

# Small Open Economies *in a* Globalized World

SOEGW

SECOND INTERNATIONAL CONFERENCE



CONFERENCE PROGRAMME

*Schlegel Centre • School of Business & Economics  
Wilfrid Laurier University • Waterloo, Ontario, Canada*

*June 12 -15, 2008*

[www.soegw.org](http://www.soegw.org)

## Thursday, June 12, 2008

Thu 19:00 – Location: Golf Steak House 598 Lancaster St W., Kitchener

### Welcome Dinner and Plenary Address

MC: John Burbidge, Chair, Department of Economics, University of Waterloo

**Welcome: Max Blouw, President and Vice-Chancellor, Wilfrid Laurier University**

Chair: Thanasis Stengos, University of Guelph and RCEA

**Speaker: Michael B. Devereux, University of British Columbia and RCEA**

Valuation Effects and International Adjustment

## Friday, June 13, 2008

Fri 07:30 - 08:15, Location: SBE Atrium

Breakfast and Registration

Fri 08:15 - 09:45, Location: SBE 1210

### Topics in International Macroeconomics

Chair: Maurice Kugler, Wilfrid Laurier University and NBER

Economic Growth and Energy Use in a Multi-Sector Small Open Economy

Marcelo Arbex, University of Windsor

Fernando Perobelli, Universidade Federal de Juiz de Fora, Brazil

The Costs to Consumers of a Depreciated Conversion Rate to the Euro

Luis B. Marques, Johns Hopkins University, School of Advanced International Studies

A Cross-sectional Approach to Regional Long-run Inflation in Italy

Andrea Vaona, University of Lugano

Fri 08:15 - 09:45, Location: SBE 1220

### Optimal Fiscal Policy in Open Economies

Chair: Paolo Manasse, University of Bologna and RCEA

Ramsey Optimal Fiscal Policy in Emerging Countries: Is it Procyclical?

Subrata Sarker, University of British Columbia

Optimal Taxation with Financial Instruments in a Small Open Economy

Jose-Miguel Cardoso da Costa, Universidade Nova de Lisboa

Optimal Fiscal Policy Rule in a Small Open Economy with Endogenous Dollarization

Luis Palacios-Salguero, Rutgers University

Fri 08:15 - 09:45, Location: SBE 1230

## Finance

*Chair: Angelo Melino, University of Toronto and RCEA*

Capital Structure and Moral Hazard within Entrepreneurial Firms

Yan Wu, Wilfrid Laurier University

On the Relationship between Credit and Asset Prices

Theodore Panagiotidis, University of Macedonia and RCEA

Bond Pricing Under Imprecise Information

Elettra Agliardi, University of Bologna and RCEA

Fri 08:15 - 09:45, Location: SBE 1240

## Trade Barriers and Frictions

*Chair: Van Pham, Baylor University*

Friction Induced Trade

John Kennes, University of Aarhus

Trade barriers to growth in South Africa: Endogenous investment-productivity-trade interaction

Jørn Rattsø, Norwegian University of Science and Technology

Hildegunn E Stokke, Norwegian University of Science and Technology

Labour Skills and Trade With Border Frictions in Canada

Trien Nguyen, University of Waterloo

Randall Wigle, Wilfrid Laurier University

Fri 08:15 - 09:45, Location: SBE 2250

## Economic Development

*Chair: Christian Daude, Inter-American Development Bank*

How vulnerable is Mauritius? An External Competitiveness Assessment

Patrick Imam, International Monetary Fund

Camelia Minoiu, International Monetary Fund

Regional Integration and Economic Development: The Case of Senegal in the Waemu

Diadie Diaw\*, Centre for Analysis and Research in Economics, University of Rouen

Thi Anh-Dao Tran, Centre for Analysis and Research in Economics, University of Rouen & Centre for Economics of Paris-North, University of Paris 13

The creation of new entities: stakeholders and shareholders in 19th century Italian cooperatives

Patrizia Battilani, University of Bologna

Fri 08:15 - 09:45, Location: SBE 2260

## Specialization and Productivity

*Chair: Adamos Adamou, University of Cyprus*

Specialize Rightly or Decline

Massimo Tamberi, Università Politecnica delle Marche

Alessia Lo Turco, Università Politecnica delle Marche

The Pattern and Content of Trade Under Skill Diversity

John Morrow, University of Wisconsin - Madison

Swati Dhingra, University of Wisconsin - Madison

Mian Zhu, University of Wisconsin - Madison

Income Inequality and International Productivity Differences: Evidence from Cross-Country Historical Data

Lihong Han\*, Vanderbilt University

Chih-Wei Wang, Vanderbilt University

Fri 10:00 - 11:30, Location: SBE 1210

## Economic Growth - organized by Thanasis Stengos

*Chair: Thanasis Stengos, University of Guelph and RCEA*

Foreign Direct Investment, Human Capital and Nonlinearities in Economic Growth

Konstantina Kottaridi\*, University of Pelloponese

Thanasis Stengos, University of Guelph and RCEA

War! What is it good for?

Ryan Compton\*, University of Manitoba

Steven Yamarik, California State University

Noel Johnson, SUNY at Buffalo

Technical Assistance, Donor Fragmentation, and Economic Growth

Kurt Annen\*, University of Guelph

Steve Kosempel, University of Guelph

Fri 10:00 - 11:30, Location: SBE 1220

## Institutions and Small Open Economies

*Chair: Terry Levesque, Wilfrid Laurier University*

Adapting Institutions in a Globalizing World

Ken Jackson, University of British Columbia

Islands, Country Size and Economic Performance in Former Colonies: The Role of Institutions.

Heather Congdon Fors, University of Gothenburg

Macroeconomic Convergence in Caricom Countries

Harold Evans Codrington, Central Bank of Barbados

Fri 10:00 - 11:30, Location: SBE 1230

## Imports and Economic Performance

*Chair: Hildegunn E Stokke, Norwegian University of Science and Technology*

Intermediate imports, competition and sources of productivity growth in Dutch manufacturing and service industries, 1982-2006.

Marjolijn Jaarsma, Statistics Netherlands

Henk Kox, CPB Netherlands Bureau of Economic Policy Analysis

Mark Vancauteran, Tilburg University/Statistics Netherlands

The Impact of Used Good Imports on Prices in Small Economies: Evidence from a Natural Experiment

Adamos Adamou\*, University of Cyprus

Sofronis Clerides, University of Cyprus

Imports 'R' Us: Retail Chains as Platforms for Developing Country Imports

Emek Basker, University of Missouri

Van Pham, Baylor University

Fri 10:00 - 11:30, Location: SBE 1240

## Collusion, Corruption and Fraudulent Behavior

*Chair: James MacGee, University of Western Ontario*

Product Market Competition, Incentives and Fraudulent Behavior

Rainer Andergassen, University of Bologna and RCEA

R&D-fostering collusion

Emanuele Bacchiega, University of Bologna, Italy and RCEA, Italy

Luca Lambertini, University of Bologna

Andrea Mantovani, University of Bologna

Corruption and the Size Distribution of Firms

Giovanni Gallipoli, University of British Columbia

Jonathan Goyette, University of British Columbia

Fri 10:00 - 11:30, Location: SBE 2250

## Empirical Macroeconomics

*Chair: Sadeq Tareq, EPEE, University d'Evry*

Wage Inequality and Education Choices in Latin America: a General Equilibrium Approach

Chiara Binelli, UCL, IFS and RCEA

The Impact of Monetary Policy Shocks on Stock Prices: Evidence from Canada and the United States

Kuan Xu, Dalhousie University

(Daisy) Yun Li\*, University of Western Ontario

Talan B. Iscan, Dalhousie University

The Identification of Fiscal and Monetary Policy in a Structural VAR

Mardi Dungey, University of Cambridge

Renee A Fry, CAMA, Australian National University

Fri 10:00 - 11:30, Location: SBE 2260

## International Trade and Economic Development - organized by Maurice Kugler

*Chair: Michal Brzoza-Brzezina, National Bank of Poland and Warsaw School of Economics*

Trade Growth under the African Growth and Opportunity Act

Garth Frazer, Rotman School of Management, University of Toronto

Plant Exports and Quality Upgrading

Maurice Kugler, Wilfrid Laurier University and NBER

East is East and West is West: A Ricardian-Heckscher-Ohlin Model of

Peter Morrow, University of Toronto

Fri 11:30 - 12:00, Location: SBE Atrium

Coffee Break

Fri 12:00 - 13:00, Location: Peters Building

## Plenary Address

*Chair: Jean Paul Lam, University of Waterloo and RCEA*

**Speaker: David Longworth, Deputy Governor, Bank of Canada**

Recent Asset Price Movements and Their Effects: Challenges for Researchers and Policymakers

Fri 13:00-14:30 Location: SBE Atrium

## Lunch

*MC: Jurek (Jerzy) D. Konieczny, Wilfrid Laurier University and RCEA*

**Welcome: Ginny Dybenko, Dean, School of Business and Economics, Wilfrid Laurier University**

Fri 14:30 - 16:00, Location: SBE 1210

## Issues in Price and Inflation Targetting

*Chair: Carlos Alberto de Resende Junior, Bank of Canada*

Price-Level Targeting, Wage Indexation and Welfare

Steve Ambler, Université du Québec à Montréal

Price indexes linkage

Sergey Ivashchenko, Saint-Petersburg State University

Time-varying Markup, Inflation Targeting and Currency Choice

Mian Zhu, University of Wisconsin-Madison

Fri 14:30 - 16:00, Location: SBE 1220

## Economic Performance of Firms

*Chair: Almos Telegdy, Institute of Economics, Hungarian Academy of Science and Central European University*

Internationalization and economic performance of enterprises: evidence from firm-level data

Jan Hagemeyer, National Bank of Poland

Marcin Kolasa, National Bank of Poland

Export performances and Export Learning in the Tunisian manufacturig: Evidence from firm panel data

Sami Rezgui, University of Sousse, Tunisia

Fri 14:30 - 16:00, Location: SBE 1230

## Exchange Rates

*Chair: Hilde Christiane Bjornland, Norwegian School of Management*

The Role of Exchange Rate in Trade Balance: Empirics from Bangladesh

Nusrate Aziz, University of Birmingham, UK

Commodity Prices, Macroeconomic Volatility and Canada's Exchange Rate Regime

Russell Barnett, Bank of Canada

Rhys Mendes, Bank of Canada

Yang Zhang, Bank of Canada

Exchange Rate Pass-Through and Structural Macroeconomic Shocks in Developing Countries: An Empirical Investigation.

Karim Barhoumi, GREQAM and Banque de France

Fri 14:30 - 16:00, Location: SBE 1240

## Open Economy Macroeconomics - Theory

*Chair: Ken Jackson, University of British Columbia*

The Role of Large Players in a Dynamic Currency Attack Games

Mei Li\*, University of Guelph

Frank Milne, Queen's University

Persistent Real Exchange Rates

Amartya Lahiri, University of British Columbia

Aloki Johri, McMaster University

Gains from Migration in a New Keynesian Framework

Philipp Engler, Freie Universitaet Berlin



Fri 14:30 - 16:00, Location: SBE 2250

## Business Cycle Theory

*Chair: Iikka Korhonen, Bank of Finland*

Market Imperfections and Endogenous Fluctuations: a general approach

Teresa Lloyd-Braga, Universidade Catolica Portuguesa

Leonor Ribeiro Modesto, Universidade Católica Portuguesa, FCEE

Thomas Seegmüller, CES-CNRS

Business Cycle Accounting with Model Consistent Expectations

Gregor Baurle, University of Bern

Daniel Burren, University of Bern

A Two-Sector International Real Business Cycles Model with Investment-Specific Technology Shocks

Sharif Khan, Wilfrid Laurier University and Queen's University

Fri 14:30 - 16:00, Location: SBE 2260

## Microeconomic Theory

*Chair: William Morrison, Wilfrid Laurier University*

Oligopoly with Hyperbolic Demand and Capital Accumulation

Luca Lambertini, University of Bologna; ENCORE, University of Amsterdam and RCEA

Costly Contracts and Consumer Credit

Igor Livshits, University of Western Ontario

James MacGee, University of Western Ontario

Michele Tertilt, Stanford University

Network Regulation Using an Agent

Julian Peter McHardy, University of Sheffield and RCEA

Michael Reynolds, University of Hull

Fri 16:00 - 16:30, Location: SBE Atrium

Coffee Break

Fri 16:30 - 18:00, Location: SBE 1210

## Monetary Policy Rules

*Chair: Steve Ambler, Université du Québec à Montréal*

Optimal Simple Monetary Policy Rules in a Small Open Economy with Exchange Rate Imperfections

Deming Luo\*, Carleton University

Stephen Ferris, Carleton University

Globalization and Optimal Monetary Policy in a Small Open Economy Model

Carlos De Resende\*, Bank of Canada

Ali Dib, Bank of Canada

Maral Kichian, Bank of Canada

Greg Tkacz, Bank of Canada

Monetary policy rules for a small open economy

Hyuk-jae Jay Rhee, University of Windsor

Nurlan Turdaliev, University of Windsor



Fri 16:30 - 18:00, Location: SBE 1220

## R&D

*Chair: Maria Gallego, Wilfrid Laurier University*

Patent Thicket and Market Value: An Empirical Analysis

Mahdiyeh Entezarkheir, University of Waterloo

Should I Open or should I not? Firms' Contribution to the Open Source Development Process

Laura Vici, University of Bologna

Fri 16:30 - 18:00, Location: SBE 1230

## Open Economy Macro - Empirical Studies

*Chair: Luis B. Marques, Johns Hopkins University - SAIS*

Equity Market Integration in the Asia Pacific: Evidence from Discount Factors

Edda Claus, The University of Melbourne

Brian Lucey, Trinity College, Dublin

Substitution between domestic and foreign currency loans in Central Europe. Do central banks matter?

Michał Brzoza-Brzezina, National Bank of Poland and Warsaw School of Economics

Tomasz Chmielewski\*, National Bank of Poland and Warsaw School of Economics

Joanna Niedźwiedzińska, National Bank of Poland

Are Small Countries Leaders of the Tax Competition in the EU?

Nicolas Chatelais, Université Paris 1 Pantheon-Sorbonne

Mathilde Peyrat, ESSEC

Fri 16:30 - 18:00, Location: SBE 1240

## Trade and Wage Inequalities

*Chair: Christine Neil, Wilfrid Laurier University*

Trade, Technology Adoption and Wage Inequalities: Theory and Evidence

Maria Bas, Paris School of Economics (PSE), EHESS

Equality through Exposure? International Trade and the Racial Wage Gap

Azim Essaji, Wilfrid Laurier University

Alexandros Kotsopoulos, Wilfrid Laurier University

Gregory Sweeney, Wilfrid Laurier University

Comparison Income Effect on Subjective Well-Being

Jane Li, University of Guelph

Fri 16:30 - 18:00, Location: SBE 2260

## Sudden Stops and Sovereign Default

*Chair: Heather Congdon Fors, University of Gothenburg*

Emerging Market Business Cycles Revisited: Learning About the Trend

Christian Daude, Inter-American Development Bank

Bora Durdu, Federal Reserve Board

Emine Boz, International Monetary Fund

The New Wave of Foreign Reserves Accumulations in Emerging Economies: Determinants and Sustainability

Huw Lloyd-Ellis, Queen's University

Salem Nechi, Queen's University

Fri 19:00 , Location: Senate and Board Chamber, Wilfrid Laurier University

## Dinner

*MC: Terrence Levesque, Chair, Department of Economics, Wilfrid Laurier University*

**Welcome: Amit Chakma, Vice-President, Academic & Provost, University of Waterloo**

## Saturday, June 14, 2008

Sat 7:30-8:15 Location: SBE Atrium

Breakfast

Sat 08:30 - 10:00, Location: SBE 1210

### Business Cycle Linkages

*Chair: Gregor Baeurle, University of Bern*

Revisiting Cross-Country Correlation Anomalies

Aloki Johri, McMaster University

Marc-Andre Letendre, McMaster University

Daqing Luo, Shanghai University of Finance and Economics (SUFU)

Correlation of structural shocks in large emerging markets with G7 shocks

Iikka Korhonen, Bank of Finland Institute of Transition (BoFIT)

Jarko Fidrmuc, University of Munich

The Eurozone and the World Economy: A Global VAR Analysis

Matthew Greenwood-Nimmo\*, University of Leeds

Hoang Viet Nguyen, University of Leeds

Yongcheol Shin, University of Leeds

Sat 08:30 - 10:00, Location: SBE 1220

### Labour Markets

*Chair: Stephen Tapp, Queen's University*

Labor Market Cycles and Unemployment Insurance Eligibility

Miquel Faig, University of Toronto

Min Zhang, University of Toronto

Career Progression and Comparative Advantage

Shintaro Yamaguchi, McMaster University

Household Responses to Individual Shocks: Disability and Labour Supply

Giovanni Gallipoli, University of British Columbia and RCEA

Laura Mary Turner, University of British Columbia

Sat 08:30 - 10:00, Location: SBE 1230

## Sticky Prices and Price Flexibility: organized by Jerzy (Jurek) D. Konieczny

*Chair: Carlos Viana de Carvalho, Federal Reserve Bank of New York*

Strategic Consumption Complementarities: Can Price Flexibility Eliminate Inefficiencies and Instability?

Emanuela Randon, University of Bologna and RCEA

Peter Simmons, University of York

The Geography of Consumer Prices

Attila Ratfai, Central European University

Adam Reiff\*, National Bank of Hungary

Costs, Demand and Producer Price Changes

Claire Loupias, EPEE, Université d'Evry

Patrick Sevestre, Paris School of Economics, Université de Paris I - Panthéon Sorbonne and Banque de France

Sat 08:30 - 10:00, Location: SBE 1240

## Monetary Policy and Exchange Rates

*Chair: TBA*

Does monetary policy respond to exchange rate movements? An empirical analysis.

Hilde Christiane Bjornland, Norwegian School of Management

Jørn Inge Halvorsen, Norwegian School of Economics and Business Administration

Linkages Between Exchange Rate Policy and Macroeconomic Performance

BJ Lee, University of Notre Dame

Nelson Mark, University of Notre Dame

Vladimir Sokolov, Higher School of Economics, Moscow

The Effects of Monetary Policy Shocks in a Small Open Economy: A Structural VAR Approach

Rokon Bhuiyan, Queen's University

Sat 08:30 - 10:00, Location: SBE 2250

## Bayesian Empirical Macroeconomics

*Chair: Andriy Norets, Princeton University*

From Calibration to Estimation: Are We Asking Too Much from the Data?

Daniel Olivo Beltran, Board of Governors of the Federal Reserve System

David Draper, University of California, Santa Cruz

Mr. Wicksell and the Global Economy: what Drives Real Interest Rates?

Michał Brzoza-Brzezina, National Bank of Poland and Warsaw School of Economics

Jesus Crespo Cuaresma, University of Innsbruck

Fear of Floating or Monetary Policy as Usual? A Structural Analysis to Mexico's Monetary Policy

Gabriela Best, University of California, Irvine

Sat 08:30 - 10:00, Location: SBE 2260

## Growth in Open Economies

*Chair: Grzegorz Pac, University of Colorado at Boulder*

Growth and Capital Flows in a Model of Endogenous Entrepreneurship with Uninsurable Idiosyncratic Risk

Damiano Sandri, Johns Hopkins University

The Vertical Specialization in Manufacturing: Evidence from the Parent-to-Affiliate

Transfers of Business Production Knowledge

Shuichiro Nishioka, West Virginia University

Innovation and growth through local and global interaction

Rainer Andergassen, University of Bologna and RCEA

Franco Nardini, University of Bologna

Massimo Ricottilli, University of Bologna

Sat 10:00 - 11:30, Location: SBE 1210

## Topics in Open Economy Macroeconomics - organized by Pierre Siklos

*Chair: Pierre Siklos, Wilfrid Laurier University, Viessmann European Research Centre and RCEA*

Euro-Area Enlargement and Euro - Adoption Strategies

Györg Szapary\*, Central European University

Darvas Zsolt, Corvinus University

Are Financial Crises Alike?

Renée Fry, CAMA, Australian National University

Explaining Saving Behavior

Michael Devereux, University of British Columbia

Amartya Lahiri, University of British Columbia

Ke Pang\*, University of British Columbia

Sat 10:00 - 11:30, Location: SBE 1230

## Nominal Rigidities in Open and Closed Economies

*Chair: Adam Reiff, National Bank of Hungary*

Aggregation and the PPP Puzzle in a Sticky Price Model

Carlos Viana de Carvalho, Federal Reserve Bank of New York

Fernanda Nechio, Princeton University

Inventories, Markups, and Real Rigidities in Menu Cost Models

Oleksiy Kryvtsov, Bank of Canada

Virgiliu Midrigan, New York University

The Effect of the Euro of Price Flexibility

Ivan Tchinkov, Simon Fraser University

Sat 10:00 - 11:30, Location: SBE 1240

## Topics in Public Policy

*Chair: John Burbidge, University of Waterloo*

Inter-regional Migration: The UK experience

Tapan Biswas, University of Hull

Julian McHardy, University of Sheffield and RCEA

Michael Nolan, University of Hull

Tax competition and governmental efficiency: Theory and evidence

Maksym Ivanyna, Michigan State University

Sat 10:00 - 11:30, Location: SBE 2250

## Econometrics

*Chair: Ilias Tsiakas, University of Warwick*

Optimal Linear Filtering, Smoothing and Trend Extraction for Processes with a Unit Root

Dimitrios Thomakos, University of Pelloponese

The Dependence Structure Between the Canadian Stock Market and the

US/Canada Exchange Rate: A Copula Approach

Leo Michelis, Ryerson University, RCEA

Cathy Ning\*, Ryerson University

Transition Density for the Courtadon Process

Angelo Melino, University of Toronto

Sat 10:00 - 11:30, Location: SBE 2260

## Fiscal Policy I

*Chair: Maarten Dossche, National Bank of Belgium*

Did Fiscal Policymakers Know What They Were Doing? Re-assesing Fiscal Policy with Real Time Data

John Lewis, De Nederlandische Bank

Optimal Fiscal and Monetary Policy under High Government Spending

Maarten Dossche, National Bank of Belgium

Taxing Foreign-Owned Capital: An Application of Second-Best Analysis

William Scarth, McMaster University

Sat 11:30 - 12:00, Location: SBE Atrium

Coffee Break

Sat 12:00 - 13:00, Location: Peters Bldg P102

## Plenary Address

*Chair: Pierre Siklos, Wilfrid Laurier University, Viessmann European Research Centre and RCEA*

**Speaker: Arnold Zellner, Graduate School of Business, University of Chicago and RCEA**

Bayesian Analysis and Information Theory

### Background Papers:

Optimal Learning Models, Bayes' Theorem and Econometrics

Generalizing the Standard Product Rule of Probability Theory

Sat 13:00 - 14:30, Location: The Quadrangle, Wilfrid Laurier University

Barbecue Lunch

Sat 14:30 - 16:00, Location: Peters Building 1025/1027

## Panel

*Chair: Jerzy (Jurek) D. Konieczny, Wilfrid Laurier University and RCEA*

Capital Markets, Financial Shocks and Monetary Policy

### Panelists

Jack Selody, Bank of Canada

Pierre Siklos, Wilfrid Laurier University, Viessmann European Research Centre and RCEA

Adrienne Warren, Scotiabank

Sat 14:30 - 16:00, Location: SBE 1230

## Bayesian Empirical Finance - organized by John M. Maheu

*Chair: John M. Maheu, University of Toronto*

Correlation Timing in Asset Allocation: with Bayesian Learning

Pasquale Della Corte, University of Warwick

Lucio Sarno, University of Warwick, CEPR and AXA Investment Management

Ilias Tsiakas\*, University of Warwick

Real Time Analysis of Structural Breaks: An Application to GARCH Models

Zhongfang He\*, University of Toronto

John M Maheu, University of Toronto

Forecasting Realized Volatility: A Bayesian Model Averaging Approach

Chun Liu, Tsinghua University

John M. Maheu\*, University of Toronto



Sat 14:30 - 16:00, Location: SBE 1240

## Economics of the Firm

*Chair: Steffen Ziss, Wilfrid Laurier University*

The Dynamics of Entry in the European Pharmaceutical Industry

Franco Mariuzzo, Department of Economics, The University of Groningen

Xiaoheng Zhang\*, The Institute for International Integration Studies and the

Department of Economics, Trinity College Dublin

Technical Efficiency in the Informal Manufacturing Enterprises: Firm level evidence from an Indian state

Rajesh Raj, Centre for Multi-Disciplinary Development Research, India

Firm Productivity and Foreign Acquisitions. Evidence from Comprehensive Hungarian Panel Data

Almos Telegdy, Institute of Economics - Hungarian Academy of Science and Central European University

John Sutherland Earle, Upjohn Institute for Employment Research and Central European University

Sat 16:00 - 16:30, Location: SBE Atrium

Coffee Break

Sat 16:30 - 18:00, Location: SBE 1210

## Nominal Rigidities: Evidence from Micro Data - organized by Jerzy (Jurek) D. Konieczny

*Chair: Jerzy (Jurek) D. Konieczny, Wilfrid Laurier University*

Inflation Asymmetry and Menu Costs - New Micro Data Evidence

Peter Karadi\*, New York University

Adam Reiff, National Bank of Hungary

Convenient Prices and Price Rigidity: Cross-Sectional Evidence

Ed Knotek, Federal Reserve Bank of Kansas City

Asymmetric Price Adjustment in the Small

Daniel Levy, Bar-Ilan University

Haipeng (Allan) Chen, University of Miami

Sourav Ray, McMaster University

Mark Bergen, University of Minnesota

Sat 16:30 - 18:00, Location: SBE 1220

## Foreign Direct Investment

*Chair: Damiano Sandri, Johns Hopkins University*

Sectoral Patterns of Expropriation and Foreign Direct Investment

Christopher Hajzler, University of Western Ontario

FDI in OECD: Separate Effects from Political and Fiscal Vertical Decentralization

Margarita Manolova Kalamova, Social Science Research Center Berlin (WZB)

Where did the governments go wrong? The shutdown paradox of state-owned firms by multinationals.

Grzegorz Pac, University of Colorado at Boulder

Sat 16:30 - 18:00, Location: SBE 1230

## Trade Policy

*Chair: Azim Essaji, Wilfrid Laurier University and CIGI*

Antidumping duties

James Gaisford, University of Calgary

Shan (Victor) Jiang, University of Calgary

Stefan Lutz, University of Manchester and University of Bonn

Together or Alone in Lobbying for Trade Policy

Matilde Bombardini, The University of British Columbia

Francesco Trebbi, University of Chicago GSB

Reconciling Observed Tariffs and the Median Voter Model

Swati Dhingra, University of Wisconsin-Madison

Sat 16:30 - 18:00, Location: SBE 1240

## Fiscal Policy II

*Chair: Tracy Snoddon, Wilfrid Laurier University*

Procyclical Fiscal Policy: Shocks, Rules, and Institutions - A View From Mars

Paolo Manasse, University of Bologna

Non-linear adjustments in Fiscal policy

Gabriella Deborah Legrenzi, Keele University, CESifo and Rimini Centre for Economic Analysis

Costas Milas, Keele University, Rimini Centre for Economic Analysis

Why should we tax capital income?

Alok Johri, McMaster University

Bidyut Kumar Talukdar, McMaster University

Sat 16:30 - 18:00, Location: SBE 2250

## Bayesian Empirical Micro and Macro

*Chair: Gabriela Best, University of California*

Estimation of Dynamic Discrete Choice Models Using Artificial Neural Network Approximations

Andriy Norets, Princeton University

Classical and Bayesian Analysis of a Probit Panel Data Model with Unobserved

Individual Heterogeneity and Autocorrelated Errors

Martin Burda, University of Toronto

Bayesian estimation of a DSGE model and optimal monetary policy for central Europe transition countries

Tareq Sadeq, EPEE, University d'Evry

Sat 16:30 - 18:00, Location: SBE 2260

## Monetary Theory - organized by David Andolfatto

*Chair: Matthew Doyle, University of Waterloo*

Essential Interest Bearing Money

David Andolfatto, Simon Fraser University

Random matching and aggregate uncertainty

Daniela Puzello, University of Kentucky

Banks, Liquidity Insurance, and Interest on Reserves in a Matching Model of Money

Valerie R. Bencivenga\*, University of Texas at Austin

Gabriele Camera, University of Iowa

Sat 19:00 – Location: Centre for International Governance Innovation, 57 Erb Street West, Waterloo

## Dinner and Plenary Address

*MC: TBA*

**Welcome: Daniel Schwanen, Acting Executive Director,  
Centre for International Governance Innovation**

*Chair: Gianluigi Pelloni, University of Bologna, John Hopkins University and RCEA*

**Speaker: David Laidler, University of Western Ontario, C.D. Howe Institute and RCEA**

Learning from Experience - 50 years of Monetary Policy

## Sunday, June 15, 2008

Sun 8:00-8:45 Location: SBE Atrium

Breakfast

Sun 09:00 - 10:30, Location: SBE 1210

### Sectoral Models of the Macroeconomy - organized by Gianluigi Pelloni

*Chair: Gianluigi Pelloni, University of Bologna, John Hopkins University and RCEA*

Labour RealLocation: and Employment Volatility through the Microscope: Evidence from Canada

Maurizio Mussoni, University of Bologna

Theodore Panagiotidis\*, University of Macedonia and RCEA

Gianluigi Pelloni, University of Bologna, John Hopkins University and RCEA

Lost in Transition: The Costs and Consequences of Sectoral Labour Adjustment

Stephen Tapp\*, Queen's University

Interpreting aggregate fluctuations looking at sectors

Saverio Simonelli\*, University of Napoli Federico II and CSEF

Antonio Acconcia, University of Napoli Federico II and CSEF

Sun 09:00 - 10:30, Location: SBE 1220

### Spatial and Gravity Models

*Chair: Werner Antweiler, University of British Columbia*

The Space of Gravity: Spatial Filtering Estimation of a Gravity Model for Bilateral Trade

Daniel Griffith, The University of Texas at Dallas

Gert-Jan Linders, Department of Spatial Economics, VU University Amsterdam

Roberto Patuelli\*, University of Bologna

Resource Dispersion and Trading Neighbours: a Spatial Perspective

Horatiu Rus, University of British Columbia

Internal and External Distance: Gravity Depends on It!

Werner Antweiler, University of British Columbia

Sun 09:00 - 10:30, Location: SBE 1230

### China and India

*Chair: Foued Chihi, HEC Montreal and CIRPEE*

Policy disciplining effect of the degree of capital account openness in India-an empirical analysis

Lekshmi Rajasekharan Nair, Institute for Financial Management and Research, India

Globalization and Inflation: The Role of China

Carlos Alberto de Resende Junior, Bank of Canada

Denise Côté, Bank of Canada

The Impact of Entry into WTO on Chinese Enterprise Productivity

Johannes Van Biesebroeck, University of Toronto

Loren Brandt, University of Toronto

Yifan Zhang, University of Toronto

Sun 09:00 - 10:30, Location: SBE 1240

## Real Options - organized by Margaret Insley

*Chair: Phelin Boyle, Wilfrid Laurier University*

Real Options and Retirement

John Burbidge, University of Waterloo

Katherine Cuff, University of Waterloo

Margaret Insley, University of Waterloo

Lonnie Magee, McMaster University

Contrasting two approaches in real options valuation: contingent claims versus dynamic programming

Margaret Insley, University of Waterloo

Tony Wirjanto, University of Waterloo

Regime switching in stochastic models of commodity prices: An application to the optimal tree harvesting problem

Shan Chen, University of Waterloo

Margaret Insley, University of Waterloo

Sun 09:00 - 10:30, Location: SBE 2250

## Monetary Policy Channels and the New Keynesian Phillips Curve

*Chair: Jean-Paul Lam, University of Waterloo*

Economic Forecasts and Monetary Policy Transmission Channels

Luigi Antonelli

The Cost Channel and the optimal monetary policy coordination

Javier Coto-Martinez, City University

Estimating Small-Open Economy Versions of the New Keynesian Phillips Curve

Fabio Rumler\*, Oesterreichische Nationalbank

Alexander Mihailov, University of Reading

Johann Scharler, University of Linz

Sun 09:00 - 10:30, Location: SBE 2260

## Labor Economics - organized by Vincenzo Caponi

*Chair: Tammy Schirle, Wilfrid Laurier University*

County-Level Estimates of the Effect of Minimum Wages on Labor Market Outcomes

Chad Cotti, University of South Carolina

Treatment Effects for Profiling Unemployment Insurance Programs:

Semiparametric Estimation of Matching Models with Fixed Effects

Jose Galdo, McMaster University

Illegal Immigrants in the US: Who Are They?

Vincenzo Caponi, Ryerson University

Sun 10:30 - 12:00, Location: SBE 1210

## Labour Market and Income of Older Men and Women

*Chair: Kathleen Rybczynski, University of Waterloo*

Cognitive functioning and labour force participation among older men and women in England

David Haardt, McMaster University

A lifecycle analysis of ending mandatory retirement in Canada

Katerina Koka\*, University of Guelph

Stephen Kosempel, University of Guelph

Changes in Family Income and Income Inequality among Seniors in Canada

Tammy Schirle, Wilfrid Laurier University

Sun 10:30 - 12:00, Location: SBE 1220

## The Great Moderation - organized by Jean-Paul Lam

*Chair: Fabio Rumler, Oesterreichische Nationalbank*

Was the Great Inflation Caused by Errors in Monetary Policy? An Investigation on OECD countries

Matthew Doyle, University of Waterloo

Jean-Paul Lam, University of Waterloo

Explaining the Great Moderation: It is not the Shocks

Domminico Giannone, European Central Bank and CEPR

Michelle Lenza, European Central Bank

Lucrecia Reichlin, European Central Bank and CEPR

Sun 10:30 - 12:00, Location: SBE 1230

## Environmental Economics - organized by Thanasis Stengos

*Chair: TBA*

Distribution Dynamics of per capita carbon dioxide emissions: The role of energy resource markets

Ross McKittrick, University of Guelph

Joel Wood\*, University of Guelph

The disaggregate elasticity of demand for vehicles miles traveled

Arian Kaleghi, University of Guelph

Discount rate distortions and the resource curse

Bin Hu\*, University of Guelph

Ross McKittrick, University of Guelph

Sun 10:30 - 12:00, Location: SBE 1240

## Labour and Welfare - organized by Thanasis Stengos

*Chair: Vincenzo Caponi, Ryerson University*

Private Returns to Training in Canada

Burc Kayahan, Acadia University

Making inference about multidimensional poverty: An overview

Brennan Thomson, University of Guelph

Returns to Government Sponsored Training

Miana Plesca, University of Guelph

Sun 10:30 - 12:00, Location: SBE 2250

## Macroeconomic Issues in Developing Countries

*Chair: Ramesh Kumar, University of Waterloo*

Endogenous Dollarization in a Small Open Economy: Fixed or Flexible Exchange Rate?

Louis Palacios-Salguero, Rutgers University

Ready For Capital Account Convertibility

Purba Mukerji, University of San Francisco

External and Budget Deficits in Developing Countries

Foued Chihi, HEC Montreal and CIRPEE

Michel Normandin, HEC Montréal and CIRPEE

Sun 10:30 - 12:00, Location: SBE 2260

## Environment and Trade - organized by Halis Murat Yildiz

*Chair: Margaret Insley, University of Waterloo*

Foreign Direct Investment and Choice of Environmental Policy

Ida Ferrara, York University

Paul Missios, Ryerson University

Halis Murat Yildiz\*, Ryerson University

Domestic Policies, Hidden Protection and the GATT/WTO

Claustre Bajona, Ryerson University

Josh Ederington, University of Kentucky

Building Blocks or Stumbling Blocks? The Relationship between Trade

Agreements and Environmental Cooperation

Ida Ferrara\*, York University

Paul Missios, Ryerson University

Halis Murat Yildiz, Ryerson University

Sun 12:00-13:00 Location: SBE Atrium

Lunch

Sun 13:00

End of Conference



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**SOEGW** conference is an international meeting aimed at assembling an international group of leading economists to present and discuss their research on issues concerning small open economies in the fast changing environment of the current globalized world. The conference will focus on international trade in goods and services, including tourism, international finance and international monetary and fiscal policies. Since small open economies are facing challenges in dimensions which bypass the usual borders of international economies, papers in other areas of economics have been invited, including business cycles analysis, economic geography, general equilibrium, growth, industrial organization, labour economics, quantitative methods and regional development.

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