

SOCIETY FOR ECONOMIC DYNAMICS AND CONTROL MEETING
Minneapolis, Minnesota, 1990

THURSDAY, JUNE 28, MORNING SESSION, 9:30-11:30 AM

Macroeconomics I: Monetary Economics - (Room 32)

Chairman: **Stacey L. Schreft**, Federal Reserve Bank of Richmond

Papers:

1. "Money, Trade Credit and the Business Cycle," by **Jeff Lacker**, Federal Reserve Bank of Richmond, and **Stacey L. Schreft**, Federal Reserve Bank of Richmond.
2. "The Dynamics of Simple Interest Rate and Tax Rules," by **Eric Leeper**, Federal Reserve Board, Washington, D.C.
3. "Welfare Analysis in Dynastic Economies," by **Scott Freeman**, University of California at Santa Barbara.
4. "Liquidity Constraints in Imperfectly Competitive Loan Markets," by **Anne P. Villamil**, University of Illinois, and **Stacey L. Schreft**, Federal Reserve Bank of Richmond.

Computation I: Computational Methods in Econometrics and Statistics (Room 52)

Chairman: **David A. Belsley**, Boston College

Papers:

1. "Dynamic Latent-Variable Models: Monte Carlo Likelihood Evaluation," by **Jean-Francois Richard**, Duke University.
2. "Nonstationary Model Solution Techniques and the USA Algorithm," by **P.G. Fisher**, University of Warwick, United Kingdom, and **A.J. Hughes Hallett**, University of Strathclyde, United Kingdom.
3. "Econometric Evaluation of a Real Business Cycle Model Using Simulation Methods," by **Anthony Smith**, Duke University.
4. "Algorithms for Imposing Stationary Conditions in Estimation of Stochastic Coefficient Models," by **I-Lok Chang**, The American University, Washington, D.C., and **Charles Hallahan**, The American University, Washington, D.C.

Time Series I - (Room 135)

Chairman: **Masanao Aoki**, University of California at Los Angeles

Papers:

1. "Comparison of Alternative Methods of Estimating Long Run Equilibrium Relationships," by **Jesus Gonzalo**, University of California at San Diego.
2. "Model Selection Tests for State Space Models," by **J.H. Dorfman**, University of Georgia, and **A.M. Havermen**, University of California at Davis.
3. "A Canonical Correlation Procedure Related to State Space Approximation in Multivariate Time Series: Multi-period Ahead Prediction and Causality," by **P. Otter**, Economics Institute, Georingen University, The Netherlands.
4. "Nonlinear State Space Modeling of Economic Time Series," by **Stefan Mittnik**, State University of New York at Stony Brook.
5. "Okun's Law and Money Stocks for Data with Trend," by **R. Fiorito**, University of Siena, and **M. Aoki**, University of California at Los Angeles.

Learning I - (Room 62)

Chairman: **Nicholas M. Kiefer**, Cornell University

Papers:

1. "Information Investment and Market Performance," by **Nicholas Kiefer**, Cornell University.
2. "Bayesian Learning Dynamics in a Repeated Statistical Decision Problem," by **Mark Feldman**, University of Illinois, and **Andrew McLennan**, University of Minnesota.
3. "Learning, Convergence and Stability With Multiple Rational Expectations Equilibria," by **George W. Evans**, The London School of Economics and Political Science, London, England, and **Seppo Honkapohja**, University of Helsinki, Finland.
4. "Decentralized Learning About Product Quality," by **Venkatesh Bala**, Cornell University, and **Sanjeev Goyal**, Cornell University.

Dynamics and Control I - (Room 156)

Chairman: **Ita Falk**, Yale University

Papers:

1. "The Stability of Dutch Money Demand," by **Elmer Sterken**, University of Groningen, The Netherlands.
2. "Income Control, Inflation and Real Growth in the Yugoslav Case," by **Davorin Kracun**, University of Maribor, Yugoslavia.

3. “Dynamic Ecologic Taxes: Public Control for Interrelated Renewable Resources,” by **Ita Falk**, Yale University.

Industrial Organization I - (Room 155)

Chairmen: **Ariel Pakes**, Yale University, and **Robert Porter**, Northwestern University

Papers:

1. “An Alternative Model of Firm and Industry Dynamics,” by **Richard Ericson**, Columbia University, and **Ariel Pakes**, Yale University.
2. “Competitive Diffusion,” by **Boyan Jovanovic**, New York University, and **Glenn M. MacDonald**, University of Western Ontario, Canada.
3. “Financing Constraints and the Growth of the Firm,” by **Tom Holmes**, University of Wisconsin, and **James Schmitz**, State University of New York at Stony Brook.
4. “Evolution of a Competitive Industry,” by **Hugo Hopenhayn**, Stanford University.

THURSDAY, JUNE 28, FIRST AFTERNOON SESSION, 1:00-2:45 PM

Applications of Non-Expected Utility Theory - (Room 156)

Chairman: **Roger E.A. Farmer**, University of California at Los Angeles

Papers:

1. “Stochastic Differential Utility and Asset Pricing,” by **Larry G. Epstein**, University of Toronto, Canada, and **Darrell Duffie**, Stanford University.
2. “A Simple Model of the Business Cycle,” by **Roger E.A. Farmer**, University of California at Los Angeles, and **Ken Matheny**, University of California at Los Angeles.
3. “Precautionary Savings and the Permanent Income Hypothesis,” by **Philippe Weil**, Harvard University.

Taxation I - (Room 155)

Chairman: **Lawrence J. Christiano**, Federal Reserve Bank of Minneapolis

Papers:

1. “Observable Implications of Dynamically Optimal Taxation,” by **Robert King**, University of Rochester.

2. “Dynamic Optimal Taxation of Labor and Capital,” by **V.V. Chari**, Federal Reserve Bank of Minneapolis, **Lawrence J. Christiano**, Federal Reserve Bank of Minneapolis, and **Patrick Kehoe**, Federal Reserve Bank of Minneapolis and the University of Minnesota.
3. “Some Welfare Costs of Monetary and Fiscal Policy,” by **Thomas F. Cooley**, University of Rochester, and **Gary Hansen**, University of California at Los Angeles.

The Formulation and Estimation of Dynamic Models of Labor Market Behavior - (Room 52)

Chairman: **Christopher J. Flinn**, New York University

Papers:

1. “Dynamic Programming and the Behavior of Male Workers at the End of the Life Cycle,” by **John Rust**, University of Wisconsin.
2. “The Determinants of Black-White Differences in Early Employment Careers: Search, Layoffs, Quits and Endogenous Wage Growth,” by **Kenneth Wolpin**, University of Minnesota.
3. (T.B.A.), by **Christopher J. Flinn**, New York University.

Growth and Income Distribution - (Room 62)

Chairman: **Nancy L. Stokey**, Northwestern University

Papers:

1. “Income Distribution and Growth,” by **Satyajit Chatterjee**, University of Iowa.
2. “Risk-Bearing and the Theory of Income Distribution,” by **Abhijit Banerjee**, Princeton University, and **Andrew F. Newman**, Northwestern University.
3. “Dual Convergence: An Equilibrium Model of the World Distribution of Income,” by **Robert Tamura**, University of Iowa.

Issues in Economic Dynamics - (Room 32)

Chairman: **K. Velupillai**, University of Copenhagen

Papers:

1. “A Review of Aggregation and Dynamics in Linear Stochastic Models,” by **Marco Lippi**, Università Degli Studi Di Modena, Italy.
2. “Computational Issues in Nonlinear Dynamical Systems,” by **Stefano Zambelli**, Aalborg University Centre, Denmark.
3. “Exchangeable Search,” by **John J. McCall**, University of California at Los Angeles.

THURSDAY, JUNE 28, SECOND AFTERNOON SESSION, 3:15-5:00 PM

Business Cycles I: Labor Market Structure and the Business Cycle - (Room 32)

Chairman: **John B. Donaldson**, Columbia University

Papers:

1. "Labor Hoarding and the Business Cycle," by **Martin Eichenbaum**, Northwestern University, and **Sergio Rebelo**, Northwestern University.
2. "Internal Labor Market, Long Term Contracts, and the Real Business Cycle," by **James Nason**, University of British Columbia, and **George Slotsve**, Vanderbilt University.
3. "Implicit Contracts and the Cyclical Allocation of Risk," by **Paul Gomme**, Federal Reserve Bank of Minneapolis, and **Jeremy Greenwood**, University of Western Ontario, Canada, and Federal Reserve Bank of Minneapolis.

Bounded Rationality, Decision Making, and Economic Dynamics - (Room 52)

Chairman: **Kent D. Wall**, Defense Resources Management Education Center, Monterey, California

Papers:

1. (T.B.A.), by **Richard H. Day**, University of Southern California.
2. "Costly Optimization: A Controlled Experiment," by **Mark Pingle**, University of Southern California.
3. "Some Simulation Results with a Bounded Rationality Decision Process Model," by **Kent D. Wall**, Defense Resources Management Education Center, Monterey, California.

Dynamics and Control II - (Room 156)

Chairman: **Berc Rustem**, Imperial College, London, England

Papers:

1. "Min-max Policy Design with Three Rival Models," by **Berc Rustem**, Imperial College of Science, London, England, and **Elias Karakitsos**, Imperial College of Science, London, England.
2. "The Feedback Stackelberg Equilibrium in the Cartel-versus-Fringe Model," by **Fons Groot**, Tilburg University, The Netherlands.
3. "Two-Stage Optimisation and Feedback Rules," by **Peter F. Westaway**, National Institute of Economic and Social Research, London, England.

Learning in Games - (Room 155)

Chairman: **James Jordan**, University of Minnesota.

Papers:

1. "Adaptive Learning in Games," by **Ramon Marimon**, University of Minnesota.
2. "Rational Learning Leads to Nash Equilibrium," by **Ehud Kalai**, Northwestern University, and **Ehud Lehrer**, Northwestern University.
3. "Exponential Convergence of Bayesian Learning in Games," by **James Jordan**, University of Minnesota.

Dynamic Monetary Economies - (Room 62)

Chairman: **David K. Levine**, University of California at Los Angeles

Papers:

1. "Rationalizable Equilibria in an Overlapping Generations Model," by **Niels Anthonisen**, Columbia University.
2. "Asset Trading Mechanisms," by **David K. Levine**, University of California at Los Angeles.
3. "Monetary Surprises and Price-Cost Margins," by **Michael Woodford**, University of Chicago.
4. "Intertemporal General Equilibrium Theory: The Importance of a Sequence of Markets," by **Jonathan Burke**, Texas A&M University.

THURSDAY, JUNE 28, PLENARY SESSION, 5:30-6:30 PM

"Credible Public Policy," by **Nancy L. Stokey**, Northwestern University - (Room 135)

THURSDAY, JUNE 28, 7:30 P.M.

Dinner at the Federal Reserve Bank of Minneapolis (reservations required). The Federal Reserve Bank of Minneapolis is located at 250 Marquette Avenue in Minneapolis.

Buses will leave the Earle Brown center for the Federal Reserve Bank at 6:45 P.M. After dinner buses will leave the bank at about 9:45 P.M. and return to the Radisson Hotel and Bailey Hall.

FRIDAY, JUNE 29, MORNING SESSION, 9:30-11:30 AM

Computation II: High Performance Computing in Economics - (Room 52)

Chairman: **Hans M. Amman**, University of Amsterdam, The Netherlands

Papers:

1. "A Splitting Equilibration Algorithm for the Computation of Large-Scale Constrained Matrix Problems," by **Anna Nagurney**, Massachusetts Institute of Technology.
2. "Global Optimization of Econometric Functions," by **Bill Goffe**, University of Texas at Arlington, **Garry Ferrier**, University of Texas at Arlington, and **John Rogers**, University of Texas at Arlington.
3. "Efficient Exact Maximum Likelihood Estimation of High-Order Multivariate ARMA Models," by **Stefan Mittnik**, State University of New York at Stony Brook.
4. "Parallel Processing for Large Scale Nonlinear Control Experiments in Economics," by **Hans M. Amman**, University of Amsterdam, The Netherlands, and **David Kendrick**, University of Texas at Austin.

Finance and Business Cycles - (Room 135)

Chairman: **Roger Craine**, University of California at Berkeley

Papers:

1. "The Equity Premium and Production: A Bigger Puzzle," by **Roger Craine**, University of California at Berkeley, and **Mark Carey**, University of California at Berkeley.
2. "Financial Intermediation, Inside Money and Real Business Cycles," by **Don E. Schlagenhauf**, Arizona State University, and **Jeffrey Wrase**, Arizona State University.
3. "Business Cycle Fluctuations and the Cost of Insurance in Computable Heterogeneous Agent Economies," by **Javier Diaz-Gimenez**, Madrid, Spain.
4. "Leisure, Money, and the Term Structure of Interest Rates," by **Wouter den Hann**, Carnegie Mellon University.

Time Series II: Bayesian Time Series Econometrics - (Room 155)

Chairmen: **Charles H. Whiteman**, University of Iowa, and **Will Roberds**, Federal Reserve Bank of Atlanta

Papers:

1. "Bayesian Model Calibration, with an Application to a Dynamic Nonlinear Rational Expectations Multicountry Model," by **Y.K. Kwan**, University of Chicago.

2. “Nominal Exchange Rates and Unit Roots: A Reconsideration,” by **J.A. Whitt**, Federal Reserve Bank of Atlanta.
3. “Monetary Aggregates as Monetary Targets: A Statistical Investigation,” by **Will Roberds**, Federal Reserve Bank of Atlanta, and **Charles H. Whiteman**, University of Iowa.
4. “Estimating Moving Average Parameters: Classical Pileups and Bayesian Posteriors,” by **David N. DeJong**, University of Pittsburgh, and **Charles H. Whiteman**, University of Iowa.

Macroeconomics II: Macroeconomics and Welfare - (Room 32)

Chairman: **Ayse Imrohoroglu**, University of Southern California

Papers:

1. “The Welfare Cost of Inflation Under Imperfect Insurance,” by **Ayse Imrohoroglu**, University of Southern California.
2. “Noisy Frequency Domain Mechanisms,” by **Bart Taub**, University of Illinois at Urbana-Champaign.
3. “Will the Poor Be With Us Always?: On the Persistence of an Underclass in a Growing Economy,” by **Marcellus Andrews**, Wellesley College, and **Len M. Nichols**, Wellesley College.
4. “Why is Inequality Countercyclical: An Incentive Based Approach,” by **Christopher Phelan**, University of Chicago.

Dynamics II: Dynamics in Finite Horizon Models - (Room 156)

Chairman: **Yves Balasko**, University of Geneva, Switzerland

Papers:

1. “The Concept of Intertemporal Stability in Finite Horizon General Equilibrium Models,” by **Yves Balasko**, University of Geneva, Switzerland.
2. “The Connectedness of the Set of Intertemporal Stable Equilibria,” by **John Herman**, Cornell University.
3. “An Invariance Property of Incomplete Markets,” by **Christophe Prechac**, University of Paris I, France, and University of Geneva, Switzerland.
4. “Stability of Business Fluctuations as a Function of Market Participation,” by **Daniel Royer**, University of Geneva, Switzerland.

Dynamic Equilibrium With Distortions - (Room 62)

Chairman: **David K. Levine**, University of California at Los Angeles

Papers:

1. "Impact of Taxation and Money on Investment," by **Insill Yi**, University of Houston.
2. "Increasing Returns, Industrialization and the Indeterminacy of Equilibrium," by **Kiminori Matsuyama**, Northwestern University.
3. "Computing Equilibria in Deterministic Dynamic Models with Distortions," by **Timothy J. Kehoe**, University of Minnesota.
4. "Overhead Costs, Heterogeneity and Macroeconomic Fluctuations," by **Mohammed Hammour**, Columbia University.

FRIDAY, JUNE 29, FIRST AFTERNOON SESSION, 1:00-2:45 PM

Taxation II: Public Finance, Spending and Aggregate Fluctuations - (Room 155)

Chairman: **S. Rao Aiyagari**, Federal Reserve Bank of Minneapolis

Papers:

1. "Corporate Taxes, Disaggregated Capital Markets and Business Cycles," by **Ly-June Chang**, Rutgers University.
2. "Estimates of the Crowding Out Effect and Tax Responses in a Simple Real Business Cycle Model of Optimal Labor Taxation," by **S. Rao Aiyagari**, Federal Reserve Bank of Minneapolis.
3. "Tax Analysis in a Real Business Cycle Model: On Measuring Harberger Triangles and Okun Gaps," by **Jeremy Greenwood**, University of Western Ontario, Canada, and Federal Reserve Bank of Minneapolis, and **Gregory Huffman**, Cornell University.

Dynamics III: Nonlinear Dynamics and Macroeconomic Simulation - (Room 32)

Chairman: **Casper van Ewijk**, University of Amsterdam, The Netherlands.

Papers:

1. "Fiscal Policy and the Keynesian Corridor," by **Casper van Ewijk**, University of Amsterdam, The Netherlands.
2. "On Repetitive Long Cycles in a Dynamic Nonlinear Model with Discrete Competing Technologies," by **Boe Thio**, University of Amsterdam, The Netherlands.
3. "A Differential Game Between Two Players Holding Different Theoretical Views: Is Cooperation Beneficial?" by **Henriette M. Prast**, University of Amsterdam, The Netherlands.

Search Theory I – (Room 62)

Chairmen: **Dale T. Mortensen**, Northwestern University, and **Tara Vishwanath**, Northwestern University.

Papers:

1. “Employment Cycles in Search Equilibrium,” by **Domenico Fanizza**, International Monetary Fund, Washington, D.C.
2. “A Model of Search, Production, and Exchange: Equilibrium Welfare and Comparative Statics,” by **Michele Boldrin**, University of California at Los Angeles, **Nobuhiro Kiyotaki**, London School of Economics and Political Science, and **Randall Wright**, University of Pennsylvania and Hoover Institution, Stanford University.
3. “Dynamic Search Equilibrium: Cycles and Booms,” by **Chaim Fershtman**, Tel Aviv University, and **Arthur Fishman**, Tel Aviv University.

Learning II - (Room 156)

Chairman: **Yaw Nyarko**, New York University

1. “Procedurally Rational Agents: An Application to a Medium of Exchange Economy,” by **Peter Knez**, Goldman Sachs, and University of Pennsylvania.
2. “Non-Convexities in a Stochastic Control Problem with Learning,” by **Bruce Mizra**ch, The Wharton School, University of Pennsylvania.
3. “Learning in Mis-Specified Models and the Possibility of Cycles,” by **Yaw Nyarko**, New York University.

International Economics I: Analytical Techniques in International Debt - (Room 52)

Chairman: **Rajnish Mehra**, University of California at Santa Barbara

Papers:

1. “Policy Inconsistency and External Debt Service,” by **Michael P. Dooley**, International Monetary Fund, Washington, D.C., and **Lars Svensson**, Institute for International Economic Studies, University of Stockholm.
2. “Reputation With Multiple Relations: Reviving Reputation Models of Debt,” by **Patrick Kehoe**, Federal Reserve Bank of Minneapolis, and the University of Minnesota.
3. “Market Based Debt Reduction: Principles and Process,” by **Kenneth A. Froot**, Harvard University.

FRIDAY, JUNE 29, SECOND AFTERNOON SESSION, 3:15-5:00 PM

Business Cycles II: Household Production in Real Business Cycle Models - (Room 155)

Chairman: **Jeremy Greenwood**, University of Western Ontario, Canada, and Federal Reserve Bank of Minneapolis.

Papers:

1. "Homework in Macroeconomics," by **Jess Benhabib**, New York University, **Richard Rogerson**, Stanford University, and **Randall Wright**, University of Pennsylvania, and Hoover Institution, Stanford University.
2. "Home Production," by **Jeremy Greenwood**, University of Western Ontario, Canada, and Federal Reserve Bank of Minneapolis, and **Zvi Hercowitz**, Tel Aviv University and University of Western Ontario, Canada.
3. "Working in the Market, Home Production, and the Acquisition of Skills: A General Equilibrium Approach," by **Victor Rios-Rull**, Carnegie Mellon University.

International Economics II: Financial Aspects of European Economic Integration - (Room 32)

Chairman: **Matthew B. Canzoneri**, International Monetary Fund, Washington, D.C., and Georgetown University.

Papers:

1. "The Implications of Currency Substitution for an EC Monetary Union," by **Matthew B. Canzoneri**, International Monetary Fund, Washington, D.C., and Georgetown University, and **B. Diba**, Georgetown University.
2. "Optimal Taxation Policies in the EMS: A Two-Country Model of Public Finance," by **Carlos A. Vegh**, International Monetary Fund, Washington, D.C., and **Pablo E. Guidotti**, International Monetary Fund, Washington, D.C.
3. "Optimal Seigniorage with Currency Substitution: A Monetary Policy Game," by **Paul R. Wood**, Board of Governors of the Federal Reserve System, Washington, D.C.

Stochastic Approximation Methods - (Room 156)

Chairman: **Brian Arthur**, Stanford University

Papers:

1. "Stochastic Approximation and Urn Processes: A Mathematical Introduction," by **Brian Arthur**, Stanford University, and **David A. Lane**, University of Minnesota.
2. "Applications to Modelling Increasing Returns Phenomena," by **Brian Arthur**, Stanford University, and **David A. Lane**, University of Minnesota.

3. “Applications to Learning Models,” by **Brian Arthur**, Stanford University, and **David A. Lane**, University of Minnesota.

Time Series III - (Room 62)

Chairman: **Leigh Tesfatsion**, University of Southern California

Papers:

1. “Generalized Predictive Tests and Structural Change Analysis in Econometrics,” by **Jean-Marie Dufour**, University of Montreal, **Eric Ghysels**, University of Montreal, and **Alastair Hall**, North Carolina State University.
2. “An Empirical Investigation of Asset Pricing With Temporally Dependent Preference Specifications,” by **John Heaton**, Massachusetts Institute of Technology.
3. “Linear and Nonlinear Associative Memories for Parameter Estimation,” by **R. Kalaba**, University of Southern California, **Z. Lichtenstein**, University of Southern California, **T. Simchony**, University of Southern California, and **L. Tesfatsion**, University of Southern California.

Artificial Intelligence Methods in Economics and Management - (Room 52)

Chairman: **Louis F. Pau**, Technical University of Denmark

Papers:

1. “PTS: A Graphical Interface for Production and Transportation Problems,” by **David Kendrick**, University of Texas at Austin.
2. “A Constraint Logic Programming Approach to ALM Modeling in Banks,” by **Hennie A.M. Daniels**, Tilburg University, The Netherlands, and **Johan M. Broek**, Tilburg University, The Netherlands.
3. “Qualitative Economic Reasoning: a Disequilibrium Perspective,” by **A.M. Farley**, University of Oregon, and **Kuan Pin Lin**, Portland State University.
4. “An Estimation of Oil Stock Based on the Theory of Dempster,” by **C.G. Gianotti**, Politecnici di Milano, Italy.

FRIDAY, JUNE 29, PLENARY SESSION, 5:30-6:30 PM

“Real Business Cycle Theory: Wisdom or Whimsy,” by **Martin Eichenbaum**, Northwestern University - (Room 135)

SATURDAY, JUNE 30, MORNING SESSION, 9:30-11:30 AM

Macroeconomics III - (Room 32)

Chairmen: **Ellen McGrattan**, Duke University, and **Anthony Braun**, University of Virginia

1. "Solution Methodologies for Suboptimal General Equilibrium Models," by **Dan J. Hurdle**, University of Cambridge, Cambridge, England, and **David A. Livesey**, University of Cambridge, Cambridge, England.
2. "Welfare Costs of Stabilization," by **Steven Cassou**, State University of New York at Stony Brook.
3. "Policy Rules, Information, and Fiscal Effects in a Ricardian Model," by **Eric Leeper**, Federal Reserve Board, Washington, D.C.

Time Series IV - (Room 155)

Chairman: **James H. Stock**, Harvard University

Papers:

1. "Estimating the Probability of a Recession," by **James H. Stock**, Harvard University, and **Mark W. Watson**, Northwestern University.
2. "Estimating a Multivariate ARMA Model with Mixed-Frequency Data: An Application to Forecasting GNP at Monthly Intervals," by **Peter A. Zadrozny**, U.S. Bureau of the Census, Washington, D.C.
3. "Modeling Nonlinear Economic Dynamics with Generalized Autoregressions," by **Stefan Mittnik**, State University of New York at Stony Brook.
4. "Measures of Fit for Calibrated Models," by **Mark Watson**, Northwestern University.

Numerical Approximation in Discrete Time Dynamic Programming - (Room 156)

Chairman: **Peter A. Streufert**, University of Wisconsin

Papers:

1. "Successive Approximation Under the Assumption of Biconvergence," by **Peter A. Streufert**, University of Wisconsin.
2. "The Algebraic Structure of Successive Approximation," by **Larry Blume**, Cornell University, and **William Zame**, State University of New York at Buffalo.
3. "Minimum Weighted Residual Methods in Dynamic Economic Models," by **Kenneth L. Judd**, Hoover Institution, Stanford University.
4. "Comments on Nonparametric Successive Approximation," by **John Rust**, University of Wisconsin.

Time Series V - (Room 52)

Chairman: **Richard Todd**, Federal Reserve Bank of Minneapolis

Papers:

1. "Periodic Linear Quadratic Methods for Modeling Seasonality," by **Richard Todd**, Federal Reserve Bank of Minneapolis.
2. "Hidden Periodicity as a Source of Seasonality," by **Lars Hansen**, University of Chicago, and **Thomas J. Sargent**, Hoover Institution, Stanford University.
3. "Patterns of International Growth II: Transitions," by **Danny Quah**, Massachusetts Institute of Technology.
4. "Forecasting a Multitude of Time Series With Common Seasonal Patterns," by **Fabio Canova**, Brown University.

Time Inconsistency - (Room 62)

Chairman: **John Driffill**, Queen Mary and Westfield College, England

Papers:

1. "Consistent Choice Over Time: Bounded Rationality in Macro Policy," by **Mark Salmon**, European University Institute, Italy.
2. "On Some Aspect of Fiscal and Monetary Policy Integration in Europe," by **Rick van der Ploeg**, Tilburg University, The Netherlands.
3. "Precommitment and Sustainability," by **Peter Westaway**, National Institute of Economic and Social Research, England.
4. "Optimal Accommodation by Strong Policymakers," by **Alex Cukierman**, Princeton University.
5. "Optimal Commitment in Monetary Policy: Credibility Versus Flexibility," by **Susanne Lohmann**, Carnegie Mellon University.
6. (T.B.A.) - **Paul Levine**, Leicester University, England.

Dynamics and Control III - (Room 42)

Chairman: **Sudhir A. Shah**, Princeton University

Papers:

1. "Optimal Dynamic Profit Taxation: The Derivation of Feedback Stackelberg Equilibria," by **Raymond Gradus**, Tilburg University, The Netherlands.

2. “Optimal New Product Pricing in the Presence of Network Externalities,” by **Jinhong Xie**, Carnegie Mellon University, and **Marvin Sirbu**, Carnegie Mellon University.
3. “Controlling Inventories When the Cost of Control Fluctuates Randomly,” by **Sudhir A. Shah**, Princeton University.

SATURDAY, JUNE 30, FIRST AFTERNOON SESSION, 1:00-2:45 PM

Dynamics IV - (Room 62)

Chairman: **Jess Benhabib**, New York University

Papers:

1. “Inference and Forecasting for Deterministic Nonlinear Time-Series Observed with Measurement Error,” by **John Geweke**, Duke University.
2. “Statistical Analysis of Shapes in Macroeconomics Time-Series: Is There a Business Cycle?” by **S.N. Neftci**, City University of New York.
3. “A New Class of Solutions to Dynamic Programming Problems Arising in Growth Theory and Applications to Dynamic Games,” by **Jess Benhabib**, New York University, and **A. Rustichini**, Northwestern University.

Taxation III: Optimal Taxation in Dynamic Models - (Room 155)

Chairman: **Robert E. Lucas, Jr.**, University of Chicago

Papers:

1. “Tax Policy and Capital Formation in a Dynamic Economy,” by **Kenneth L. Judd**, Hoover Institution, Stanford University.
2. “Taxation of Human Capital,” by **Chi-Wa Yuen**, University of Chicago.
3. “Optimal Taxation in a Convex Model of Equilibrium Growth,” by **Larry E. Jones**, Northwestern University, **Rodolfo E. Manuelli**, Stanford University, and **Peter E. Rossi**, University of Chicago.

Macroeconomics IV - (Room 52)

Chairman: **John Haltiwanger**, University of Maryland

Papers:

1. “Fluctuations in Economies with Nonconvexities,” by **Russell Cooper**, University of Iowa, and **John Haltiwanger**, University of Maryland.
2. “The Public Finance of the New Growth Theory,” by **Kam W. Liu**, University of California at Santa Barbara.

3. "Empirical Implications of Private Information Bargaining Models," by **John Kennan**, University of Iowa, and **Robert Wilson**, Stanford University.

Stochastic Control Method and Applications - (Room 156)

Chairman: **Selo Imrohoroglu**, University of Southern California

Papers:

1. "A Nonlinear VAR for the Hungarian Hyperinflation and Stabilization," by **Selo Imrohoroglu**, University of Southern California.
2. "Exchange Rate Uncertainty in Imperfect Markets: A Monte Carlo Approach," by **Lidwin M.T. van Velden**, University of Amsterdam, The Netherlands, and **Hans M. Amman**, University of Amsterdam, The Netherlands.
3. "Los-the Large Optimizing System," by **Gyorgy Barabas**, University of Hagen, West-Germany.

Search Theory II - (Room 32)

Chairmen: **Dale T. Mortensen**, Northwestern University, and **Tara Vishwanath**, Northwestern University

Papers:

1. "Dual Labor Markets, Monitoring, and Search," by **James V. Albrecht**, Georgetown University, and **Susan B. Vroman**, Georgetown University.
2. "Worker Contacts and Wage Outcomes," by **Tara Vishwanath**, Northwestern University, and **Dale T. Mortensen**, Northwestern University.
3. "Wage Posting Markets," by **Kenneth Burdett**, University of Essex and Cornell University.

SATURDAY, JUNE 30, SECOND AFTERNOON SESSION, 3:15-5:00 PM

Sunspot Equilibria - (Room 156)

Chairman: **Stephen E. Spear**, Carnegie Mellon University

Papers:

1. "Sunspot-like Effects of Random Endowments," by **Jim Peck**, Northwestern University, and **Rodolfo E. Manuelli**, Stanford University.
2. "Indivisibilities in Production and Sunspot Equilibrium," by **Aditya Goenka**, Cornell University, and The London School of Economics, and **Karl Shell**, Cornell University.

3. “Sunspot Equilibria in an Experimental Market,” by **Ramon Marimon**, University of Minnesota, **Stephen E. Spear**, Carnegie Mellon University, and **Shyam Sunder**, Carnegie Mellon University.

Macroeconomics V: Aggregate Dynamics with Adjustment Costs - (Room 155)

Chairman: **Deborah Lucas**, Northwestern University

Papers:

1. “Asset Returns with Transactions Costs and Uninsured Individual Risk: A Stage Three Exercise,” by **Mark Gertler**, University of Wisconsin, and **S. Rao Aiyagari**, Federal Reserve Bank of Minneapolis.
2. “Asset Price Anomalies With Very Small Costs of Adjusting Consumption,” by **David Marshall**, Northwestern University.
3. “Predicting the Equity Premium in a Model with Limited Insurance and Short Sales Constraints,” by **Deborah Lucas**, Northwestern University.

Time Series VI - (Room 32)

Chairman: **Lars Hansen**, University of Chicago

Papers:

1. “Statistical Inference in Dynamic Behavioral Models Using the Simulated Multinomial Likelihood Function,” by **John Geweke**, Duke University.
2. “Econometric Methods for Analyzing Single Factor Models of Asset Pricing,” by **Lars Peter Hansen**, University of Chicago, and **Ravi Jagannathan**, Federal Reserve Bank of Minneapolis and the University of Minnesota.
3. “Equilibrium Asset Prices and Savings of Heterogeneous Agents in the Presence of Portfolio Constraints,” by **Albert Marcet**, Carnegie Mellon University, and **Kenneth Singleton**, Stanford University.

Industrial Organization II - (Room 62)

Chairman: **Hugo Hopenhayn**, Stanford University

Papers:

1. “Labor Turnover and Policy Evaluation in a Model of Industry Equilibrium,” by **Hugo Hopenhayn**, Stanford University, and **Richard Rogerson**, Stanford University.
2. “Cournot vs. Bertrand: A Dynamic Resolution,” by **Kenneth L. Judd**, Hoover Institution, Stanford University.
3. “The Life Cycle of a Competitive Industry: Theory and Measurement,” by **Boyan Jovanovic**, New York University, and **Glenn M. MacDonald**, University of Western Ontario, Canada.