policy, and the theory of contracts. Since 2001, he has been Research Director in Economics at the Institut d'Etudes Européennes. He is a Fellow of CEPR.

Selected work: "Timing Education," *Journal of the European Economic Association*, 2005, forthcoming; "Auditing and Property Rights", with (E. Iossa), *Rand Journal of Economics*, Summer 2004; "Moral Hazard and Capital Structure Dynamics", (with M. Dewatripont & S. Matthews), *Journal of the European Economic Association*, June 2003; "Monotone Matching in Perfect and Imperfect Worlds", (with A. Newman), *Review of Economic Studies*, October 2002; "Courts, Contracts and Interference", (with A. Newman), *European Economic Review*, 2002; "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 ULB, 1975. His research fields include: 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) seasonal adjustment by signal extraction methods; e) development of a self-learning time series course; f) e-learning in general.

Selected work: *Méthodes de prévision à court terme*, Collection "Statistique et Mathématiques appliqués", Editions de l'Université de Bruxelles, Bruxelles et Editions Ellipses, Paris, 1990; "Automatic ARIMA Modeling Including Interventions, Using Time Series Expert Software", (with J.-M. Pasteels), *International Journal of Forecasting*, 2000; "An Algorithm for Computing the Asymptotic Fisher Information Matrix for Seasonal SISO Models", (with A. Klein), *Journal of Time Series Analysis*, 2004.

Abdul Noury

holds a Ph.D. from ULB, 2002. His research areas include political economy and applied econometrics. He teaches European political economy. In 2004-2005 he was a visiting scholar at the Institute of Governmental Studies of the University of California, Berkeley.

Selected work: "More Power to the European Parliament?", (with G. Roland), *Economic Policy*, 2002; "Ideology, Nationality and Euro-parliamentarians", *European Union Politics*, 2002; "Choosing Not to Choose: On the Link between Information and Abstention", (with T. Coupé), *Economics Letters* 2004.

Davy Paindaveine

holds a Ph.D. in Statistics from ULB, 2002. Between 1998 and 2002, he taught as assistant at the Mathematics Department (ULB). He is currently Assistant Professor at the Institut de Statistique et de Recherche Opérationnelle (ISRO), ULB. His main research interests are concerned with mathematical statistics, and include asymptotic and nonparametric inference, multivariate analysis, robust and invariant methods, as well as inference for stochastic processes and time series. He is also interested in applied probability, with emphasis on two-person games, sequential decision, and optimal stopping problems.

Selected work: "Selecting a Sequence of Last Successes in Independent Trials" (with F.T. Bruss), *Journal of Applied Probability*, 2000; "Optimal Tests for Multivariate Location Based on Interdirections and Pseudo-Mahalanobis Ranks" (with M. Hallin), *Annals of Statistics*, 2002; "Optimal Procedures Based on Interdirections and Pseudo-Mahalanobis Ranks for Testing Multivariate Elliptic White Noise Against ARMA Dependence" (with M. Hallin), *Bernoulli*, 2002; "Rank-based optimal tests of the adequacy of an elliptic VARMA model" (with M. Hallin), *Annals of Statistics*, 2004; "Affine-invariant aligned rank tests for the multivariate general linear model with VARMA errors" (with M. Hallin), *Journal of Multivariate Analysis*, 2005.

Lucrezia Reichlin

holds a Ph.D. in Economics from New York University, 1986. Her main fields of interest are macroeconomics and applied time series. She has led a team of researchers at the Bank of Italy who devised a real time coincident indicator for the Euro area business cycle which is published every month by the CEPR. She teaches econometrics and time series at ULB. 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 CEPR Program co-director of International Macroeconomics, former member of the Council of the European Economic Association, chair of the scientific committee of the Euro Area Business Cycle Network, Chair of the CEPR Euro area business cycle dating committee. She has been consulting for the research department of the Federal Reserve Board of Governors, the Swiss National Central Bank, the European Central Bank and the Bank of Italy and teaching specialized advanced courses in several universities and central banks. She has been appointed as Director General Research at the European central Bank since September 2005.

Selected work: *Dynamic Factor Models for Large Panels of Time Series*, (with D. Giannone), Princeton University Press, forthcoming; "The Generalized Dynamic Factor Model: One sided estimation and forecasting", (with M. Forni, M. Hallin & M. Lippi), *Journal of the American Statistical Association*, 2005; "Factor models in large cross-section of time series", in M. Dewatripont, L. Hansen & S. Turnovsky (eds), *Advances in Economics and Econometrics: Theory and Applications*, 8th World Congress of the Econometric Society, Cambridge University Press, 2002; "Do financial variables help forecasting inflation and real activity in the Euro area?", (with M. Forni, M. Hallin & M. Lippi), *Journal of Monetary Economics*, 2004; "A Measure of Comovement for Economic Variables: Theory and Empirics", (with C. Croux & M. Forni), *Review of Economics and Statistics*, May, 2001; "Let's Get Real: a Factor Analytical Approach to Disaggregated Business Cycle Dynamics", (with M. Forni), *Review of Economic Studies*, 1998.

Nicolas Sahuguet

holds a Ph.D. in Economics from the University of Pennsylvania, 2001. His research areas include industrial organization, auction theory and political economics. He has been appointed at HEC Montreal since September 2005.

Selected work: "Campaign spending in a model of redistributive politics", (with N. Persico), *Economic Theory*, 2006, forthcoming; "Volunteering for heterogeneous tasks", *Games and Economic Behavior*, 2006, forthcoming; "Costly signalling in auctions", (with J. Hörner), mimeo, 2005.

André Sapir

holds a Ph.D. in Economics from the Johns Hopkins University, 1977. He spent five years as assistant professor at the University of Wisconsin-Madison. He was President of the Institut d'Études Européennes (1992-1998). He is a Senior Fellow of Bruegel and a Research Fellow of CEPR. He is a Founding Editor-in-Chief of the *Journal of Industry, Competition and Trade* and a Founding Editorial Board Member of the *World Trade Review* (Cambridge University Press and World Trade Organisation). He is also a member of European Commission President Jose Manuel Barroso's Economic Policy Analysis Group. Previously, he was an Economic Adviser to European Commission President Romano Prodi (2001-2004) and Economic Advisor to the Director-General for Economic and Financial Affairs (1990-1993 and 1995-2001). His research activities include empirical, theoretical and policy work in the field of international economics, with special emphasis on economic integration, monetary union, commercial policy and North-South trade. He has published extensively in these areas.

Selected work: *An Agenda for a Growing Europe - The Sapir Report*, Oxford University Press, Oxford, 2004; *Economic Policy in EMU*, Oxford University Press, Oxford, 1998 (co-authored and edited with M. Buti); *Trade and Jobs in Europe: Much Ado about Nothing?*, Oxford University Press, Oxford, 1999 (co-authored and edited with M. Dewatripont & K. Sekkat); "Optimum Electoral Areas: Should Europe Adopt a Single Election Date?", *European Economic Review*, 1999, (with K. Sekkat); "The Political Economy of EC Regionalism", *European Economic Review*, 1998.

David Veredas

holds a Ph.D. from Université Catholique de Louvain, 2002. His research areas are divided between theoretical econometrics and empirical economics. The former are duration models, aggregation, fat tails and simulation methods. The latter are empirical market microstructure and forecasting public deficit. He is Faculty member of CORE, at UCL.

Selected work: "The Stochastic Conditional Duration Model: A Latent Factor Model for the Analysis of Financial Durations" (with L. Bauwens), *Journal of Econometrics*, 2004; "A Comparison of Financial Duration Models via Density Forecast" (with L. Bauwens, Pierre Giot and Joachim Grammig), *International Journal of Forecasting*, 2004; "Using Intra Annual Information to Forecast the Annual State Deficits. The Case of France" (with L. Moulin, M. Salto & A. Silvestrini), CORE DP 2004/48; "Estimation of Stable Distributions with Indirect Inference" (with E. Renault & R. Garcia).

Patrick Waelbroeck

earned his Ph.D. in economics from Université de Paris I (Panthéon-Sorbonne) in December 2000. His research is in industrial organization with interest in the economics of science and innovation and in applied microeconometrics with interest in numerical methods. He has been at Ecole ingénieur Telecom Paris since September 2005.

Selected work: "Treasury Bill Auction Procedures: Empirical Perspectives from French Market Bid Functions", (with R. Préget), *Journal of International Money and Finance*, 2005, 24, vol.7, pp. 1054-72; "Assessing Spillovers from Universities to Firms: Evidence from French Firm-Level Data", (with S. Monjon), *International Journal of Industrial Organization*, 2003; "Innovations, production Complexity and the Optimality of R&D", *Economics Letters*, 2003.

Philippe Weil

has been at ULB since 1992. 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 program on International Macroeconomics (1994-98), and is now a member of the Appointment and Executive Committees of CEPR, and a Research Associate of the NBER. He was co-Director of ECARES from 1992 to 2002. He is a member of the editorial board of the *Journal of Economic Growth* and of the *Journal of Money, Credit and Banking*. His current interests center on macroeconomics and labor market imperfections

and saving under uncertainty. He is writing a macroeconomics textbook, "Macroeconomic Theory: a Primer", to be completed in 2006.

Selected work: "The Macroeconomics of Credit and Labor Markets Imperfections", (with E. Wasmer), *American Economic Review*, September 2004; "Labor Supply, Precautionary Saving and Growth," (with A. Marcat & F. Obiols), 2004; "Precautionary Saving and Consumption Smoothing Across Time and Possibilities", (with M. Kimball).

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, researcher at CNRS in Paris, Deputy Chief Economist at the EBRD, official fellow at Nuffield College, professor at University College London and is currently professor at Harvard University, where he teaches growth theory and contract theory. He is a fellow of the Econometric Society, laureate of the Yrjö Jahnsson Prize for Economics and Programme Director of CEPR for Industrial Organization and was a member of the Council of the European Economic Association.

Erik Berglöf

holds a Ph.D. from the Stockholm School of Economics, 1991. His research focuses 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. His recent work has also analyzed financing problems in transition economies. He is a research fellow and programme Director of CEPR ('Institutions and Economic Performance' program) and is currently director of the Stockholm Institute of Transition Economics at the Stockholm School of Economics.

Patrick Bolton

holds a Ph.D. in Economics from the London School of Economics, 1986. He was professor at Princeton University 1998-2005 and is currently at Columbia University. His 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 was Managing Editor of the *Review of Economic Studies* and a member of the Council of the European Economic Association. He is a fellow of the Econometric Society and CEPR and Editor of the *Journal of the European Economic Association*.

Christophe Croux

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Antonio Estache

holds a Ph.D. in Economics from ULB, 1995. His research area covers various specialized aspects of public economics (decentralization, tax design, instrument assignments) and of the theory of regulation applied to network industries. He works at the World Bank where he is Lead Economist responsible for the design and implementation of training and research programs on economic regulation delivered in developing countries, and Lead Advisor for Latin America responsible for policy aspects of the reform of infrastructure services.

Jacques Lawarrée

holds a Ph.D. in Economics from the University of Berkeley, 1990. His research area is the theory of incentives and organizations. He is an associate professor of economics at the University of Washington in Seattle where he teaches microeconomic theory, game theory, contract theory, industrial organization and the economics of regulation. He was local organizer of the World Congress of the Econometric Society (Seattle 2000). He also worked at Microsoft.

Ailsa Roëll

holds a Ph.D. in Political Economy from Johns Hopkins University (1983) and a Ph.D. in Applied Economics from ULB (1994). She has made contributions in the theory of choice under uncertainty and the theory of optimal income taxation. She was lecturer in economics at the London School of Economics, visiting assistant professor of finance at the University of California at Berkeley and professor at ULB and Tilburg University. She is a fellow of the CEPR, and was a member of the editorial boards of the *Review of Economic Studies* and *Economica*. She was at Princeton University 1998-2005 and is currently at Columbia University.

G rard Roland

holds a Ph.D. in Economics from ULB, 1988. His research includes transition and political economics. 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, with Olivier Blanchard, of a Nobel symposium on the economics of transition in September 1999. He is Program Director of CEPR for the program 'Institutions and Economic Performance'. 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 currently part-time professor at ULB and has been professor at the University of Berkeley since 2002.

Etienne Wasmer

holds a Ph.D. from LSE (1997) and has graduated from Ecole Polytechnique (1993). He has worked on labor economics, search theory, macroeconomics and the economics of discrimination. He was professor at ECARES from 1998 to 2003. Since 2004, he has been professor at the Universit  du Qu bec   Montr al (Uqam).

POST-DOCTORAL RESEARCHERS

Benoit Crutzen

holds a Ph.D. in Economics from ULB (2004). His supervisors were G rard Roland and Micael Castanheira. He also holds a BA in Economics from Universit  Luigi Bocconi (1995), an M.Phil. in Economics from Oxford University (1998) and an MA in Econometrics and Statistics from ULB (2001). His research focuses on political economics. He has been appointed at the Erasmus University (Rotterdam) since September 2005.

Vincenzo Verardi

holds a Ph.D. in Economics from ULB (2003). His supervisor was G rard Roland. He also holds a BA in Economics from ULB (1996), an M.Sc. in Econometrics from this same institution (1998). His research focuses mainly on applied political economics and development. He came back at ULB in January 2005 after being appointed as expatriate permanent expert for The KULeuven in Bolivia (Cochabamba-Universidad Mayor de San Simon) in 2003 and 2004.

DOCTORAL RESEARCHERS

Ugo Albertazzi

is Laurea in Economia e Commercio from Universit  degli Studi di Bologna (1996), holds a MSc in Economics from Universit  de Lausanne (1998) and an MA in Economics and Statistics from ULB (2000). Research: financial markets; supervisor: Mathias Dewatripont. Since August 2002, he has been at the Bank of Italy.

Narcissa Balta

holds an MSc in Economics from University Pompeu Fabra (2004) and a MA in European Studies from College of Europe, Bruges/Warsaw (2002). Her research interests are macroeconomics, international finance, bounded rationality models and applied econometrics, coordinator of the ECARES Dynamic Macro Group. Her Ph.D. thesis subject focuses on expectations formation mechanisms in macroeconomic dynamics; supervisor: Philippe Weil.

Martha Banbura

holds a MSc in Mathematics and Statistics from Technical University of Wroclaw (2002) and is currently in the ECARES doctoral program in Economics and Statistics; supervisor: Christine De Mol.

Maria-Caterina Bramati

holds a BA in Statistics and Economics from Università di Roma "La Sapienza" (1999), an MA in Economics and Statistics from ULB (2002) and a PhD in Statistics from ULB (2005, see *Dissertations*). Research: robust methods applied to panel data models; robust multivariate inference in time series; supervisors: Davy Paindaveine & Marc Hallin.

Aida Caldera

holds a B.Sc. in Economics, Quantitative Economics (2002) from the Universidad Complutense in Madrid. She completed the Advanced Studies Program in International Economic Policy Research at the Kiel Institute for World Economics (2004) and worked at the the Policy Support Department of the European Investment Bank during 2005. Her research focuses on trade policies and technology diffusion, supervisor: André Sapir.

Paolo Casini

holds a degree in Economics from "Università G. D'Annunzio" in Pescara, Italy (2001), and an MA in Economics and Statistics from ULB (2003). His research focuses on industrial organization, and effects of competition on microfinance markets.

Delphine Cassart

holds a BA in Mathematics from ULB (2001), a Master of Science in Biostatistics from LUC (2002) and a Master in Economics and Statistics from ECARES, ULB (2004). Research: Parametric and nonparametric test of (multivariate) symmetry; supervisors: Marc Hallin & Davy Paindaveine.

Cédric Ceulemans

holds a BA in Economics from Université catholique de Louvain (UCL, 2003) and an MA in Economics from ULB (2005). His research focuses on cultural economics; supervisors: Victor Ginsburgh & Patrick Legros.

Claudia Cicconi

holds a degree in Statistics from Univeristà 'La Sapienza', Rome (2000) and a Ma in Economics and Statistics from ULB (2002). Her research focuses on macroeconomic modelling and forecasting; supervisors: Lucrezia Reichlin & Domenico Giannone.

Jacopo Cimadomo

holds a BA in Economics Monetary and Financial Area from Università Luigi Bocconi (1999) and an MA in Econometrics and Statistics from ULB (2002). Research: the transmission mechanism for fiscal and monetary policies in the Euro-area and the US; supervisor: Lucrezia Reichlin. Since Summer 2004, he has been fellow at CEPPII (Paris).

Laura Coroneo

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Quentin David

holds a BA in Economics from ULB (2001). He is currently involved in the doctoral program in Economics at ULB. Research: Labor market in developing countries; supervisor: Etienne Wasmer.

David De Antonio Liedo

holds a BA in Economics from Universidad de Salamanca (2002) and a Master in Economics and Statistics from ULB (2003). He has been an intern in the Business Cycle Department at the Kiel Institute of World Economics and worked as a consultant at the European Central Bank (Econometric

Modeling Division). Research: Structural models, Evaluation and Forecasting with Bayesian techniques; supervisor: Lucrezia Reichlin.

Bruno Deschamps

holds a BA in Economics from Université Catholique de Louvain (1999) and an MA in Economics from ULB (2001). Research: behavioral economics, in particular herd behavior and time-inconsistent preferences; supervisors: Mathias Dewatripont and Victor Ginsburgh. Since October 2005, he has been appointed at the University of Bath.

Marina Emiris

holds a BA in Economics and an MA in Economics & Econometrics from ULB, 1999. Research: dynamic factor models applied in the study of financial market linkages; supervisor: Lucrezia Reichlin. She currently works at the Belgian Central Bank.

Nicolas Gothelf

holds a BA in Economics (2002) and an MSc in Economic Analysis (2003) from ULB. Research: electronic trading platforms and information development on computer-based systems: implications from dematerialized goods and modified-time-structure approach, supervisor: Estelle Cantillon.

Denis Herbaux

holds a BA in Economics from ULB (2003). He is currently undertaking an MSc in Economics while teaching undergraduate classes in Mathematics and Introductory Economics.

Gisèle Hites

holds a BA in Economics from ULB (1995), an MSc in Econometrics and Mathematical Economics from the London School of Economics (1996), and a MSc in Economics for Development from the University of Oxford (1997). Research: methodology of Markov chain model applications in economics; determinants of female participation in the labor force; supervisor: Etienne Wasmer.

Alexandre Janiak

holds a BA in Econometrics from the Université des Sciences et Technologies de Lille (2002), and an Msc in Economics and Statistics from the Université Libre de Bruxelles (2003). He is currently enrolled in the PhD program at Ecares and his research interests are mainly the macroeconomics of labor market and international trade, with some emphasis on empirical issues. Supervisor: Etienne Wasmer.

Joachim Keller

holds a Master in Economics from Mannheim University (2002) and a Master in Economics and Statistics from ULB (2003). Since 2003, he has been a doctoral student at ECARES. His research fields are the organization of innovation and the economics of state aid control, supervisor: Patrick Legros.

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Elisabetta Lazzaro

holds a BA in Economics from Università di Venezia, Ca' Foscari (1995) and an MA in Economics from Université Paris I-Sorbonne (1998). Her research focuses on economics of art markets, and cultural education policies. She got her Ph.D. in 2005 (see Dissertations), supervisors: Victor Ginsburgh & Xavier Greffe (Université Paris I-Sorbonne). Since September 2005, she has been appointed at the Università degli studi di Padova.

Michele Lenza

holds a BA in Economics from Università Luigi Bocconi, Milano (1998) and an MA in Economics and Statistics from ULB (2001). Research: monetary and financial economics; supervisor: Lucrezia Reichlin & Philippe Weil. He has been visiting the European Central Bank since October 2004.

Joëlle Liebermann

holds a BA in Economics (1997) and a MA in Econometrics (1999) from ULB, an MSc in Economics and Finance (1999) from the University of Warwick and a MA in Statistics and Economics from ULB (2004). Research: macro-finance; supervisor: Lucrezia Reichlin.

Roman Liska

holds a BA in Mathematics of Charles University (Prague) and an MA in Economics and Statistics from ULB (2001). Research: large panels of time series data; supervisor: Marc Hallin.

Frédéric Malherbe

holds a BA in Management (Ingénieur commercial) from the Université Catholique de Louvain, Belgium (1998), a Master degree in Management from the Université Catholique de Louvain, Belgium (2001) and a Master degree in Economics from ULB (2005). He worked for Deployments Factory S.A. in Brussels for four years as Project Manager and he is still member of the Company Board. He research interests are mainly Macroeconomics and Finance; supervisor: Philippe Weil.

Anne Michels

holds a BA in Economics (2003) and an MA in Economics (2004) from ULB. Research: pensions and political economy; supervisor: Micael Castanheira.

Michele Modugno

holds a BA in Economics from Università Luigi Bocconi (2003) and is currently enrolled in the PhD program in Economics and Statistics of ECARES. Research: Macroeconometrics of large panels of time series; supervisor: Lucrezia Reichlin.

Paulo Santos Monteiro

holds a BA in Economics from Universidade Nova de Lisboa (2002), and a Master in Economics and Statistics from ULB (2004). Research: Topics in Aggregation: Risk Sharing, Income Distribution and the Business Cycle; supervisor: Lucrezia Reichlin.

Francesca Monti

holds a degree in Engineering from the Politecnico of Milan (2002) and will soon discuss a paper in order to obtain a MA in Econometrics and Statistics from ULB. She has also been an intern at the European Central Bank in the Monetary Policy Strategy Division for a year (2003-2004). Her research interests are econometrics, macroeconomics and monetary economics; supervisors: Philippe Weil & Domenico Giannone.

Fulvio Mulatero

holds a BA in Economics from Università Luigi Bocconi (1999), a Master in Economics from Coripe Piemonte (2000) and an MA in Econometrics and Statistics from ULB (2002). Research: economics of international fragmentation; supervisor: André Sapir.

Gianluca Papa

holds a BA in Economics from Università di Bologna (1998), an MA in Economics from Università Luigi Bocconi (1999) and an MA in Econometrics and Statistics from ULB (2001). Since July 2004 he has appointed at Fondazione CERM. Research: financial aspects of the economics of innovation; supervisors: Mathias Dewatripont and Michele Cincera (DULBEA, ULB).

Rafal Raciborski

holds an MSc in Management and Marketing from Technical University Wroclaw, 2001. Research: macroeconomics and finance; supervisors: Lucrezia Reichlin and Philippe Weil. He is currently involved in the Econometrics and Statistics doctoral program at ECARES.

Alexander Sebald

holds a Doctorandus degree from the University of Maastricht (2002). Research: the integration of a broader model of human behaviour into economic theory; supervisor: Georg Kirchsteiger.

Christophe Soil

holds a BA in Economics (1999) and an MA in Economics (2001) from ULB. His research focuses on the impact of technological progress on labour market, the use of team incentives as a monitoring tool and the subcontracting as a strategy to go beyond the trade-union's constraint on the wage gap. He got his Ph.D. from ULB in 2005 (see Dissertations), supervisor: Mathias Dewatripont.

Biagio Speciale

is Laurea in Economics from Università degli Studi di Catania (2001) and holds an MA in Economics and Statistics from ULB (2003). Research: economics of education; supervisor: Mathias Dewatripont.

Mohamed Sraieb

holds a Master in Mathematical-Economics and Econometrics from the University of Tunis (1998), and an MA in Economics and Statistics from ULB (2002). Research: strategic stability of international economic agreements; supervisor: Patrick Legros.

Serguei Stepanov

holds a MSc in Engineering from Moscow Aviation Institute (Technical University, 1998), an MA in Economics from New Economic School, Moscow (2000) and an MA in Economics and Statistics from ULB (2002). He has been visiting Stockholm School of Economics for the academic year 2004-2005. He got his Ph.D. from ULB in 2005 (see Dissertations), supervisor: Mathias Dewatripont. He has been appointed at the New Economic School (Moscow) since October 2005.

Hiroyuki Tani

holds a BA in Economics (2002) and a Master in Engineering (2004), both from Osaka University. Research: asymptotics of quantile and rank statistics applied to financial time series; supervisor: Marc Hallin.

Lidia Tsyganok

holds a BA in Economics from ULB (2001). Research: the components of political systems and their applications to EU institutions; supervisor: Mathias Dewatripont.

Patrick Van Roy

holds a BA in Economics from ULB (2000), and an M.Phil. in Economics from the University of Cambridge (2001). Research: economics of banking and prudential regulation; supervisor: Mathias Dewatripont.

Cristina Vespro

holds a BA in Economics (1997) and an MA in Economics (1999) from Università Luigi Bocconi, and a MA in Econometrics and Statistics from ULB (2001). She awarded the Joseph de la Vega Prize for the Emerging Markets in June 2003, for the research entitled "Block Trades and the Benefits from Control in Slovenia" (with A. Gregoric). Research: understanding financial architecture; supervisor: Marco Becht.

Alexis Walckiers

holds a BA in Economics (2000) and an MA in Economics (2002) from ULB. Research: the economics of universities; supervisor: Mathias Dewatripont.

Ariane Wautelet

holds a BA in Economics from ULB (2005) and is currently achieving a MA in Economics from ULB. She has been a teaching assistant for undergraduate classes in Mathematics.

PUBLICATIONS AND WORKING PAPERS

ECARES FELLOWS

Marco Becht

"Corporate Mobility Comes to Europe: The Evidence", (with C. Mayer & H. Wagner), mimeo, 2005.

"Why Has There been so Little Blockholding in the United States?", (with B. DeLong), in R. Morck (ed), *The History of Corporate Governance Around the World: Family Business Groups to Professional Managers*, NBER, Chicago University Press, forthcoming.

Estelle Cantillon

"Auctioning Bus Routes: The London Experience", (with M. Pesendorfer), in P. Cramton, Y. Shoham & R. Steinberg (eds), *Combinatorial Auctions*, MIT Press, 2005.

"Combination Bidding in Multi-unit Auctions", (with M. Pesendorfer), November 2005, mimeo.

"The Effect of Bidders' Asymmetries on Expected Revenue in Auctions", September 2005, mimeo

"Optimal Procurement when Both Price and Quality Matter", (with J. Asker), September 2005, mimeo.

Micael Castanheira de Moura

Reforms without Prejudice, (co-edited with T. Boeri, R. Faini, & V. Galasso), Oxford University Press, forthcoming.

"How to Gain Political Support for Reforms?", (with S. Carcillo, V. Galasso, G. Nicoletti, E. Perotti, & L. Tsyganok) in Boeri, Castanheira, Faini, & Galasso (eds), *Reforms without Prejudice*, Oxford University Press, forthcoming.

"Party Governance and Political Competition", (with B. Crutzen & N. Sahuguet), CEPR DP4890, 2005.

Paola Conconi

"Re-Election Incentives and the Sustainability of International Cooperation", (with N. Sahuguet), 2005, CEPR DP 5401.

Catherine Dehon

"Robustness versus Efficiency for Nonparametric Correlation Measures", (with C. Croux), mimeo, 2005.

"Robustness or Efficiency, A Test to Solve the Dilemma", (with M. Gassner & V. Verardi), mimeo, 2005.

"Social and Spatial Inequalities in Consulting a GP versus a Specialist in Belgium", (with P. Fiszman), mimeo, 2005.

"Robust Hedonic Prices Estimations", (with C. Dehon & V. Verardi), mimeo, 2005

Mathias Dewatripont

Contract Theory, (with P. Bolton), MIT Press, 2005, 724 p.

"Modes of Communication", (with J. Tirole), *Journal of Political Economy*, 2005, 113 (6), pp. 1217-1238.

"Public-Private-Partnerships: Contract Design and Risk Transfer", (with P. Legros), EIB papers, 2005, vol. 10(1), pp. 120-145.

"Costly Communication and Incentives", *Journal of the European Economic Association*, 2006, forthcoming.

'Wasteful' Public Spending and State Aid Control", (with P. Seabright), *Journal of the European Economic Association*, 2006, forthcoming.

"Academic Freedom, Private-Sector Focus and the Process of Innovation", (with P. Aghion & J. Stein), National Bureau of Economic Research, WP 11542, 2005.

Marjorie Gassner

"Human Development and Electoral Systems", (with D. Ugarte & V. Verardi), *Journal of Human Development*, 2006, forthcoming.

"The Tragedy of the Commons or the Curse of Federalism", (with L. Bouton & V. Verardi), Luxembourg Income Study Working Papers, Maxwell School of Citizenship and Public Affairs, Syracuse University N.420, 2005.

"Robustness or Efficiency, A Test to Solve the Dilemma", (with C. Dehon & M. Gassner), 2005.

Domenico Giannone

"Does information help recovering fundamental structural shocks from past observations?", (with L. Reichlin), *Journal of the European Economic Association*, papers and proceedings, 2006, forthcoming.

"VARs, Common Factors and the Empirical Validation of Equilibrium Business Cycle Models", (with L. Reichlin & L. Sala), *Journal of Econometrics*, forthcoming.

"Euro area and US recessions: 1970-2003", (with L. Reichlin), in *The Euro Area Business Cycle*, L. Reichlin (ed), CEPR, 2005.

"Monetary Policy in Real Time", (with L. Reichlin & L. Sala), in *NBER Macroeconomic Annuals*, M. Gertler & K. Rogoff (eds), NBER, 2005.

"Trends and cycles in the Euro Area: how much heterogeneity and should we worry about it?", (with L. Reichlin), ECB Discussion Paper series, 2005.

"(Un)Predictability and Macroeconomic Stability", (with A. D'Agostino, & P. Surico), Macroeconomics 0510024, Economics Working Paper Archive EconWPA, 2005.

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Victor Ginsburgh

"Disenfranchisement in Linguistically Diverse Societies. The Case of the European Union", (with I. Ortuno-Ortin & S. Weber), *Journal of the European Economic Association*, 2005, 3, pp. 946-964.

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"Languages, Genes and Cultures", *Journal of Cultural Economics*, 2005, 29, pp. 1-17.

"Droit de Suite. An Economic Viewpoint", in *The Modern and Contemporary Art Market*, Maastricht: The European Fine Art Foundation, 2005.

F. M. Scherer, Quarter Notes and Bank Notes. "The Economics of Music Composition in the Eighteenth and Nineteenth Centuries", Princeton: Princeton University Press, 2004, *Journal of Economic Literature*, 2005, 43, pp. 1080-1083.

"Comparing Artistic Values. The Example of Movies", (with S. Weyers), *Empirical Studies of the Arts*, forthcoming.

"Persistence and Fashion in Art: The Italian Renaissance from Vasari to Berenson and beyond", (with S. Weyers), *Poetics*, forthcoming.

"The Economic Consequences of Droit de Suite in the European Union", *Economic Analysis and Policy*, forthcoming.

"How to Win Twice at an Auction: on the Incidence of Commissions in Auctions", (with P. Legros & N. Sahuguet), 2005, CEPR DP#4876.

"Bilingualism and Communicative Benefits", (with J. Gabzsewicz & S. Weber), November 2005, mimeo.

Marc Hallin

"Testing non-correlation between two multivariate ARMA time series", (with A. Saidi), *Journal of Time Series Analysis*, 26, pp. 83-105.

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"The generalized dynamic factor model: one-sided estimation and forecasting", (with M. Forni, M. Lippi & L. Reichlin), *Journal of the American Statistical Association*, 100, pp. 830-840.

"Asymptotic linearity of serial and nonserial multivariate signed rank statistics", (with D. Paindaveine), *Journal of Statistical Planning and Inference*, 136, pp. 1-32.

"Distribution-Free Bounds for Serial Correlation Coefficients in Heteroskedastic Symmetric Time Series", (with A. Farhat & J.M. Dufour), *Journal of Econometrics*, 2005, forthcoming.

"Linear serial and nonserial sign-and-rank statistics: asymptotic representation and asymptotic normality", (with C. Vermandele & B. Werker), *Annals of Statistics*, 2005, forthcoming.

"Optimal rank-based tests for sphericity", (with D. apindaveine), *Annals of Statistics*, 2005, forthcoming.

"Serial autoregression and regression rank score statistics", (with J. Jurevckova & H. Koul), in D. Dabrovska & V. Nair (Eds), *Festschrift for Kjell Doksum*, I.M.S. Lecture Notes-Monograph Series, 2005, forthcoming.

"Semiparametrically Efficient Sign-and-Rank Statistics for Median Restricted Models", (with C. Vermandele & B. Werker), mimeo, 2005.

"Optimal Tests for Non-Correlation between Multivariate Time Series", (with A. Saidi), mimeo, 2005.

"Optimal R-Estimation of Shape", (with H. Oja & D. Paindaveine), mimeo, 2005.

"Estimating the Shape of an Elliptic Distribution: Parametric versus Nonparametric Efficiencies", (with D. Paindaveine), mimeo, 2005.

"Local Linear Spatial Quantile Regression", (with Z. Lu & K. Yu), mimeo, 2005.

"The Generalized Dynamic Factor Model: Determining the Number of Factors", (with R. Livska), mimeo, 2005.

"A Class of Parametric and Nonparametric Tests for Symmetry", (with D. Cassart & D. Paindaveine), mimeo, 2005.

Georg Kirchsteiger

"Your Morals are Your Moods", (with L. Rigotti & A. Rustichini), *Journal of Economic Behavior and Organization*, forthcoming.

"Endogenizing Market Institutions: An Experimental Approach", (with M. Niederle & J. Potters), *European Economic Review*, Vol. 49(7), October 2005, pp. 1827-1853.

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Patrick Legros

"Timing Education", *Journal of the European Economic Association*, forthcoming.

"Public-Private-Partnerships: Contract Design and Risk Transfer", (avec M. Dewatripont), EIB papers, 2005, vol. 10(1), pp. 120-145.

"How to Win Twice at an Auction: on the Incidence of Commissions in Auctions", (with V. Ginsburgh & N. Sahuguet), 2005, CEPR DP#4876.

"Art and Internet: Belssing the Curse ?", in *Handbook in Economics "The Economics of Art and Culture"*, forthcoming

"Beauty is a Beast, Frog is a Prince: Assortative Matching in a Nontransferable World," (with A. Newman), 2005, revision of CEPR DP 3462.

Guy Mélard

"On the Resultant Property of the Fisher Information Matrix", (with A. Klein & P. Spreij), *Linear Algebra and its Applications*, Volume 403, July 2005, pp. 291-313. (also: IAP-statistics Technical Report Series TR #0443).

"Exact Maximum Likelihood Estimation of Structured or Unit Root Multivariate Time Series Models", (with R. Roch & A. Saidi), *Computational Statistics and Data Analysis*, forthcoming (also IAP-statistics Technical Report Series TR #0444).

"An Empirical Comparison between Two Automatic Procedures for Time Series", (with H. Njimi), mimeo, 2005.

"On-line Estimation of the Parameters of a Time Series Models, with Applications", (with A. Ouakasse), miredo, 2005.

Abdul Noury

"Power to Parties: Cohesion and Competition in the European Parliament", (with S. Hix & G. Roland), 2005, *British Journal of Political Science*, vol. 35, no 2, pp. 209-234.

"Dimensions of Politics in the European Parliament", (with S. Hix & G. Roland), *American Journal of Political Science*, forthcoming.

"Abstention in Daylight: Strategic Calculus of Voting in the European Parliament", *Public Choice*, 2005, vol. 212, pp. 179-211.

Davy Paindaveine

"Affine-invariant aligned rank tests for the multivariate general linear model with VARMA errors", (with M. Hallin), *Journal of Multivariate Analysis*, 2005, 93, pp. 122-163.

"Optimal signed-rank tests based on hyperplanes", (with H. Oja), *Journal of Statistical Planning and Inference*, 2005, 135, pp. 300-323.

"Asymptotic linearity of serial and nonserial multivariate signed rank statistics", (with M. Hallin), *Journal of Statistical Planning and Inference*, 136, pp.1-32, forthcoming.

"Optimal rank-based tests for sphericity", (with M. Hallin), *Annals of Statistics*, 2006, forthcoming.

"A Chernoff-Savage result for shape. On the non-admissibility of pseudo-Gaussian methods", *Journal of Multivariate Analysis*, forthcoming.

"Optimal R-estimation of shape", (with M. Hallin & H. Oja), mimeo, 2005.

"Estimating the shape of an elliptic distribution. Parametric versus nonparametric efficiencies", (with M. Hallin), mimeo, 2005.

"A Class of Parametric and Nonparametric Tests for Symmetry", (with M. Hallin & D. Cassart), mimeo, 2005.

Lucrezia Reichlin

Dynamic Factor Models for large panels of time series, (with D. Giannone), Princeton University Press, forthcoming.

The Euro Area Business Cycle: Stylised Facts and Measurement Issues, (editor), CEPR, London, 2005

"The Generalised Dynamic Factor Model: One Sided Estimation and Forecasting", (with M. Forni, M. Hallin & M. Lippi), *Journal of the American Statistical Association*, Vol. 100, No. 471, September 2005 pp.830-840.

"A Core Inflation Indicator for the Euro Area", (with R. Cristadoro, M. Forni & G. Veronese), *Journal of Money, Credit and Banking*, Vol. 37, No. 3, June 2005, pp. 539-560.

"VARs, Common Factors and the Empirical Validation of Equilibrium Business Cycle Models", (with D. Giannone & L. Sala), *Journal of Econometrics*, forthcoming.

"Nowcasting GDP and Inflation: the Real Time Informational Content of Macroeconomic Data Releases", (with D. Giannone & D. Small), ECB mimeo, July 2005 (www.dynfactors.org).

"A Maximum Likelihood Approach to Dynamic Factor Analysis in Large Panels", (with C. Doz & D. Giannone), ECARES mimeo, July 2005.

Nicolas Sahuguet

"Campaign Spending in a Model of Redistributive Politics", (with N. Persico), *Economic Theory*, 2006, 28, pp. 95-124.

"Volunteering for Heterogenous Tasks", *Games and Economic Behavior*, forthcoming.

"Party Governance and Political Competition", (with M. Castanheira & B. Crutzen), 2005, CEPR DP4890.

"How to Win Twice at an Auction: on the Incidence of Commissions in Auctions", (with V. Ginsburgh & N. Sahuguet), 2005, CEPR DP#4876.

"Costly Signalling in Auctions", (with J. Hörner), mimeo, 2005.

"A War of Attrition with Endogenous Effort Levels", (with J. Hörner), mimeo, 2005.

"Party Governance and Political Competition", (with M. Castanheira & B. Crutzen), 2005, CEPR DP#4890.

"Re-Election Incentives and the Sustainability of International Cooperation", (with P. Conconi), 2005, CEPR DP 5401.

André Sapir

"Politiche Soiale Effici al Passo della Globalizzazione", *Il Mulino*, 2005, 55, pp. 1003-1018.

"Globalisation and the reform of European Social Models", Bruegel Paper, Bruegel Brussels, 2005.

"Un Modello Obsoleto? Crescita e Specializzone dell'Economia Italiana", in T. Boeri, R. Faini, A. Ichino, G. Pisauro & C. Scarpa (eds), *Oltre il Declino*, Societa editrice Il Mulino, Bologna, 2005.

David Veredas

"Macro Surprises and short-term behavior in bond futures", *Empirical Economics*, 2005.

"High Frequency Finance", (with L. Bauwens & W. Pohlmeier), Editorial to special issue, *Empirical Economics*, 2005.

"Estimation of Stable Distributions with Indirect Inference", (with E. Renault & R. Garcia), mimeo, 2005.

"How Much Does Infrastructure Matter to Growth in Sub-Saharan Africa?", (with A. Estache & B. Speciale), mimeo, 2005.

"Temporal Aggregation of Univariate Time Series Models", (with A. Silvestrini), CORE DP 2005/59.

Patrick Waelbroeck

"Why the Music Industry May Gain from Free Downloading - the Role of Sampling", (with M. Petz), *International Journal of Industrial Organization*, forthcoming.

"Computational Issues in the Sequential Probit Model: A Monte Carlo Study", *Computational Economics*, 2005, 26 (2), pp. 141-161.

"Treasury Bill Auction Procedures: Empirical Perspectives from French Market Bid Functions", (with R. Préget), *Journal of International Money and Finance*, 24, Vol.7, pp.1054-72.

"An Economist's Guide to Digital Music", (with M. Peitz), CESifo Economic Studies, 51, pp. 363-432; reprinted as "Digital Music" in: Illing, G. and M. Peitz (Eds.), *Industrial Organization and the Digital Economy*, MIT Press, 2005.

Comments on "The Role of Economic Space in Decision Making" by Margaret Slade, *Annales d'Economie et de Statistiques*, 2005, 77, pp. 29-32

"Peer-to-Peer, Piracy and the Copyright Law: Implications for Consumers and Artists", (with A. Duchêne), in L. Takeyama, *Development in the Economics of Copyright: Research and Analysis*, E. Elgar, 2005, pp. 60-79.

Philippe Weil

"Incomplete Markets, Labor Supply and Capital Accumulation", (with A. Marcet & F. Obiols-Homs), *Journal of Monetary Economics*, forthcoming.

POST-DOCTORAL FELLOWS

Benoît Crutzen

"Party Governance and Political Competition", (with M. Castanheira & N. Sahuguet), 2005, CEPR DP4890.

Vincenzo Verardi

"Electoral Systems and Income Inequality", *Economics Letters*, January 2005

"The Tragedy of the Commons or the Curse of Federalism", (with L. Bouton & M. Gassner), Luxembourg Income Study Working Papers, Maxwell School of Citizenship and Public Affairs, Syracuse University N.420, 2005.

"Human Development and Electoral Systems", (with M. Gassner & D. Ugarte), Forthcoming, *Journal of Human Development*, 2006.

"Electoral Systems, Income Inequality and Poverty", Luxembourg Income Study Working Papers N.404, Maxwell School of Citizenship and Public Affairs, Syracuse University 2005.

"Robustness or Efficiency, A Test to Solve the Dilemma", (with C. Dehon & M. Gassner), 2005.

"Análisis espacial del precio de oferta de la vivienda en el área metropolitana de Cochabamba", (with E. Collazos & W. Gamboa), 2005

"Untalanted but Successful", (with O. Gergaud), mimeo, 2005

"Robust Hedonic Prices Estimations", (with C. Dehon & O. Gergaud), mimeo, 2005
"Comparative Politics and Income Inequality", (with G. Roland), mimeo, 2005
"Social Unrests and Tourism in Bolivia", (with M. Oliveira & D. Ugarte), mimeo, 2005

DOCTORAL RESEARCHERS

Laurent Bouton

"The Tragedy of the Commons or the Curse of Federalism", (with M. Gassner & V. Verardi), Luxembourg Income Study Working Papers, Maxwell School of Citizenship and Public Affairs, Syracuse University N.420, 2005.

Delphine Cassart

"Impact of Cosmetic Care on Quality of Life in Breast Cancer Patients during Chemotherapy and Radiotherapy - a Pilot Study", (with G. Titeca, B. Defays, D. Pirard, M. Comas, F. Poot, P. Vereecken, T. Velu, V. Verschaeve, P. Simon & M. Heenen), working paper, 2005.

"A Class of Parametric and Nonparametric Tests for Symmetry", (with M. Hallin & D. Paindaveine), mimeo, 2005.

Antonello D'Agostino

"(Un)Predictability and Macroeconomic Stability", (with D. Giannone & P. Surico), Macroeconomics 0510024, Economics Working Paper Archive EconWPA, 2005.

Gianluca Papa

"An inverted-U relationship between debt and executive compensation", (with B. Speciale), mimeo, 2005.

Rafal Raciborski

"Explaining the Micro-Behaviour of Prices: the Consumer Information Cost Approach", mimeo, 2005.

Biagio Speciale

"Public Educational Subsidies and Migratory Flows: Theory and Evidence", mimeo, 2005.

"Public Education Spending and Human Capital Inequality", mimeo, 2005.

"How Much Does Infrastructure Matter to Growth in Sub-Saharan Africa?", (with A. Estache & D. Veredas), mimeo, 2005.

"An Inverted-U Relationship between Debt and Executive Compensation", (with G. Papa), mimeo, 2005.

Lidia Tsyganok

"How to Gain Political Support for Reforms?", (with S. Carcillo, M. Castanheira, V. Galasso, G. Nicoletti & E. Perotti) in T. Boeri, M. Castanheira, R. Faini, & V. Galasso (eds), *Reforms without Prejudice*, Oxford University Press, forthcoming.

Patrick Van Roy

"Credit Ratings and the Standardized Approach to Credit Risk in Basel II", 2005, European Central Bank Working Paper 517.

ECARES DOCTORAL SCHOOL

Chair : Georg Kirchsteiger, David Veredas and Philippe Weil.

The Doctoral school at ECARES offers advanced courses in economics, econometrics and statistics as well as three weekly seminars, two in economics and one in statistics/econometrics. The courses, taught by ECARES fellows and visitors from other universities, are part of the curriculum of the D.P.E.S. (Doctoral School in Economics and Statistics) and the D.P.E (Doctoral School in Economics) granted by the Université Libre de Bruxelles.

ECARES is now joining forces with CORE from the UCL in Louvain, to ultimately create a unified center ECORE (European Center For Research in Economics). We already have common courses and common seminars.

The Université Libre de Bruxelles is part of the European Doctoral Program ENTER network. The label "European Doctorate - ENTER network" can be obtained if the student spends at least 6 months in one of the Universities of the network: Barcelona (Universidad Autonoma), London (University College), Mannheim (Universität Mannheim), Tilburg (Tilburg University), Stockholm (Stockholm University) or Toulouse (Université des Sciences Sociales).

Beside courses offered at ECARES, the students belonging to the doctoral school can register for doctoral courses offered by Université Catholique de Louvain in Louvain-la-Neuve and Facultés Universitaires Notre-Dame de la Paix in Namur.

Here is the list of the visiting professors and courses they taught in 2005:

Tito Boeri (Università L. Bocconi): "Aggregate Labor Markets".

Natalie Chen (Warwick University): "International Trade".

Alex Cukierman (Tel Aviv University): "Monetary Policymaking Institutions and the Structure of the Economy: Some Recent Developments".

Gérard Roland (Berkeley University): "Transition Economics".

Steve Portnoy (University of Illinois): "Regression Quantiles and Applications".

ECARES Doctoral School hosted and organized the ENTER Jamboree on January 20-22, 2005. Its programme was:

FIRST DAY

CHAIR: Victor Ginsburgh & Paola Conconi (ECARES)

David Brychhcy (Universitat Autònoma Barcelona): *On Modeling Temperature as the Underlying for Weather Derivatives*. Discussant: **Esther Eiling** (Tilburg University).

Zacharias Sautner (Mannheim University): *Stock Options and Employee Behavior*. Discussant: **Johannes Voget** (Tilburg University).

Chendi Zhang (Tilburg University): *Stock Price Reactions to Short-Lived Public Information: the Case of Betting Odds*. Discussant: **Kheira Benhami** (University of Toulouse 1).

Daniel A. Benitez (University of Toulouse 1): *Decentralization, Incentives and the Optimal Organizational Structure*. Discussant: **Per Sonnerby** (Stockholm HHS).

Witness Simbanegavi (Stockholm HHS): *The Effects of Informative Advertising When Only Some Goods Are Advertised*. Discussant: **Joachim Keller** (ECARES).

Magnus Wiberg (Stockholm HHS): *Location Equilibrium with Endogenous Rent Seeking*. Discussant: **Sergio Vicente** (Universitat Autònoma Barcelona).

Alexandre Dimitriev (Universitat Autònoma Barcelona): *Institutions and Growth: Some Evidence from Estimation Methods Partially Robust to Weak Instruments*. Discussant: **Mathias Pary** (University College London).

Daniel Teclé Haile (Tilburg University): *Genesis of Inequality Counts More than Inequality per se*. Discussant: **Thomas Gall** (Mannheim University).

Esteban Jaimovich (University College London): *Risk-Diversification and Development: a Property Trap with Endogenous Adverse Selection*. Discussant: **Milo Bianchi** (Stockholm HHS).

Jing-Yuan Chiou (University of Toulouse 1): *A Simple Theory of Defensive Patenting*. Discussant: Isabel Pereira (Universitat Autònoma Barcelona).

Agnes Pinter (Universitat Autònoma Barcelona): *The Way out of the Trap Experiments on Dynamic Coordination Games*. Discussant: **Katrien Stevens** (University College London).

Peter Vida (Universitat Autònoma Barcelona): *Talking About Correlated Equilibria*. Discussant: **Eugenia Motchenkova** (Tilburg University).

Emanuele Ciriolo (DULBEA, ULB): *Incorporating Fairness into the Trust Game*. Discussant: **Vincent Anesi** (University of Toulouse 1).

Antoine Loeper (University of Toulouse 1): *Political Economy of a Confederation with Coordination Externalities*. Discussant: **Stefanie Brilon** (Mannheim University).

Edwin Van Der Werf (Tilburg University): *The Kyoto Protocol and the Optimal Extraction of Fossil Fuels*. Discussant: **Katrina Wick** (Tilburg University).

FACULTY PRESENTATIONS:

Georg Kirchsteiger (ECARES): *On the Evolution of Market Institutions*.

Nuria Rodriguez-Planas (Universitat Autònoma Barcelona): *Signaling in the Labor Market: New Evidence on Layoffs, and Plant Closings*.

Gian Luigi Albano (University College London): *Ascending Auctions for Multiple Objects: The Case for the Japanese Design*.

SECOND DAY (PART I)

CHAIR: **Marco Becht & Mathias Dewatripont** (ECARES)

Sabrina Buti (University of Toulouse 1): *The Optimal Regulatory Authority on Specialist's Markets*. Discussant: **Michal Kowalik** (University of Mannheim).

Kerstin Gerling (Mannheim University): *The Groth Impact of the Bank's Competitive Environment in the Presence of Wealth Inequalities and Information Asymmetries*. Discussant: **Darwin Cortes** (University of Toulouse 1)

Caterina Mendicino (Stockholm HHS): *Credit Market Development, Asset Prices and Business Cycle*. Discussant: **Anja Kuckulenz** (Mannheim University)

Joan De Marti Beltran (Universitat Autònoma Barcelona): *Social Networks and Interdependent Utilities: Peer Effects, Efficiency and Distributional Conflicts*. Discussant: **Willemien Kets** (Tilburg University)

Pauline Grosjean (University College London): *Optimal Ownership of a Public Project, an Application to Conservation Concessions*. Discussant: **Pierre-Emmanuel Ly** (University of Toulouse 1)

Juan Daniel Oviedo (University of Toulouse 1): *Impact of Regional Market Power on Natural Gas Transport Network Size*. Discussant: **Camilo von Greiff** (Stockholm HHS)

Emma Aguila (University College London): *Adequacy of Retirement Saving in the US*. Discussant: **Erik Hoglin** (Stockholm HHS)

Giacomo De Giorgi (University College London): *Long Term Effects of a Mandatory Multisage Program: the New Deal for Young People (NDYP) in the UK*. Discussant: **Panu Pelkonen** (University College London)

Iftikhar Hussain (University College London): *Consumer Demand and the Role of Labour Supply and Durables*. Discussant: **Alexandre Janiak** (ECARES)

Maria Caterina Bramati (ECARES): *Nonparametric Optimal Tests for Independence in the Elliptical VAR Model*. Discussant: **Tommaso Frattini** (University College London)

Tobias J. Klein (Mannheim University): *Estimating Conditional Average Structural Functions in Nonadditive Models with Binary Endogenous Variables*. Discussant: **Angel Solano Garcia** (Universitat Autònoma Barcelona)

Andrey L. Vasnes (Tilburg University): *Local Sensitivity and Diagnostic Tests*. Discussant: **Paul Santos Monteiro** (ECARES)

Alberto Naranjo (Stockholm HHS): *Spill over Effects in Demand Anti-Drug Policies*. Discussant: **Ricardo Flores Fillol** (Universitat Autònoma Barcelona)

Christophe Soil (ECARES): *Subcontracting, Fairness and Efficiency*. Discussant: **Eduard Alonso** (Universitat Autònoma Barcelona)

Gisela Waisman (Stockholm HHS): *Institutional Control of Corruption*. Discussant: **Alia Gizatulina** (Mannheim University)

FACULTY PRESENTATIONS:

Richard Friberg (Stockholm HHS): *Consumer Arbitrage and Distance to the Border – a Case of Study*.

Martin Palme (Stockholm HHS): *Parental Income, Lifetime Income and Mortality*.

Echhard Janeba (Mannheim University): *International Trade and Cultural Identity*.

Felix Kubler (Mannheim University): *Approximate Generalizations and Applied Equilibrium Analysis*.

Sjak Smulders (Tilburg University): *International Capital Market Integration : Implications for Convergence, Growth, and Welfare*.

SECOND DAY (PART II)

CHAIR: **Catherine Dehon** (ECARES)

Nina Leheyda (Mannheim University): *Determinants of Inflation in Ukraine: A Cointegration Approach*. Discussant: **Imen Ghattassi** (University of Toulouse 1)

Rafal Racinorski (ECARES): *Consumers' Costs of Price Adjustments and Nominal Price Rigidities: Extended Abstract*. Discussant: **Hans-Martin von Gaudecker** (University College London)

Mewael Tesfaselassie (Tilburg University): *Private Information and Monetary Policy. Why It Pays to Be Optimistic*. Discussant: **Mohamed Sraieb** (ECARES)

Jacopo Cimadomo (ECARES): *Euro Area Stock Returns Volatility and the Business Cycle*. Discussant: **Joëlle Liebermann** (ECARES)

Christian Conrad (Mannheim University): *Inequality Constraints in the Fractionally Integrated GARCH Model*. Discussant: **Car Wilkens** (Stockholm HHS)

FACULTY PRESENTATIONS:

Alban Thomas (University of Toulouse 1): *Consistent Estimation of Binary-Choice Panel Data Models with Time-Varying Individual Effects*.

For more details on the Doctoral School go to our website ECARES.ORG.

DOCTORAL DISSERTATIONS

Maria Caterina Bramati

Title: *Some Robust Methods in the Analysis of Multivariate Time Series.*

Director: Marc Hallin. & Davy Paindaveine

The goal of this thesis is to study some inference problems in multivariate models. Two main topics are considered: robust regression estimators in panel data models (Chapter 1) and semiparametric hypothesis testing in vector autoregression models (Chapters 2 and 3). Panel data estimators can be strongly biased in the existing on robust estimation of the parameters in a panel data model. In Chapter 1 we study robust regression techniques in the fixed effects linear panel data framework. Robustness of the procedures is investigated by means of breakdown point computations and simulation experiments. A distinction between outlying blocks and cells in a panel is made. To show the potential of robust panel data methods an empirical example on the response of the private sector behavior to fiscal policy is presented.

In Chapter 2 we construct a class of locally asymptotically most stringent (in the Le Cam sense) tests for independence between two sets of variables in the VAR models. These tests are based on multivariate ranks of distances and multivariate signs of the observations and are shown to be asymptotically distribution-free under very mild assumptions on the noise, which is obtained by applying a linear transformation to a block of spherical innovation. The class of tests derived is invariant with respect to the group of block affine transformations and asymptotically invariant with respect to the group of continuous monotone marginal radial transformations. The issue of instantaneous causality between two groups of variables has been the object of some controversial positions in the last few decades. According to the definition of Granger (1969), when the knowledge of the current value of a series x_t helps in predicting the current value of a series y_t , we can speak of instantaneous causality. The aim of Chapter 3 is testing for instantaneous noncausality. Since instantaneous correlation of the innovations is a necessary condition for instantaneous causality (Pierce and Haugh, 1977), we focus on testing some restrictions on the covariance matrix of the noise. The class of the derived tests is locally asymptotically most stringent (in the Le Cam sense), invariant with respect to the group of block affine transformations and asymptotically invariant with respect to the group of continuous monotone radial transformations. Those tests are based on multivariate ranks of distances and multivariate signs of the observations and are shown to be asymptotically distribution-free under very mild assumptions on the noise.

Elisabetta Lazzaro

Title: *Essay in Cultural Economics.*

Director: Victor Ginsburgh & Xavier Greffe (MATISSE, Paris 1).

The thesis develops relevant aspects connected with the consumption, appreciation and creation of artistic quality. The first two essays study originality and copies as a particular aspect of artistic quality. In particular, the first chapter focuses on the distortions that are generated in the art market by the presence of informational asymmetries and uncertainty of dealing with originals, copies, fakes or wrongly attributed works. The second essay empirically tests how originality — among other artistic and market characteristics — is priced by the market. The market for prints by Rembrandt is considered. The third and last essay investigates the policy impact on the demand for arts/music education in terms of subsidies and other reforms, with an application to Frenchspeaking Belgium.

Christophe Soil

Title: *Essays on Organizations and Technological Progress.*

Director: Mathias Dewatripont.

This thesis has three chapters with quite different topics.

In the first chapter model, we show first that under specific assumptions a firm may have an interest to subcontract tasks either to decrease its production cost or to increase the quality of its product. In a more elaborate framework where surplus negotiation are such that the workers' wages are linked with each other, we generalize this result by showing that the firm's objective is to reduce the variance in quality requirement of the tasks performed in house. Therefore the firm optimal strategy is to focus on tasks having the same quality requirement than her core business. This strategy is all the more

interesting that (a) they are few tasks to subcontract, (b) they present a large differentiation in terms of quality and few specific requirements regarding their realization and (d) the tasks are not complementary with each other.

In the second chapter, we assume both that the individual returns of the agents belonging to the same team are neither deterministic, nor verifiable and that a principal is not able to commit ex ante to not intervening in the agents' work ex post. Then we show that in such circumstances, the principal's monitoring may not be efficient due to the risk of abuse of authority and incentives scheme are efficient only for small teams. Therefore we present an alternative management system: if the principal transfers simultaneously control and income rights to the agents of his team, he can organize a peer monitoring system such that he can commit de facto to the monitoring intensity and gives optimal autonomy to the agents of his team. Then we show the system the principals chooses depends on the team size: for small team, the first-best is the incentive scheme, for large teams the only efficient solution will be principal's monitoring (with reduced motivation), between this two extremes, the peer monitoring system is the best alternative.

In the third paper, we propose a theoretical framework to analyse the impact of technological progress on the labour market. To do so, we take into consideration both a skill-obsolescence effect on the labour supply and a biased enhancing effect on the labour demand. In this context, we see how technological progress can lead to a reduction of the low-skilled workers employment even if it generates production growth in all sectors. Afterwards, we show this reduction of employment can be prevented by the government if it switches a share of the fiscal burden from low-skilled workers to "their" capital equipment and to sectors working mainly with high-skilled workers.

Serguey Stepanov

Title: *Stagnation and Instability in the Less Developed Economies.*

Directors: Mathias Dewatripont.

The thesis is a collection of theoretical models that study the links between law and corporate governance. Specifically, it examines how a legal system affects the distribution of ownership and control and the choice of corporate governance mechanisms in a firm. It also studies the efficiency implications of various legal rules.

The work differs from the previous literature in the field in two respects. First, It dissects different dimensions of law and account for the interdependences between the corporate governance mechanisms that are associated with these dimensions (they can be either substitutes or complements). Second, its models emphasize the importance of the costs associated with legal protection of shareholders.

The main contribution of its approach is showing that the effects of law are multifaceted and non-monotonic and go well beyond the traditional "law and finance" view that legal protection of investors is conducive to financial development.

In particular, in chapter 1 It shows that when the cost of legal shareholder protection outweigh its benefits, weaker protection does not necessarily result in greater outside ownership concentration. Chapter 2 argues that, in contrast to increasing impartiality of judges, facilitating recourse to courts for shareholders that were expropriated by the management may lead to a less efficient choice of corporate governance mechanisms and to greater ownership concentration. Chapter 3 demonstrates that different dimensions of legal shareholder protection have qualitatively different impacts on the choice of firm-level corporate governance mechanisms by companies.

The results suggest that any analysis of the impact of legal shareholder protection on ownership and corporate governance should dissect different facets of a legal system. Otherwise, it would risk overlooking potentially important effects of separate legal rules and mechanisms. The work also demonstrates dangers of the "one-size-fits-all" (or "harmonization") approach to corporate governance reform, as it shows that effects of separate legal mechanisms may qualitatively depend on the rest of the legal environment in a country.

SELECTED ECARES ACTIVITIES

CONFERENCES AND WORKSHOPS

The Political Economy of Liberalization of Public Services

Organized by **Mathias Dewatripont** (ECARES), and held at ECARES on January 31, 2005 (thanks to the Foundation Bernard Van Ommeslaghe).

The State and Consequences of Public Reform in the World, by **Antonio Estache** (World Bank).

Liberalizing UK Retail Energy Markets: The Impact on Consumers, by **Catherine Waddams** (Centre for Competition Policy, University of East Anglia).

The Role of Public-Private Partnerships in Public-Service Industries, by **Mathias Dewatripont & Patrick Legros** (ECARES).

The Impact of Public Procurement Reform in Italy, by **Tommaso Valletti** (Imperial College, London & Italian Public Procurement Agency).

The (in)Appropriate Use of State Aid in Public-Service Industries, by **Paul Seabright** (IDEI, University of Toulouse).

European Competition Policy in a Transatlantic Perspective

Organized by **Mathias Dewatripont** on February 14 2005 at ULB (thanks to the financial support of the Foundation Bernard Van Ommeslaghe).

Seminar: **Lars-Hendrik Röller** (Chief Economist for Competition, European Commission).

Chair: **André Sapir** (ECARES, former Adviser to European Commission President Romano Prodi).

D'autres objectifs pour les entreprises que la maximisation du profit: mythe ou réalité ?

Co-organized by ECARES (**Mathias Dewatripont**) & IEV (Institut Emile Vandervelde) on March 11, 2005 at the Maison des Parlementaires in Brussels.

Quel rôle pour les différents acteurs de l'entreprise ?

INTRODUCTION: **Elio Di Rupo** (President, Parti Socialiste).

PRESENTATIONS : **Maurice Lippens** (President, Commission belge de Corporate Governance & President, Fortis), **Marco Becht** (ECARES & ECGI), **André Mordant** (Président, FGTB) & **Robert Tollet** (President, Conseil central de l'Economie et de la Société Fédérale de Participation).

ROUND TABLE: **Frédéric Delcor** (Director, IEV), **Maurice Lippens**, **Marco Becht**, **André Mordant**, **Robert Tollet**, **Mathias Dewatripont** (ECARES).

Jusqu'où peut-on demander aux entreprises d'assurer des missions d'intérêt général ?

CHAIR: **Jean-Claude Marcourt** (Ministre de l'Economie et de l'Emploi du Gouvernement wallon).

INTRODUCTION: **Mathias Dewatripont** (ECARES).

PRESENTATIONS : **Jean-Pierre Hansen** (Administrateur délégué de Suez-Tractebel), **Rudy De Leeuw** (Secrétaire fédéral, FGTB), **Anne Peeters** (Directrice, Centre d'études et d'action pour la cohésion sociale-CEDAC), **Marc Lemaire** (Directeur, Groupe One) & **Peter De Smet** (Directeur, Greenpeace Belgium).

ROUND TABLE: **Amid Faljaoui** (Rédacteur en chef, Trends Tendances), **Jean-Pierre Hansen**, **Rudy De Leeuw**, **Anne Peeters**, **Marc Lemaire** & **Peter De Smet**.

CONCLUSION: **Jean-Claude Marcourt**.

Francqui Foundation Workshop

Organized by Marc Hallin (ECARES) on May 12-13, 2005 at ULB, and financed by the Francqui Foundation and the Belgian Science Policy (contract IAP P5/24).

Asymptotics: Applicable and non-applicable, by **Laurie Davies** (University of Essen). Discussant: **Christophe Croux** (Katholieke Universiteit Leuven)

A Generalization of a Hartman-Wintner LIL, by **Uwe Einmahl** (Vrije Universiteit Leuven). Short talk.

Weak Convrgence of Measures or Almost Sure Local Limit Theorems, by **Manfred Denker** (University of Göttingen). Discussant: **Gerda Claeskens** (Katholieke Universiteit Leuven)

Nonparametric Stochastic Frontier: A Local Maximum Likelihood Approach, by **Leopold Simar** (Université Catholique de Louvain). Short talk.

Adaptive Estimation in Binary Classification, by **Sara van de Geer** (University of Leiden). Discussant: **Marie Huskova** (Charles University Prague).

Estimation of Nonparametric Regression Models with Unknown Link Functions, by **Enno Mammen** (University of Mannheim). Discussant: **Rainer van Sachs** (Université Catholique de Louvain).

Asymptotics for Extreme R-Estimators, by **Jana Jureckova** (Charles University, Prague). Discussant: **Jan Bielant** (Katholieke Universiteit Leuven).

Convergence Analysis for Inverse Problems from a Statistical Perspective, by **Axel Munk** (University of Göttingen). Short talk.

Robust Second-Order Accurate Inference for Generalized Linear Models, by **Elvezio Ronchetti** (Université de Genève). Discussant: **Mia Hubert** (Katholieke Universiteit Leuven).

Modified Goodness-of-Fit Statistics with Estimated Parameters, by **Noël Veraverbeke** (Limburgs Universitair Centrum).

Collecting a Batch of Items on a Warehouse Carousel, by **Willem van Zwet** (University of Leiden). Discussant: **Thomas Bruss** (ULB).

Efficient Estimators in Semiparametric Time Series Models, by **Wolfgang Wefelmeyer** (University of Cologne). Discussant: **Bas Werker** (University of Tilburg).

Third Prague-Brussels Mathematical Seminar

Organized by **Marc Hallin** (ECARES) and the Charles University (Prague) at ULB on May 13-14 2005 (thanks to the financial support of Belgian Science Policy (contract IAP P5/24)).

Bootstrap in Detection of Changes in Regression, by **Marie Huskova** (Charles University).

Backfitting vs Profiling in General Criterion Functions, by **Ingrid van Keilegom** (Université Catholique de Louvain).

Tests for the Gumbel Domain of Attraction, by **Jan Picek** (Technical University, Liberec).

Projection Estimates of Constrained Functional Parameters, by **Johan Segers** (Katholieke Universiteit Leuven & Tilburg University).

Robustness vs Efficiency for Some Correlation Measures, by **Catherine Dehon** (ECARES).

Computational Aspects of Change Point Detection, by **Jaromir Antoch** (Charles University).

Simultaneous Testing in Nonparametric Regression with Discontinuities in the Mean and Variance Functions, by **Sébastien Van Bellegem** (Université Catholique de Louvain).

Censored Regression Quantiles: a Correction, by **Steve Portnoy** (University of Illinois & Francqui Foundation).

Conference in Honor of Victor Ginsburgh

Held at ULB on June 16-18, 2005, it was organized by ECARES, the Association des Anciens de Sciences¹ & the Section des économiques² in honor of Victor Ginsburgh (thanks to the financial support of the Communauté Française de Belgique & the FNRS).

JUNE 16: *Quel Avenir linguistique pour l'Europe ?*

Round Table : **Victor Ginsburgh** (ECARES), **Philippe Van Parijs** (Université Catholique de Louvain) & **Marc Wilmet** (Université Libre de Bruxelles).

JUNE 17-18: *The Economics of Art and Culture*

Can Absentees Be Blamed for Price Decline in Sequential Auctions, by **Olivier Chanel** (GREQAM, Université de Marseille). Discussant: **Estelle Cantillon** (ECARES & Harvard Business School).

Commissions and Auctions, by Victor Ginsburgh, Patrick Legros & **Nicolas Sahuguet** (ECARES). Discussant: **Georg Kirchsteiger** (ECARES).

Bundling in Museums: A Survey, by Victor Ginsburgh (ECARES) & **Israel Zang** (Faculty of Management, Tel Aviv University). Discussant: **Alexis Walckiers** (ECARES).

¹ June 16 only.

² June 16 only.

How Relevant is the Concept of Cultural Diversity ? Some Methodological and Empirical Issues, by **Françoise Benhamou** & Stéphanie Peltier (MATISSE, Université de Paris 1). Discussant : **Marco Becht** (ECARES).

Creativity and Copyright, by **Patrick Legros** (ECARES.) Discussant: **Stéphanie Peltier** (MATISSE, Paris 1).

Efficiency and Inefficiency for Bordeaux Wines, by **Orley Ashenfelter** (Princeton University). Discussant: **Robert Plasman** (DULBEA, ULB).

Economics of Scientific Publishing, by **Mathias Dewatripont**, Victor Ginsburgh, Patrick Legros & Alexis Walckiers (ECARES). Discussant: **Micael Castanheira** (ECARES).

How About Localism, Hollywood, and Welfares, by **Simon Anderson** (Dept. of Economics, University of Virginia). Discussant: **Claude d'Aspremont** (Université Catholique de Louvain).

Piracy: A Survey, by **Patrick Waelbroeck** (ECARES). Discussant: **Paul Belleflamme** (Université Catholique de Louvain).

Reading Books Because you Want to, by **Jan van Ours** (CentER, Tilburg University). Discussant: **Pierre Pestieau** (Université de Liège)

Culture, Cooperation and the Theory of the Firm, by **Marc Casson** (Dept. of Economics, University of Reading). Discussant: **Jacques Thisse** (Université Catholique de Louvain).

Bilingualism and Communicative Benefits, by Jean Gabszewicz, Victor Ginsburgh & **Shlomo Weber** (Université Catholique de Louvain). Discussant: **Jan Fidrmuc** (Dept. of Economics, Brunel University).

Competition Policy for International Development, Growth and Trade

Held in Brussels on December 9-10, this conference was co-organized by **Patrick Legros** (ECARES) and CEPR. It will provide a forum for international researchers, network members, and policy makers to present or discuss work on the consequences of the internationalization of trade and of production for market performance and competition policy. The event is held in conjunction with the Third Workshop of the Research Training Network "Competition Policy in International Markets" supported in part by the European Community's Human Potential Programme (EC Contract no. HPRN-CT-2002-00224, CPIM) and the final academic conference of the Competition Policy Foundations for Trade Reform, Regulatory Reform, and Sustainable Development (CPFTR) project supported by DG Research (EC Contract no. SCS8-CT-2004-502564).

SESSION ON INTERNATIONAL MERGERS AND ACQUISITIONS

Corporate Hierarchies and International Trade, by **Dalia Marin** (Universität München & CEPR), Thierry Verdier (Paris-Jourdan Sciences Economiques & CEPR). Discussant: **Johannes Stephan** (Institute for Economic Research).

Domestic Versus Cross-Border Acquisitions: Which Impact on the Target Firms' Performance ?, by **Olivier Blanchard** (University of Toulouse) & Habib Zitouna (ESSEC of Tunis). Discussant: **Adam Török** (University of Veszprém & Hungarian Academy of Sciences).

Plenary Session – Chair Patrick Legros (ECARES & CEPR).

Cross-National Competition Policies: Empirical Evidence on Trends, Growth and Firm Behaviour, by Pedro Pita Barros (ERSE, REUNL & CEPR), Joseph A. Clougherty (WZB & CEPR) & **Jo Seldeslachts** (WZB).

Leniency and Whistleblowers in Antitrust, by **Giancarlo Spagnolo** (Stockholm School of Economics & CEPR).

SESSION ON CO-OPERATION AND COLLUSION

Information Sharing and Lending Market Competition with Switching Costs and Poaching, **Thomas Gehrig** (Universität Freiburg & CEPR) & Rune Stenbacka (Swedish School of Economics). Discussant: **Estelle Cantillon** (ECARES, Harvard Business School & CEPR).

Reputation and Collusion in Procurement, by **Giacoma Calzolari** (University of Bologna), Giancarlo Spagnolo (Stockholm School of Economics & CEPR). Discussant: **Daniel Traca** (INSEAD, Solvay Business School & CEPR).

SESSION ON COMPETITION, MERGERS AND RISK

Competition and Price Volatility when Consumers are Loss Averse, by **Paul Heidhues** (WZB & CEPR) & Botond Koszegi (UC Berkeley). Discussant: **Philipp Schmodt-Dengler** (LSE & Yale University).

Mergers with Product Market Risk, by Albert Banal-Estanol (University of Western Ontario) & **Marco Ottaviani** (LBS & CEPR). Discussant: **Joachim Keller** (ECARES).

SESSION ON COMPETITION PERSPECTIVES ON ECONOMIC REFORMS

Monitoring Telecom Developments in Latin America, by Manuela Naessl (Graduate Institute of International Studies, Geneva) & **Damien Neven** (Graduate Institute of International Studies, Geneva & CEPR). Discussant: **Joszeff Molnar** (IDEI, Toulouse).

Trade Reforms, Market Power, and Pass-Through in Selected Asian Nations, by **Simon J. Evenett** (University of St Gallen & CEPR) & Krista Lucenti (University of Bern). Discussant: **Elena Argentesi** (University of Bologna).

Plenary Session – Chair: Patrick Legros (ECARES & CEPR).

Cross-National Competition Policies: Empirical Evidence on Trends, Growth and Firm Behaviour, by Pedro Pita Barros (ERSE, REUNL & CEPR), Joseph A. Clougherty (WZB & CEPR) & **Jo Seldeslachts** (WZB).

Leniency and Whistleblowers in Antitrust, by **Giancarlo Spagnolo** (Stockholm School of Economics & CEPR).

SESSION ON REGIONAL RULES ON COMPETITION LAW

EC Competition Law and National Competition Law: Subsidies or Complements? Evidence from Recently Acceded Member States, by **Andrej Cylwik** (CASE), Kamila Kloc (CASE) & Krzysztof Kowalczyk (CASE). Discussant: **Damien Neven** (Graduate Institute of International Studies, Geneva & CEPR).

Australian Competition Law: Issues and Lessons – A Case Study, by **David K. Round** (University of South Australia), Kerry A. Round (University of South Australia) & Jeremy Tustin (University of South Australia). Discussant: **Joseph A. Clougherty** (WZB & CEPR).

EU Merger Remedies: A Preliminary Empirical Assessment of Their Effectiveness, by **Tomaso Duso** (WZB). Discussant: **Helen Weeds** (University of Essex & CEPR).

A Taxonomy of International Competition Provisions, by Peter Holmes (University of Sussex), Henrike Müller (Competition Practitioner), **Anestis Papadopoulos** (Greek Competition Commission & London School of Economics) & Anna Sydorak (University of Sussex). Discussant: **Mattias Ganslandt** (IUI & University of Colorado).

SESSION ON VERTICAL RELATIONS, PARALLEL TRADE

Vertical Distribution, Parallel Trade, and Price Divergence in Integrated Markets, by **Mattias Ganslandt** (IUI & University of Colorado) & Keith E. Maskus (University of Colorado). Discussant: **Sofronis Clerides** (University of Cyprus & CEPR).

Parallel Trade, Price Discrimination, Investment and Price Caps, by Stefan Szymanski (Imperial College London) & **Tommaso Valletti** (Imperial College London & CEPR). Discussant: **Simona Fabrizi** (Universidad del Pais Vasco & Université de Toulouse 1).

Slotting Allowances and Conditional Payments, by Patrick Rey (Université des Sciences Sociales de Toulouse & CEPR), Jeanine Thal (Université des Sciences Sociales de Toulouse), & **Thibaud Vergé** (Université des Sciences Sociales de Toulouse & University of Southampton). Discussant: **Lucy White** (Harvard Business School, Université de Lausanne & CEPR).

Plenary Session: What Next for Research on International Competition Policy and Inter-Firm Rivalry in International Markets? – Chair: Simon J. Evenett (University of St Gallen & CEPR), Frédéric Jenny (Chairman, OECD Competition Committee, ESSEC, & Cour de Cassation, France) & Kirti Mehta (European Commission) & Mark Williams (NERA).

How and When Markets Tip: An Empirical Investigation, by **Estelle Cantillon** (ECARES, Harvard Business School & CEPR) & Pai-Ling Yin (Harvard Business School).

Platform Ownership, by Volker Nocke (University of Oxford, University of Pennsylvania & CEPR), Martin Peitz (Universität Mannheim) & **Konrad O. Stahl** (Universität Mannheim & CEPR). Discussant: **Yossi Spiegel** (Tel Aviv University).

SESSION ON INNOVATION, DEVELOPMENT

Smithian Growth Through Creative Organization, by Patrick Legros (ECARES & CEPR), **Andrew Newman** (Boston University, University College London & CEPR), & Eugenio Proto (University of Warwick). Discussant: **Frédéric Robert-Nicoud** (LSE, University of Geneva & CEPR).

Entrepreneurial Innovations, Competition and Competition Policy, by Jonas Vlachos (IUI & CEPR) & **Lars Persson** (IUI & CEPR). Discussant: **Frédéric Jenny** (Chairman, OECD Competition Committee, ESSEC, & Cour de Cassation, France).

SESSION ON FOSTERING INTERNATIONAL COMPETITION

Eager to Ink, But Ready to Act? RTA Proliferation and International Co-operation on Competition Policy, by **Lucian Cernat** (UNCTAD). Discussant: **Georges Siotis** (Universidad Carlos III Madrid & CEPR).

Conformity with International Recommendations on Merger Reviews: An Economic Perspective on "Soft Law", by **Simon J. Evenett** (University of Nottingham). Discussant: **Oliver Budzinski** (University of Marburg).

The Effectiveness and Impediments for Bi-Lateral Approaches to Anti-Trust Enforcement and Implications for Multilateral Co-operation, by **James H. Mathis** (University of Amsterdam). Discussant: **Robert Anderson** (World Trade Organization).

SESSION ON ADOPTING COMPETITION LAWS

Factors Accounting for the Enactment of a Competition Law – an Empirical Analysis, by **Franz Kronthaler** (Institut für Wirtschaftsforschung Hall) & Johannes Stephan (Institute for Economic Research). Discussant: **Alexander Hijzen** (University of Nottingham).

Analysis of Factors Contributing to the Adoption of Competition Law in Poland. Implications for Developing Countries, by **Andrej Cylwik** (CASE), Krzysztof Kowalczyk (CASE), Wojciech Szymczak (Office for Competition and Consumer Protection) & Adam Zolnowski (Office for Competition and Consumer Protection). Discussant: **Steffen Lippert** (Université de Toulouse 1).

Analysis of Factors Contributing to the Adoption and Evolution of Competition Law in Ukraine. Implications for Developing Countries, by **Malgorzata Jakubiak** (CASE). Discussant: **Carmine Ornaghi** (IDEI & University of Southampton).

Analysis of Factors Contributing to the Adoption and Evolution of Competition Law in South Africa. Implications for Developing Countries, by **Adam Török** (University of Veszprém & Hungarian Academy of Sciences). Discussant: **Jeanine Thal** (Université de Toulouse).

ECARES RESEARCH SEMINARS

Economics

Pol Antras (Harvard University): *Contracts and the Division of Labor*.

Enriqueta Aragones (Universitat Autònoma de Barcelona): *A Model of Participatory Democracy: Understanding the Case of Porto Alegre*.

Francis Bloch (GREQAM, Marseille): *Tiebout Equilibria in Local Public Good Economies with Spillovers*, joint with U. Zenginobuz.

Tito Boeri (Università L. Bocconi): *Migration, Co-ordination Failures and EU Enlargement*.

Michael Burda (Humboldt Universität Berlin): *Blue Laws*.

Mike Burkart (Stockholm School of Economics): *Minority Blocks and Takeover Premia*, joint with Denis Gromb & Fausto Panunzi.

Kai Carstensen (Kiel Institute for World Economics): *A model for real-time data assessment and forecasting*.

Jacques Cremer (GREMAQ, Université de Toulouse 1): *Codes in Organizations*.

Alex Cukierman (Tel Aviv University): *Legal, Actual and Desirable Independence: A Case Study of Bank of Israel*.

Alain Desdoigts (EUREQua, Université de Paris 1): *Market Integration and Industrial Modernization: A Global Middle Class Perspective*, joint with Fernando Jaramillo.

Wouter Dessein (University of Chicago): A) *Organizing for Synergies: Communication, Incentives and Centralized Conflict Resolution*; B) *Strategic Communication and Organizational Structure*.

Jorge Duran (University of Alicante): *The Measurement of Output Growth and the Decline of Equipment Prices*, joint with Omar Licandro & Javier Ruiz-Castillo.

Guillaume R. Frechette (New York University): *Behavioral Identification in Coalitional Bargaining: An Experimental Analysis of Demand Bargaining and Alternating Offers*.

Veronika Grimm (Universidad de Alicante): *Capacity Choice under Demand Fluctuation: The Impact of Market Structure*.

Sergei Guriev (New Economic School, Moscow): *Earnings Manipulation and Incentives in Firms*.

Ron Harstad (University of Missouri): *Rational Participation Revolutionizes Auction Theory*.

Giovanni Maggi (Princeton University): *A Political-Economy Theory of Trade Agreements*.

Valery Leonidovitch Makarov (Russian Academy of Science (head of the Social Sciences Division) & President of NES): *Distribution of Responsibilities in the Russian Federal State*.

Elias Papaioannou (London Business School): *Human Capital, the Structure of Production and Growth*, joint with Antonio Ciccone.

Nicola Persico (University of Pennsylvania): *Estimating Deterrence Effects Using Random Crackdowns: Theory and Evidence*.

Clemens Puppe (Universität Karlsruhe): *Consistent Judgement Aggregation*.

Raymond Riezman (University of Iowa): *Production, Trade and Exchange Rates in Large Experimental Economies*.

Partha Sen (Delhi School of Economics): *Perfect Competition and the Keynesian Cross: Revisiting Tobin*.

Howard Smith (University of Oxford): *The Effects of Ownership Deregulation in the US Commercial Radio Industry: Evidence from a Model of Multi-Product Entry*.

Yossi Spiegel (University of Tel Aviv): *Adware, Shareware, and Consumer Privacy*.

Daniel Traca (Solvay Business School): *Trade and the Skill-Bias: It's Not How Much, but With Whom You Trade*.

Eric Van Der Steen (MIT, Sloan School of Management): *Interpersonal Authority: A Differing Priors Perspective*.

Arthur van Soest (RAND Corporation & Tilburg University): *Actions and Beliefs: Estimating Distribution-Based Preferences using a Large Scale Experiment with Probability Questions on Expectations*.

Lucy White (HEC, Lausanne & Harvard Business School): *Do Vertical Mergers Facilitate Collusion ?*.

Naoyuki Yoshino (Keio University, Tokyo): *Current State of Japanese Economy and the Optimal Exchange Rate System in Asia*.

Econometrics and Statistics

Filippo Altissimo (European Central Bank): *Slow Macro and Fast Micro: Can Aggregation Explain Inflation Persistence ?*.

Peter Boswijk (Universiteit van Amsterdam): *Why Frequency Matters for Unit Root Testing*.

John Einmahl (Tilburg University): *Tests for independence in nonparametric regression*.

Marcelo Fernandes (Queen Mary, University of London): *Are Price Limits on Futures Markets that Cool ? Evidence from the Brazilian Mercantile and Futures Exchange*.

Roland Fried (Universidad Carlos III, Madrid): *Graphical models and events in time series*.

Christian Hafner (Université Catholique de Louvain): *Semiparametric Multivariate GARCH Models*.

Nikolaus Hautsch (University of Copenhagen): *Latent Factor VAR Model: Testing for a Common Component in the Intraday Trading Process*.

Siem Jan Koopman (Free University of Amsterdam): *Signal extraction for nonlinear processes with an application in finance*.

Jeremy Large (Oxford University): *Measuring the Resiliency of an Electronic Limit Order Book*.

Rocco Mosconi (Politecnico di Milano): *Bivariate Generalizations of the ACD Models*.

Jacek Osiewalski (University of Krakow): *Bayesian comparison of bivariate GARCH and SV models*.

Juan Rodriguez-Poo (Statistical Institute of Cantabria, Spain): *An Adaptive Specification Test for Semiparametric Models*.

Stefan Sperlich (University of Carlos III): *Semiparametric Estimation of Consumer Demand Systems in Real Expenditure with Partially Linear Price Effects*, joint with Kristina Pendakur.

Mark Steel (University of Warwick): *A Constructive Representation of Univariate Skewed Distributions*.

Olivier Vergote (Katholieke Universiteit Leuven): *Quantile-Based Unbiased Estimators of the Diffusion Coefficient*.

Alessandro Verri (DISI, Università di Genova): *Theory, Algorithms, and Applications of Learning*.

Michael Wolf (University of Zurich): *Stepwise Multiple Testing as Formalized Data Snooping*.

Economics of Arts

Laurent Busine (Directeur du MAC's Grand-Hornu): *Le musée. La ou les collections*.

Herman Daled, Anne Pontégnie & Dirk Snauwaert (Le Wiels): *Le Wiels, Centre d'Art Contemporain de Bruxelles : C'est quoi, pour qui, comment, par qui, pour qui et quand ?*

Danielle Lories (Institut de Philosophie, Université Catholique de Louvain): *Désintéressement et valeur. L'art contemporain avec ou sans Kant*.

François Mairesse (Directeur du Musée Royal de Mariemont): *Le droit d'entrer au musée*.

Brigitte Van Wymeersch (Unité de Musicologie, Université Catholique de Louvain): *Symétrie et Musique*.

Hugo Verdaasdonk (Tilburg University): *Mesurer la valeur culturelle*.

Internal Seminars

Micael Castanheira: *Districts, Party Discipline, and Polarization*, joint with B. Crutzen.

Paola Conconi: *Re-election Incentives and the Sustainability of International Cooperation*, joint with Nicolas Sahuguet.

David De Antonio Liedo: *Economic Theory and Forecasting*.

Alexandre Janiak: A) *Labor Mobility and Education Policy: the Tradeoff between Specialization and Reallocation Cost*; B) *The Short-Run Impact of Trade Liberalization on Unemployment When Firms are Heterogeneous*.

Joachim Keller: *Patterns of entry into uncertain markets and the role of entry-coordinating institutions*.

Paulo Santos Monteiro: *Using Micro Data to Model Macroeconomic Aggregates Fluctuation*.

Selen Sarisoy Guerin: *The Role of Geography in Financial Integration: Foreign Direct Investment*.

Patrick Van Roy: *Credit Ratings and the Standardised Approach to Credit Risk in Basel II*.

Vincenzo Verardi: A) *Comparative Politics and Income Inequality*; B) *Untalented but Successful*, joint with O. Gergaud.

SEMINARS ON INTELLECTUAL PROPERTY RIGHTS³

Ramon Casadesus (Harvard Business School): *Dynamic Mixed Duopoly: A Model Motivated by Linux vs Windows* (held on May 31, 2005).

Suzanne Scotchmer (University of California Berkeley): *Digital Rights Management the Pricing of Digital Products* (held on May 31, 2005).

Solicitor Simon Stokes (partner, Tarlo Lyons, London): *Copyright and Art Images* (held on November 11, 2005).

Joel Waldfogel (Wharton Business School, University of Pennsylvania): *Piracy on the High C's: Music Downloading, Sales Displacement, and Social Welfare in a Sample of College Students* (held on April 26, 2005).

Jayashree Watal (World Trade Organization): *Trade-Related Aspects of Intellectual Property Rights* (held on October 18, 2005).

ECORE SEMINARS

Paul Belleflamme (CORE): *Piracy and Competition*.

Paola Conconi (ECARES): *The Economics of Special and Differential Trade Regimes*.

Jacques Drèze (CORE): *After 50 years of Incestuous Decision Theory: Bayes Rationality in Game*.

³ Microsoft provided generous support for this series of seminars.

Georg Kirchsteiger (ECARES): *On the Evolution of Market Institutions: Why Competition between Market Institutions Induces Non-Competitive Market Outcomes.*

Jean-François Mertens (CORE): *Cost Benefit Analysis.*

David Veredas (ECARES): *Aggregation.*

ECORE-KUL SEMINARS

Yacine Aït-Sahalia (Princeton University): *Ultra High Frequency Data, Volatility Estimation and Market Microstructure Noise.*

Manuel Arellano (CEMFI, Madrid): *Understanding Bias in Nonlinear Panel Models: Some Recent Developments.*

JOINT NBB – CES, KUL – ECARES, ULB – UCL SEMINARS

Geert Bekaert (Columbia Business School): *New-Keynesian Macroeconomics and the Term Structure.*

Fabio Canova (IGIER, UPF & CEPR): *The Structural Dynamics of US Output and Inflation: What Explains the Change?.*

Stephen Cecchetti (Brandeis University & NBER): *What the FOMC Says and Does When the Stock Market Booms.*

Frank Smets (ECB): *On the Fit and Forecasting Performance of new Keynesian Models.*

LUNCHTIME MEETING

A Dynamic Approach to Europe's Unemployment Problem

by **Simon Burgess** (University of Bristol & CEPR), this lunchtime meeting was held in February 2005. Chair: **Philippe Weil** (ECARES).

VISITORS

Philippe Aghion, Harvard University
Gianluigi Albano, University College London
Rabah Amir, University of Arizona
Simon Anderson, University of Virginia
Tito Boeri, Università L. Bocconi
Natalie Chen, Warwick University
Christophe Croux, Katholieke Universiteit Leuven
Benoît Crutzen, Erasmus University, Rotterdam
Alex Cukierman, Tel Aviv University
Russell Davidson, McGill University
Julio Davila, CNRS & University of Pennsylvania
Antonio Estache, The World Bank
Jan Fidrmuc, Brunel, University of London
Olivier Gergaud, Université de Reims
Paul Grout, University of Bristol
Robert Kollman, Bonn University
Jacques Lawarrée, ECARES, Microsoft and University of Washington, Seattle
Mikko Leppamäki, University of Helsinki
Nicolas Melissas, University of Leicester
Andrew Newman, University College London
Stephen Portnoy, University of Illinois, Urbana Champaign
Patrick Rey, Université des Sciences Sociales, Toulouse
Gérard Roland, University of Berkeley
David Russell, McGill University
Loic Sadoulet, INSEAD
Nicolas Sahuguet, HEC Montreal
Konrad Stahl, University of Mannheim
Shlomo Weber, CORE, Université Catholique de Louvain
Bas Werker, Tilburg University
Pai-Ling Yin, Harvard Business School
Israel Zang, Tel Aviv University

RESEARCH CONTRACTS AND GRANTS

BELGIAN SOURCES

Actions de Recherche Concertées (ARC)

Christophe Croux, Mathias Dewatripont, Patrick Legros and **Gérard Roland** are currently promoters of a research contract on *L'économie politique de l'organisation des Etats et des systèmes électoraux: théorie et étude empirique* (October 2000-September 2005).

Christine De Mol, Marc Hallin and **Lucrezia Reichlin** are currently promoters of a research contract on *Prévisions dans un contexte riche en données: applications financiers et macroéconomiques* (October 2002-September 2007).

Pôles d'Attraction Interuniversitaire (PAI)

Mathias Dewatripont is currently coordinator of a PAI contract on *Universities and Firms: A Comparative Analysis of the Interaction Between Market Processes, Organizational Strategies and Governance*. Participants at ULB include Françoise Thys-Clément and Luc Wilkin. The associated partners are the Katholieke Universiteit Leuven, Université de Mons-Hainaut, Facultés Universitaires Saint-Louis, Universiteit Antwerpen, Facultés Universitaires Catholiques de Mons and Université des Sciences Sociales, Toulouse (January 2002-December 2006).

Marc Hallin is currently promoter of a PAI contract on *Statistical Techniques and Modeling for Complex Substantive Questions with Complex Data*. Other participants at ECARES included **Christine De Mol, Guy Mélard & Lucrezia Reichlin**. The coordinator and the partners are the Université Catholique de Louvain, Katholieke Universiteit Leuven, Limburgs Universitair Centrum, Rheinisch-Westfälische Technische Hochschule Aachen, Université Joseph Fourier-Grenoble (January 2002-December 2006).

FNRS

Several members of ECARES have received funds from the FNRS to pursue their research: **Estelle Cantillon, Micael Casntaheira & Paola Conconi**.

Mathias Dewatripont has received funds from FNRS in the framework of the organization of the conference on the *Economics of Art and Culture* in honour of Victor Ginsburgh, held in June 2005 (see ECARES Activities for details).

Belgian National Bank

Catherine Dehon, Georg Kirchsteiger and David Veredas have received funds in 2005-2006 from the Belgian National Bank to pursue their research.

Chaire Bernard Van Ommeslaghe

The goal of this Chaire is to finance activities on the liberalization and regulation of markets. In 2004 the principal project was:

- the hiring of Nicolas Sahuguet, post-doctoral researcher (01.11.04-31.08.05);
- two workshops have been organized in January and February 2005: a) *The Political Economy of Liberalization of Public Services*; b) *European Competition Policy in a Transatlantic Perspective* (for both workshop see ECARES Activities for details).

FORTIS Bank

Mathias Dewatripont is currently promoter of a contract with FORTIS Bank, which has financed Griselda Deelstra in the past and will finance economic activities in the future.

EUROPEAN SOURCES

Marie Curie Individual Fellowship

Mathias Dewatripont was promotor of the project *Institutional Foundations of Economic and Political Developments in Post-Communist Countries*. Post-doctoral researcher: Jan Fidrmuc (January 2003 – January 2005).

Research Training Network (RTN)

Mathias Dewatripont is the scientist in charge for ECARES in the network *European Corporate Governance Training Network (ECGTN)* (October 2004-September 2008). The coordinator and other partners are ECGI (European Corporate Governance Institute), Centre for Financial Studies (Frankfort), Università degli Studi di Genova, Katholieke Universiteit Brabant, Universiteit van Amsterdam, Centro de Estudios Monetarios y Financieros (Madrid), Stiftelsen Ostekonomiska Institutet (Stockholm), the University of Oxford, London Business School, Sabanci Universitesi (Tuzla), Eidgenoessische Technische Hochschule Zuerich, University of Alberta (Edmonton, Canada), Princeton University (USA), Yale University (USA), Universität Mannheim, Mc Graw-Hill International (London), Hermes Pensions Managements (London), Telecom Italia & Harvard College (USA).

Patrick Legros is the scientist in charge for ECARES in the network *Competition Policy in International Markets*, (November 2002-October 2006). The coordinator and other partners of the project are the Wissenschaftszentrum Berlin für Sozialforschung, Centre for Economic Policy Research, Institut d'Economie Industrielle (Toulouse), Katholieke Universiteit Leuven, Graduate Institute of International Economics (Lausanne), Industriens Utredningsinstitut (Stockholm), Universität Mannheim and Massachusetts Institute of Technology.

André Sapir is the scientist in charge for ECARES in the network *Trade, Industrialization and Development* (December 2002-November 2006). The coordinator and other partners are London School of Economics, Centre for Economic Policy Research, Norwegian School of Economics and Business Administration, Département et Laboratoire d'Economie Théorique et Appliquée (Paris), Trinity College Dublin, Centro Studi Luca d'Agliano, Tinbergen Institute (Rotterdam) and Pennsylvania State University.

European Study

Mathias Dewatripont, Victor Ginsburgh & Patrick Legros are promotors for ECARES of a study (May 2004-October 2005) on *The Economic and Technical Evolution of the Scientific Publication Markets in Europe*. The partners are the Bibliothèques de l'Université Libre de Bruxelles, IDEI (Toulouse) and the bibliothèques de l'Université de Toulouse 1.

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