

## 2004 Midwest Macroeconomics Meetings Summary of All Sessions

#	Date/Time	Location	Title
1	14 May 13:00-14:45	232 Carver	Monetary Policy in Overlapping Generations Models
2	14 May 13:00-14:45	250 Carver	Theory and Methods
3	14 May 13:00-14:45	260 Carver	Exchange Rate Regimes
4	14 May 13:00-14:45	290 Carver	Knowledge and TFP
5	14 May 15:00-16:45	290 Carver	Inflation and Unemployment
6	14 May 15:00-16:45	232 Carver	Education
7	14 May 15:00-16:45	250 Carver	Banking Crises
8	14 May 15:00-16:45	268 Carver	Real Exchange Rates/International Business Cycles
9	15 May 8:30-10:15	250 Carver	Monetary Policy -1
10	15 May 8:30-10:15	268 Carver	Random Matching Models of Money
11	15 May 8:30-10:15	232 Carver	Stock Markets and Rationality
12	15 May 8:30-10:15	290 Carver	Prices and Dispersion
13	15 May 10:30-12:15	250 Carver	Contracts
14	15 May 10:30-12:15	232 Carver	The Friedman Rule
15	15 May 10:30-12:15	290 Carver	Financial Frictions in Open Economies
16	15 May 10:30-12:15	268 Carver	Time-Series Econometrics
17	15 May 13:45-15:30	250 Carver	Political Economy

18	15 May 13:45-15:30	268 Carver	Learning
19	15 May 13:45-15:30	290 Carver	Monetary Policy - 2
20	15 May 13:45-15:30	232 Carver	Consumption and Asset Pricing
21	15 May 15:45-17:00	290 Carver	Development Economics
22	15 May 15:45-17:00	232 Carver	Open Economy Macroeconomics
23	15 May 15:45-17:00	250 Carver	Vector Autoregression
24	16 May 8:30-10:15	268 Carver	Investment
25	16 May 8:30-10:15	250 Carver	Payments Systems
26	16 May 8:30-10:15	290 Carver	Health and Demographics
27	16 May 8:30-10:15	232 Carver	Labor Markets
28	16 May 10:30-12:15	232 Carver	Policy responses
29	16 May 10:30-12:15	268 Carver	Life Cycle Models
30	16 May 10:30-12:15	290 Carver	Economic Growth
31	16 May 10:30-12:15	294 Carver	Financial Intermediaries
32	16 May 10:30-12:15	250 Carver	Consumption

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## 2004 Midwest Macroeconomics Meetings

### Complete List of All Sessions

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#### Session 1: Monetary Policy in Overlapping Generations Models

Session Organizer: Joydeep Bhattacharya, Iowa State University

Session Chair: Paula Hernandez-Verme, Texas A&M University

Date: May 14, 2004

Time: 13:00 - 14:45

Location: 232 Carver

#### Debt, Deficits, and Deflation in an Economy with Central Bank Independence

Presented by: Noritaka Kudoh, Kansai University

#### Monetary Policy Arithmetic: Reconciling Theory with Evidence

Presented by: Maxim Nikitin, University of Alberta

#### FINANCIAL LIBERALIZATION AND INFLATIONARY DYNAMICS IN THE CONTEXT OF SOUTHERN EUROPEAN ECONOMIES

Presented by: RANGAN GUPTA, UNIVERSITY OF CONNECTICUT

#### Dollarization Traps

Presented by: Maxim Nikitin, University of Alberta

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#### Session 2: Theory and Methods

Session Organizer: Matthew Doyle, Iowa State University

Session Chair: Leigh Tesfatsion, Iowa State University

Date: May 14, 2004

Time: 13:00 - 14:45

Location: 250 Carver

#### Monetary Aggregation Under Uncertainty

Presented by: Travis Nesmith, Federal Reserve Board

#### "Measurement Issues and the Capital-Skill Complementarity Hypothesis"

Presented by: Pedro Silos, University of Iowa

#### OPTIMAL DYNAMIC TAXATION WITH INDIVISIBLE LABOUR

Presented by: Thomas Renstrom, University of Durham

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#### Session 3: Exchange Rate Regimes

Session Organizer: Marcelo Oviedo, Iowa State University

Session Chair: Marcelo Oviedo, Iowa State University

Date: May 14, 2004

Time: 13:00 - 14:45

Location: 260 Carver

#### A New Approach to Testing PPP: Evidence from the Yen

Presented by: Jack Penn, Australian National University

#### Segmented Asset Markets and Optimal Monetary Policy

Presented by: Amartya Lahiri, Federal Reserve Bank of New York

#### Expectation Traps in a New Keynesian Open Economy Model

Presented by: David Arseneau, Federal Reserve Board

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#### Session 4: Knowledge and TFP

Session Organizer: Matthew Doyle, Iowa State University

Session Chair: Christian Ahlin, Vanderbilt University

Date: May 14, 2004

Time: 13:00 - 14:45

Location: 290 Carver

#### The welfare effects of economic integration when products are patented

Presented by: Bas Straathof, University of Maastricht

#### Factor Rewards, Institutions, and Geography: A View From Trade

Presented by: Robert Tamura, Clemson University

**Pricing Patents through Citations**

Presented by: Fernando Leiva Bertran, University of Rochester

**Investment-Specific Technical Change and the Production of Ideas**

Presented by: Roberto Samaniego, George Washington University

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**Session 5: Inflation and Unemployment**

Session Organizer: Matthew Doyle, Iowa State University

Session Chair: Walter Enders, University of Alabama

Date: May 14, 2004

Time: 15:00 - 16:45

Location: 290 Carver

**Mis-Specification in Phillips Curve Regressions: Quantifying Frequency Dependence While Allowing for Feedback**

Presented by: Randal Verbrugge, BLS

**Testing Time Consistency Models of Inflation**

Presented by: Matthew Doyle, Iowa State University

**How useful is the demand for money in the conduct of monetary policy in Australia**

Presented by: Abbas Valadkhani, QUT

**Evaluating the Calvo Model of Sticky Prices**

Presented by: Jonas Fisher, Federal Reserve Bank of Chicago

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**Session 6: Education**

Session Organizer: Lutz Hendricks, Iowa State University

Session Chair: Satyajit Chatterjee, Federal Reserve Bank of Philadelphia

Date: May 14, 2004

Time: 15:00 - 16:45

Location: 232 Carver

**Income and Education of the States of the United States: 1840-2000**

Presented by: Sean Mulholland, Clemson University

**Why does educational attainment differ across U.S. states**

Presented by: Lutz Hendricks, Iowa State University

**Allocating government education expenditures**

Presented by: Steven Cassou, KANSAS STATE UNIVERSITY

**Borrowing Constraints, Parental Altruism and Human Capital Accumulation**

Presented by: Jorge Soares, George Washington University

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**Session 7: Banking Crises**

Session Organizer: Joydeep Bhattacharya, Iowa State University

Session Chair: Antoine Martin, Federal Reserve Bank of Kansas City

Date: May 14, 2004

Time: 15:00 - 16:45

Location: 250 Carver

**Discount Window Policy, Banking Crises, and Indeterminacy of Equilibrium**

Presented by: Gaetano Antinolfi, Washington University

**Banks and Capital Inflows**

Presented by: Matias Fontenla, Universidad de Guanajuato, Mexico

**Short-term Debt in International Banking Crises**

Presented by: Eunsook Seo, University of Texas at Austin

**Bank Runs and Investment Decisions Revisited**

Presented by: Todd Keister, ITAM

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**Session 8: Real Exchange Rates/International Business Cycles**

Session Organizer: Rajesh Singh, Iowa State University

Session Chair: Rajesh Singh, Iowa State University

Date: May 14, 2004

Time: 15:00 - 16:45

**Location: 268 Carver**

**A Dynamic Model of Endogenous Exchange Rate Pass-Through**

**Presented by: Tokhir Mirzoev, Ohio State University**

**Distribution Margins and Prosperity**

**Presented by: Tasso Adamopoulos, University of Toronto**

**Distribution Costs, Producer Currency Pricing and Real Exchange Rate Volatility**

**Presented by: Rafael Portillo, University of Michigan**

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**Session 9: Monetary Policy -1**

**Session Organizer: Matthew Doyle, Iowa State University**

**Session Chair: Marco Del Negro, Atlanta Fed**

**Date: May 15, 2004**

**Time: 8:30 - 10:15**

**Location: 250 Carver**

**Optimal Monetary Policy in a Micro-founded Model with Parameter Uncertainty**

**Presented by: Takeshi Kimura, Federal Reserve Board**

**Transactions Cost and Interest Rate Rules**

**Presented by: Chetan Subramanian, SUNY Buffalo**

**Inflation Targeting in an Emerging Market: the Case of Korea**

**Presented by: Michael Hanson, Wesleyan University**

**Non-Walrasian Labor Markets, Business Cycles and Monetary Policy**

**Presented by: Francesco Zanetti, Boston College**

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**Session 10: Random Matching Models of Money**

**Session Organizer: Joydeep Bhattacharya, Iowa State University**

**Session Chair: B Ravikumar, University of Iowa**

**Date: May 15, 2004**

**Time: 8:30 - 10:15**

**Location: 268 Carver**

**Search, Limited Participation, and Monetary Policy**

**Presented by: Stephen Williamson, University of Iowa**

**On the Implicit Convertibility of Fiat Money**

**Presented by: Dror Goldberg, Texas A&M University**

**Random-Matching Money Demand in an Overlapping Generations Model**

**Presented by: Steven Russell, IUPUI**

**Currency Markets, Search, and Exchange Rates**

**Presented by: Brian Peterson, Indiana University**

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**Session 11: Stock Markets and Rationality**

**Session Organizer: Joydeep Bhattacharya, Iowa State University**

**Session Chair: James Bullard, Federal Reserve Bank of St. Louis**

**Date: May 15, 2004**

**Time: 8:30 - 10:15**

**Location: 232 Carver**

**Owned Ideas: When are Stock Market Run-ups Too Fast to be Rational?**

**Presented by: Dmitriy Stolyarov, University of Michigan**

**Does Winning the Blue Chip Forecasting Award Affect Herding Behavior: A Test of the Reputation Model**

**Presented by: Pete Ferderer, Macalester College**

**The Welfare Consequences of Irrational Exuberance: Stock Market Bubbles, Research Investment, and Productivity**

**Presented by: Michal Jerzmanowski, Clemson University**

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**Session 12: Prices and Dispersion**

**Session Organizer: Marcelo Oviedo, Iowa State University**

**Session Chair: John Keating, University of Kansas**

Date: May 15, 2004  
Time: 8:30 - 10:15  
Location: 290 Carver

State-Dependent (s,S) Pricing: A Theoretical Correction and Empirical Tests using data from Argentina's currency board and Mexico's Tequila crisis

Presented by: Christian Ahlin, Vanderbilt University

Price Dispersion in a Directed-Search Market

Presented by: Cemil Selcuk, Purdue University

International Price Dispersion in State-Dependent Pricing Models: Theory and Evidence

Presented by: Virgiliu Midrigan, Ohio State University

Oil crisis, Energy Saving Technological Change, and the Stock Market Collapse of 1974

Presented by: Adrian Peralta-Alva, University of Miami

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### Session 13: Contracts

Session Organizer: Cheng Wang, Iowa State University

Session Chair: Cheng Wang, Iowa State University

Date: May 15, 2004

Time: 10:30 - 12:15

Location: 250 Carver

Guess What? It's the Settlement!

Presented by: Cyril Monnet, European Central Bank

Optimal severance pay in a matching model

Presented by: Giulio Fella, Queen Mary, University of London

Dynamic Contracts and Equilibrium Unemployment

Presented by: Cheng Wang, Iowa State University

Overconfidence and Personnel Compensation

Presented by: Po-Han Fong, University of Rochester

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### Session 14: The Friedman Rule

Session Organizer: Joydeep Bhattacharya, Iowa State University

Session Chair: Stephen Williamson, University of Iowa

Date: May 15, 2004

Time: 10:30 - 12:15

Location: 232 Carver

Heterogeneity, redistribution and the Friedman rule

Presented by: Antoine Martin, Federal Reserve Bank of Kansas City

On the Friedman Rule with Heterogeneous Agents

Presented by: Carlo Strub, University of Zurich

Money and Risk Sharing

Presented by: Robert Reed, University of Kentucky

On Heterogeneity in a Fundamental Model of Money

Presented by: Gabriele Camera, Purdue University

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### Session 15: Financial Frictions in Open Economies

Session Organizer: Rajesh Singh, Iowa State University

Session Chair: Amartya Lahiri, Federal Reserve Bank of New York

Date: May 15, 2004

Time: 10:30 - 12:15

Location: 290 Carver

Macroeconomic Risk and Banking Crises in Emerging Market Countries: Business Cycles with Financial Crashes

Presented by: Marcelo Oviedo, Iowa State University

Asset Prices, Collateral Constraints, and Balance-of-Payments Crises

Presented by: Rajesh Singh, Iowa State University

Risk Premium and Nominal Rigidities

Presented by: seongman moon, Arizona State University

Sovereign Default, Renegotiation and Emerging Economies

Presented by: Vivian Zhanwei Yue, U of Pennsylvania

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#### Session 16: Time-Series Econometrics

Session Organizer: Helle Bunzel, Iowa State University

Session Chair: Helle Bunzel, Iowa State University

Date: May 15, 2004

Time: 10:30 - 12:15

Location: 268 Carver

Forecasting in Data-Rich Environments

Presented by: Luis Aguiar-Conraria, Cornell University

A Steady-State Approach to Trend/Cycle Decomposition

Presented by: Jeremy Piger, Federal Reserve Bank of St. Louis

Forecasting U.S. Business Fixed Investment Spending

Presented by: David Rapach, St. Louis University

Testing for a unit-root with a nonlinear Fourier function

Presented by: Walter Enders, University of Alabama

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#### Session 17: Political Economy

Session Organizer: Cheng Wang, Iowa State University

Session Chair: Cheng Wang, Iowa State University

Date: May 15, 2004

Time: 13:45 - 15:30

Location: 250 Carver

Politics and Efficiency of Separating Capital and Ordinary Government Budgets

Presented by: Marco Bassetto, University of Minnesota

Inequality, Social Mobility and the Welfare State: a Political Economy Model

Presented by: Luca Bossi, University of Miami

On Voters' Attitudes Towards Unemployment Insurance Subsidies across Regions: A Canadian Simulation

Presented by: Christian Zimmermann, University of Connecticut

On the dynamic inefficiency of governments

Presented by: Marina Azzimonti Renzo, University of Rochester

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#### Session 18: Learning

Session Organizer: David Frankel, Iowa State University

Session Chair: David Frankel, Iowa State University

Date: May 15, 2004

Time: 13:45 - 15:30

Location: 268 Carver

The diffusion of inflation expectations: theory and evidence

Presented by: Sunny Wong, University of Southern Mississippi

Near-Rational Exuberance

Presented by: James Bullard, Federal Reserve Bank of St. Louis

Asset Pricing with Bayesian Learning

Presented by: Jun Zhang, Vanderbilt University

"Recessions Leave "Scars": the Cleansing of Potentially Good Firms"

Presented by: Min Ouyang, University of Maryland at College Park

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#### Session 19: Monetary Policy - 2

Session Organizer: Matthew Doyle, Iowa State University

Session Chair: Steven Russell, IUPUI

Date: May 15, 2004

Time: 13:45 - 15:30

Location: 290 Carver

**Monetary Policy, Oil Shocks, and TFP: Accounting for the Decline in U.S. Volatility**

Presented by: Keith Sill, Federal Reserve Bank of Philadelphia

**Monetary Policy, Taxes, and the Business Cycle**

Presented by: Michael Pakko, Federal Reserve Bank of St Louis

**Price uncertainty, growth and welfare under market incompleteness**

Presented by: Sunanda Roy, Drake University

**The Role of Identification in Central Bank Intervention Studies**

Presented by: Christopher Neely, Federal Reserve Bank of St. Louis

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#### **Session 20: Consumption and Asset Pricing**

Session Organizer: Joydeep Bhattacharya, Iowa State University

Session Chair: Todd Keister, ITAM

Date: May 15, 2004

Time: 13:45 - 15:30

Location: 232 Carver

**Personal Bankruptcy or Public Insurance?**

Presented by: Kartik Athreya, Federal Reserve Bank of Richmond

**Household Production and Asset Returns**

Presented by: B Ravikumar, University of Iowa

**Banking on Collateral: Wealth Distribution, Welfare and the Risk-Free Rate with Collateralised Lending**

Presented by: Geoffrey Dunbar, Queen's University

**Accounting for human capital and weak identification in evaluating the Epstein-Zin-Weil non-expected utility model of asset pricing**

Presented by: Qiang Zhang, University of Memphis

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#### **Session 21: Development Economics**

Session Organizer: Joydeep Bhattacharya, Iowa State University

Session Chair: Shankha Chakraborty, University of Oregon

Date: May 15, 2004

Time: 15:45 - 17:00

Location: 290 Carver

**Inequality and Industrialization**

Presented by: Parantap Basu, University of Durham

**Endogenous Corruption in Economic Development**

Presented by: Niloy Bose, University of Wisconsin-Milwaukee

**Public Intervention in Education and Demand for Schooling in a Developing Country**

Presented by: Era Dabla-Norris, International Monetary Fund

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#### **Session 22: Open Economy Macroeconomics**

Session Organizer: Rajesh Singh, Iowa State University

Session Chair: Gaetano Antinolfi, Washington University

Date: May 15, 2004

Time: 15:45 - 17:00

Location: 232 Carver

**Indeterminacy in a Two-Country Model of Business Cycles: Explaining International Comovement**

Presented by: Yi Jin, The University of Kansas

**What Drives Long-Term Capital Flows? A Theoretical and Empirical Investigation**

Presented by: Genevieve Verdier, Texas A&M University

**Firm Dynamics, Investment and Debt Portfolios: Balance Sheet Effects of the Mexican Crisis of 1994**

Presented by: Sangeeta Pratap, ITAM

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#### **Session 23: Vector Autoregression**

Session Organizer: Barry Falk, Iowa State University

Session Chair: Barry Falk, Iowa State University

Date: May 15, 2004  
Time: 15:45 - 17:00  
Location: 250 Carver

A DSGE-VAR for the Euro Area  
Presented by: Marco Del Negro, Atlanta Fed

Interpreting Permanent and Transitory Shocks to Output When Aggregate Demand May Not Be Neutral in the Long-run  
Presented by: John Keating, University of Kansas

A Structural Vector Error Correction Model of Canadian Economy  
Presented by: Niloufar Entekhabi, Universite du Quebec a Montreal

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#### Session 24: Investment

Session Organizer: Joydeep Bhattacharya, Iowa State University  
Session Chair: Julia Thomas, University of Minnesota  
Date: May 16, 2004  
Time: 8:30 - 10:15  
Location: 268 Carver

Uninsurable investment risks  
Presented by: Cesaire Meh, Bank of Canada

Business cycle implications of equilibrium models of inventory investment  
Presented by: Julia Thomas, University of Minnesota

Does Investment-Specific Technological Progress Produce Long-Run Growth?  
Presented by: Tang-Chih Lee, The Ohio State University

Idiosyncratic shocks and the role of nonconvexities in plant and aggregate investment dynamics  
Presented by: Aubbik Khan, Federal Reserve Bank of Philadelphia

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#### Session 25: Payments Systems

Session Organizer: Joydeep Bhattacharya, Iowa State University  
Session Chair: Robert Reed, University of Kentucky  
Date: May 16, 2004  
Time: 8:30 - 10:15  
Location: 250 Carver

Default and Fragility in the Payments System  
Presented by: Paula Hernandez-Verme, Texas A&M University

The Decision to Use Alternative Payment Methods, State Dependence or Unobserved Heterogeneity?  
Presented by: Kim Huynh, Queen's University

Private Electronic Money, Fiat Money and the Payments System  
Presented by: Haibo Huang, University of Texas at Austin

Alternative Central Bank Credit Policies for Liquidity Provision in a Model of Payments  
Presented by: David Mills, Federal Reserve Board

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#### Session 26: Health and Demographics

Session Organizer: Joydeep Bhattacharya, Iowa State University  
Session Chair: Robert Tamura, Clemson University  
Date: May 16, 2004  
Time: 8:30 - 10:15  
Location: 290 Carver

Diseases and Development  
Presented by: Shankha Chakraborty, University of Oregon

Longevity and the Life Cycle  
Presented by: zsolt becsi, southern illinois university at carbondale

Evidence on the Demographic Transition  
Presented by: Carol Lehr, Virginia Commonwealth University

**International Medical R&D Spillovers**

Presented by: Marios Zachariadis, Louisiana State University

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**Session 27: Labor Markets**

Session Organizer: David Frankel, Iowa State University

Session Chair: Christian Zimmermann, University of Connecticut

Date: May 16, 2004

Time: 8:30 - 10:15

Location: 232 Carver

**Public spending on education and the incentives to student achievement**

Presented by: William Blankenau, Kansas State University

**Trade and the (Dis) Incentive to Reform Labor Markets: The Case of Reform in the European Union**

Presented by: Alain Delacroix, Purdue University

**Labor Institutions and Macro Performance: An Agent-Based Computational Approach**

Presented by: Leigh Tesfatsion, Iowa State University

**Shocks and Business Cycles**

Presented by: David Frankel, Iowa State University

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**Session 28: Policy responses**

Session Organizer: Matthew Doyle, Iowa State University

Session Chair: Marco Bassetto, University of Minnesota

Date: May 16, 2004

Time: 10:30 - 12:15

Location: 232 Carver

**Demand Side Shocks and Macroeconomic Policy**

Presented by: Maciej Dudek, National Bank of Poland and Main School of Commerce

**Technological Change and Layoffs**

Presented by: Jiaren Pang, Vanderbilt University

**The Effects of Taxes and Subsidies on Capital Accumulation and the Dispersion of Wages**

Presented by: Alok Kumar, University of Victoria

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**Session 29: Life Cycle Models**

Session Organizer: Lutz Hendricks, Iowa State University

Session Chair: Jorge Soares, George Washington University

Date: May 16, 2004

Time: 10:30 - 12:15

Location: 268 Carver

**The Effect of Unemployment on 401(k) Contributions and Saving**

Presented by: David Love, Williams College

**Quantifying the Inefficiency of the US Social Security System**

Presented by: Juan Carlos Parra, Georgetown University

**The Acquisition of Skills Over the Life-Cycle**

Presented by: Stuart Fowler, Middle Tennessee State Univ

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**Session 30: Economic Growth**

Session Organizer: Lutz Hendricks, Iowa State University

Session Chair: Ping Wang, Vanderbilt University & NBER

Date: May 16, 2004

Time: 10:30 - 12:15

Location: 290 Carver

**Africa Does Grow Differently**

Presented by: Chris Papageorgiou, Louisiana State University

**On the Role of Trade and Education in Enhancing Knowledge Spillovers: A Model of Endogenous Growth**

Presented by: Michael Loewy, University of South Florida

**Financial intermediaries, markets, and growth**

Presented by: Antoine Martin, Federal Reserve Bank of Kansas City

Economic Integration and Agglomeration in a Middle Product Economy

Presented by: Ping Wang, Vanderbilt University & NBER

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**Session 31: Financial Intermediaries**

Session Organizer: Joydeep Bhattacharya, Iowa State University

Session Chair: Joydeep Bhattacharya, Iowa State University

Date: May 16, 2004

Time: 10:30 - 12:15

Location: 294 Carver

Financial Integration: For Whom is it a Wrong Medicine?

Presented by: Enisse KHARROUBI, Banque de France

The Cleansing Effect of Financial Crises

Presented by: Raoul Minetti, Michigan State University

A General Equilibrium Model of Financial Intermediary Location

Presented by: Satyajit Chatterjee, Federal Reserve Bank of Philadelphia

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**Session 32: Consumption**

Session Organizer: Joydeep Bhattacharya, Iowa State University

Session Chair: Gabriele Camera, Purdue University

Date: May 16, 2004

Time: 10:30 - 12:15

Location: 250 Carver

Transaction Cost and Consumption

Presented by: Geng Li, University of Michigan, Ann Arbor

The Contributions of Borrowing Constraints and Uncertainty to Aggregate Saving

Presented by: James Feigenbaum, University of Pittsburgh

A Model of Life-Cycle Housing and Consumption Choices

Presented by: Wenli Li, Federal Reserve Bank of Philadelphia

Debt-Constraints or Incomplete Markets? A Decomposition of the U.S Wealth and Consumption Inequality

Presented by: Juan Cordoba, Rice University