Eleventh
CONFERENCE ON RESEARCH ON ECONOMIC THEORY AND ECONOMETRICS

Milos Conference Center George Eliopoulos, Milos

July 11-15, 2012

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Costas Azariadis, Harris Dellas, Yannis Ioannides, Emmanuel Petrakis, Dimitri Vayanos and Nikos Vettas

PROGRAM
Revised 8/7

WEDNESDAY, July 11

1:20 – 1:55 *Registration*

1:55 – 2:00 *Welcome*

2:00 – 4:00 **Macroeconomics Lectures I** Chair: Harris Dellas (Univ. of Bern)

Fabio Canova (Pompeu Fabra) "Do Institutions and Culture Affect Business Cycles?" [with Sumru Altug (Koç Univ.)]

Hubert Kempf (Ecole Normale Supérieure de Cachan) "Defaulting on Sovereign Debt: A Macroeconomic Analysis." [with Michel Guillard (Université d.Evry val d.Essonne)]

Pedro Teles (Banco de Portugal, Universidade Catolica Portuguesa and CEPR) "Exogenous Public Spending in the Optimal Taxation Problem"

4:00 - 4:30 *Coffee Break*

4:30 – 6:00 **Social Interactions** Chair: Nikos Vettas (AUEB - Econ)

Phil Oreopoulos (Univ. of Toronto) "The Power of Personal Assistance"

Manolis Galenianos (Pennsylvania State Univ.) "Hiring Through Referrals"

THURSDAY, July 12

9:15 - 10:55 **Finance and Banking** Chair: Emmanuel Petrakis (Univ. of Crete)

Dimitri Vayanos (LSE) "A Theoretical Analysis of Momentum and Value Strategies"

Vincenzo Galasso (Università della Svizzera Italiana) "When the State Mirrors the Family: The Design of Pension Systems" [with Paola Profeta (Bocconi)]

Fabrice Collard (Univ. of Bern) "Systemic Banking Crises" [with Frederic Boissay (ECB) and Frank Smets (ECB)]

10:55 - 11:00 *Break*

11:00 – 12:15 **Keynote Lecture** Chair: Costas Azariadis (Washington Univ., St. Louis)

James Bullard (President, Federal Reserve Bank of St. Louis) "Hung Up on Debt Overhang"

12:15 – 13:30 *Lunch*

13:30 – 3:15

Parallel Session A: Micro behavior Chair: Natasha Miaouli (AUEB - Econ)

Georgia Kosmopoulou (Univ. of Oklahoma) "On the Distributional Impact of Price Adjustment Policies: Bidding Patterns and Survival in the Market" [with Xueqi Zhou (Univ. of Oklahoma) and Carlos Lamarche (Univ. of Oklahoma)]

Anastasia Litina (Univ.of Ioannina) "Unfavorable Land Endowment, Cooperation, and Reversal of Fortunes"

Michalis Zaouras (Warwick) "Buyers Learning and Collusion"

Parallel Session B: Finance I Chair: Sophia Dimelis (AUEB – Informatics)

Christos Tsoumas (Univ. of Piraeus) "How do Banks Respond to Enforcement Actions?" [with Manthos Delis (Univ. of Surrey) and Panagiotis Staikouras (Univ. of Piraeus)]

Michalis Vasios (Warwick) "Can Investors Benefit from Market Transparency? An Asset Allocation Perspective" [with Ingmar Nolte (Warwick) and Richard Payne (Cass Business School)]

Ioannis Polycarpoy (AUEB – Econ) "A Dynamic Gravity Model for Global Bilateral Investment Holdings" [with Ekaterini Kyriazidou and Konstantinos Drakos (AUEB)]

3:15 – 3:30 *Coffee Break*

3:30 – 5:30

Parallel Session A: Industrial Organization I Chair: Konstantinos Papadopoulos (Aristotle Univ. of Thessaloniki)

Maria Alipranti (Univ. of Crete) "Comparative Advertising in Markets with Network Externalities" [with Emmanuel Petrakis (Univ. of Crete)]

Vasiliki Bageri (AUEB – Econ) "The Distortive Effects of Antitrust Fines Based on Revenue" [with Yannis Katsoulacos(AUEB) and Giancarlo Spagnolo (Stockholm School of Economics)]

Anastasios Dosis (Warwick) "Strategic Experimentation in R&D Races" [with Abhinay Muthoo (Warwick) and Motty Perry (Warwick)]

Sotiris Papaioannou (KEPE) "Does Information and Communication Technology Increase Production Efficiency? A Comparison among Service Industries" [with Sophia Dimelis (AUEB)]

Parallel Session B: Macroeconomics I Chair: George Economides (AUEB – DIEES)

Rigas Oikonomou (HEC Monteal) "The Impact of Government Debt Maturity on Inflation" [with Elisa Faraglia (Cambridge), Albert Marcet (Universitat Autonoma de Barcelona) and Andrew Scott (LBS)]

Romanos Priftis (EUI) "Sovereign Default and Debt Renegotiation through IFIs"

Petros Varthalitis (AUEB – Econ) "The Optimal Mix of Monetary and Fiscal Policy" [with Apostolis Philippopoulos (AUEB) and Vanghelis Vassilatos (AUEB)]

Alexis Antoniades (Georgetown) "Exchange Rate Pass-through and its Determinants" [with Nicola Zaniboni (Georgetown)]

FRIDAY, July 13

9:00 - 10:30 **Macroeconomics Lectures II** Chair: Christos Kotsogiannis (Univ. of Exeter)

Leo Kaas (Konstanz Univ.) "Self-Fulfilling Credit Cycles" [with Costas Azariadis (Washington Univ., St. Louis)]

Evi Pappa (EUI, UAB and CEPR) "Government Consumption, Investment, or Employment to Boost the Economy? There is no Trilemma" [with D. Berberoglou (Universitat Autonoma de Barcelona) and Eugenia Vella (AUEB)]

Isabel Correia (Banco de Portugal and Catolica-Lisbon) Inequality and Policy: The Case of the Decline of Inflation in Open Economies [with Bernardino Adao (Banco de Portugal)]

10:30 – 10:35 *Break*

10:35 – 12:15 Economic Policy Panel: Aspects of the Greek Crisis

Chair: Dimitri Vayanos (LSE)

List of participants includes:
Gikas Hardouvelis (Univ. of Piraeus and Eurobank)
Georges Siotis (Carlos III and European Commission)
Jacques Delpla (Conseil d'Analyse Économique, France)

12:15 – 12:30 *Coffee*

12:30 – 2:30

Parallel Session A: Firms and trade Chair: Konstantine Gatsios (AUEB - Econ)

Nicholas - Joseph Lazarou (Univ. of Southampton) "Endogenous Hub Formations in International Trade"

Costas Arkolakis (Yale) "The Elusive Pro-Competitive Effects of Trade" [with Arnaud Costinot (MIT and NBER), Dave Donaldson (MIT and NBER) and Andrés Rodríguez-Clare (UC Berkeley, Penn State and NBER)]

Theodore Papageorgiou (Pennsylvania State Univ.) "Large Firms and Internal Labor Markets"

John Thanassoulis (Oxford) "Industry Structure, Executive Pay, and Short-Termism"

Parallel Session B: Econometrics Chair: Yannis Bilias (AUEB- DIEES)

Makis Tsionas (AUEB – Econ) "Easy Inference in Univariate and Multivariate General Stable Distributions & their Generalization to Static and Dynamic Factor Models"

Ioannis Karavias (AUEB – Econ) "Generalized fixed-T Panel Unit Root Tests Allowing for Structural Breaks" [with Elias Tzavalis (AUEB)]

Dimitra Kyriakopoulou (Univ. of Piraeus) "Asymptotic Normality of the QMLEs in the EGARCH(1,1) Model"

Spyros Skouras (AUEB – DIEES) "Momentum is Higher Than We Think" [with Conrad Landis (AUEB)]

2:30 – 3:30 *Lunch*

3:30 – 5:30

Parallel Session A: Finance II Chair: Manthos Delis (Univ. of Surrey)

Harilaos Giannakidis (AUEB – DIEES) "Accounting for Estimation Risk in a Multiperiod Portfolio Choice Context" [with Yiannis Bilias (AUEB)]

Theodore Koutmeridis (Warwick) "Information, Finance and Wage Inequality"
Yannis Dendramis (KEPE) "Are Regime Shift Risks Priced in Asset Markets" [with Kyriakos Chourdakis (Kings College, London) and Elias Tzavalis (AUEB)]

Marios Karabarbounis (Rochester) "Life Cycle Uncertainty and Portfolio Choice Puzzles" [with Yongsung Chang (Rochester) and Jay Hong (Rochester)]

Parallel Session B: Industrial Organization II Chair: Evangelia Chalioti (Univ.of Illinois at Urbana-Champaign)

Frago Kourandi (Telecom ParisTech) "Net Neutrality with Competing Internet Platforms" [with Marc Bourreau (Telecom ParisTech) and Tommaso Valletti (Imperial College London)]

Angie Andrikogiannopoulou (HEC Geneva) "Market Efficiency and Behavioral Biases in the Sports Betting Market" [with Filippos Papakonstantinou (Imperial College London)]

Kyriakos Drivas (Berkeley) "The Role of Exclusive Licensing in Diffusion of Academic Patented Inventions" [with Zhen Lei (Pennsylvania State Univ.) and Brian D. Wright (Berkeley)]

Dimitra Petropoulou (Univ. of Sussex) "Product Durability and Trade Volatility" [with Kwok Tong Soo (Lancaster Univ. Management School)]

8:15 Conference Dinner

SATURDAY, July 14

9:15-11:15

Parallel Session A: Macroeconomics II Chair: Theodore Palivos (AUEB – Econ)

Vangelis Vassilatos (AUEB – Econ) "An Explanation of the Greek Crisis: The Insiders – Outsiders Society" [with Tryphon Kollintzas (AUEB) and Dimitris Papageorgiou (Bank of Greece)]

George Kouretas (AUEB – BA) "Shareholding in EU: Is "indirect holding" Approach Appropriate in Achieving Financial Integration?" [with Christina Tarnanidou (AUEB)]

Dimitrios Christelis (CSEF and CFS) "The impact of Health Insurance on Stockholding: A Regression Discontinuity Approach" [with Dimitris Georgarakos (Goethe University Frankfurt and CFS) and Anna Sanz-de-Galdeano (Universitat Autònoma de Barcelona, CRES-UPF and IZA)]

Matt Lowe (Univ. of Oxford) "The Public and Private Marginal Product of Capital" [with Chris Papageorgiou (IMF) and Fidel Perez-Sebastian (Univ. of Alicante)]

Parallel Session B: Applied Microeconomics Chair: Konstantinos Serfes (Drexel)

Myrto Kalouptsidi (Princeton) "Time to Build and Fluctuations in Bulk Shipping"

Alexander Sarris (Univ. of Athens) "The Impact of Interlinked Index Insurance and Credit Contracts on Financial Market Deepening and Small Farm Productivity" [with Michael R. Carter (Univ. of California, Davis) and Lan Cheng (Univ. of California, Davis)]

Eftichios Sartzetakis (Univ. of Macedonia) "Taxes on Output of the Polluting Industry: Designing Policies to Provide Incentives for Efficient Investment in Abatement" [with Christos Constantatos (Univ. of Macedonia) and Christos Pargianas (Scranton Univ.)]

Miltos Makris (Univ. of Southampton) "Optimal Dynamic Redistribution with Learning-by-doing"

11:15 – 11:40 *Coffee Break*

11:40 – 12:40 **Michael Magdalinos Lecture** Chair: Thanassis Stengos (Univ. of Guelph)

John Geanakoplos (Yale) "Games of Money and Status"

12:40 – 1:40 **Poster Session**

Ourania Karakosta (Univ. of Exeter) "The Effects of Tax Competition on Environmental Product Quality and Welfare"

Alexandros Louka (AUEB – Econ) "Stationarity and Ergodicity of the GQARCH(1,1) model and the asymptotic properties of the QMLE"

Philippos Louis (Universidad Autonoma de Barcelona) "Seeing is Believing? An Experiment on Strategic Thinking"

Ioannis Petrohilos-Andrianos (AUEB- DIEES) "On the Evolution of Compliance and Regulation with Tax Evading Agents: An Evolutionary Game-Theoretical Approach" [with Anastasios Xepapadeas (AUEB)]

Katerina-Chara Papioti (EUI) "Corruption in Auctions"

Apostolis Pavlou (AUEB – Econ) "Vertical Contracting under Incomplete Information"

1:40 – 2:40 *Lunch*

2:40 – 4:40

Parallel Session A: Finance III Chair: Nikolas Topaloglou (AUEB – DIEES)

Spyros Pagratis (AUEB – Econ) "Stochastic Dominance and Bank Liquidity Risk: Evidence from the Lehman Crisis" [with Nikolas Topaloglou (AUEB)]

Kostas Koufopoulos (Warwick Business Sch.) "The Beneficial Coexistence of Banks and Markets: The role of Bank Capital and Credit Lines" [with Swarnava Biswas (Warwick)]

George Skiadopoulos (Univ. of Piraeus) "Are There Common Factors in Commodity Futures Returns?" [with Charoula Daskalaki (Univ. of Piraeus) Alexandros Kostakis (Univ. of Liverpool)]

Anna Pavlova (LBS) "Equilibrium Portfolios and External Adjustment under Incomplete Markets"

Parallel Session B: Economic Theory Chair: Filippos Papakonstantinou (Imperial College London)

Georgios Bitros (AUEB – Econ) "On the Role of Institutions in Greece's Economic Decline"

Emmanuel Drandakis (AUEB – Econ) "The Primal and Dual Methods of Sensitivity Analysis of the Solutions of General Optimization Problems, with a Comparison of their Respective Strengths and Weaknesses"

Christos Ioannou (Univ. of Southampton) "Strategic Learning with Moore Machines Via The Modified Experience Weighted Attraction Model" [with Julian Romero (Purdue Univ.)]

Christina Tealdi (IMT Lucca) "How Much Flexibility do we Need?"

SUNDAY, July 15

9:30 – 11:30

Parallel Session A: Finance IV Chair: Tassos Magdalinos (Univ. of Southampton)

Serafeim Tsoukas (Univ. of Glasgow) "Why do Firms Issue Abroad? Lessons from Onshore and Offshore Corporate Bond Finance in Asian Emerging Markets" [with Paul Mizen (Univ. of Nottingham), Frank Packer (Bank for International Settlements) and Eli Remolona (Bank for International Settlements)]

Ioannis Polyrakis (NTUA) "Coherent Risk Measures in General Economic Models and Price Bubbles" [with Christos Kountzakis (Univ. of the Aegean)]

Leonidas Rompolis (AUEB - Accounting & Finance) "Put-Call Parity Violations and Return Predictability: Evidence from the 2008 Short Sale Ban" [with George Nishiotis (Univ. of Cyprus)]

Daniel Giamouridis (AUEB –Finance) "Stock Return Predictability of Cross-Market Deviations in Option Prices and Credit Default Swap Spreads" [with Georgios Angelopoulos (AUEB) and Georgios Nikolakakis (AUEB)]

Parallel Session B: Microeconomic theory Chair: Constantine Manasakis (Univ. of Crete)

Zacharias Maniadis (Bocconi Univ.) "One Swallow Doesn't Make a Summer: How Economists (Mis-) Use Experimental Methods and Their Results" [with Fabio Tufano (Univ. Of Nottingham) and John A. List (Univ. of Chicago)]

Elias Tsakas (Maastricht Univ.) "Nash Equilibrium without Commonly Known Conjectures and Mutual Knowledge of Rationality" [with Christian Bach (Maastricht Univ.)]

Orestis Troumpounis (Carlos III – Madrid) "Proportional Representation, Strategic Voters and Two-Party Equilibria" [with Dimitrios Xefteris (Univ. of Cyprus)]

11:30 – 12:00 *Coffee Break*

12:00 – 13:30

Parallel Session A: Environment and Resources Chair: Vally Koubi (Univ. of Bern)

Dimitrios Varvarigos (Univ. of Leicester) "Growth and Demographic Change: Do Environmental Factors Matter?" [with Intan Zanariah Zakariab (Univ. of Leicester)]

Vassiliki Manoussi (AUEB – DIEES) "Mitigation and Solar Radiation Management in Climate Change Policies"

Effrosyni Diamantoudi (Concordia Univ.) "The Environmental Kuznets Curve in a Multicountry Setting" [with Eleftherios Filippiadis (Concordia Univ.)]

Parallel Session B: Applied Economic Theory Chair: John Tsoukalas (Univ. of Glasgow)

Panagiotis Fotis (Hellenic Competition Commission) "Price - based Techniques for Market Definition & Buying Power Index"

Claire Economidou (Univ. of Piraeus) "Specialization in the Presence of Trade and Financial Integration: Explorations of the Integration-Specialization Nexus" [with Jaap W.B. Bos (Maastricht Univ.) and Lu Zhang (Utrecht Univ.)]

Michalis Rousakis (Warwick) "Expectations and Fluctuations: The Role of Monetary Policy"

13:30 – 3:00 *Lunch*

3:00 End of the conference

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