



# REPORT 2004

European Centre for Advanced Research  
in Economics and Statistics

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# FOREWORD

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Inaugurated in November 1991, ECARE started as a joint initiative of the Institut d'Etudes Européennes (IEE) at the Université Libre de Bruxelles (ULB), and of the Centre for Economic Policy Research (CEPR), a network of around 500 researchers in Europe.

In the Fall of 1997, ECARE then merged with the *Centre d'Economie Mathématique et d'Econométrie*, CEME, which had been founded at ULB in the 1970's, with as purpose to foster international quantitative research in economics at ULB. And in the Fall of 1999, the collaboration with statisticians from ULB's *Institut de Statistique et de Recherche Opérationnelle* (ISRO) was officialized by the transformation of ECARE into ECARES, the "European Centre for Advanced Research in Economics and Statistics". These two institutional changes have thus gone in the same direction: strengthening the connection between research in economics, econometrics and statistics while keeping our commitment to excellence and internationalization.

Over the years, ECARES researchers have developed expertise in a number of major fields of economics, in particular:

- The evaluation of European integration policies and its dynamics of "deepening" and "widening".
- The analysis of economies in transition, in Eastern Europe and in China.
- The structure and behavior of banking and financial markets.
- The theory and empirics of macroeconomics, including its political economy component.
- The behavior and organization of firms and markets.
- The theory and applications of econometrics.
- The statistical analysis of time series data

This research activity has given ECARES international visibility and reputation: the European Wall Street Journal in September 2004 was mentioning ECARES in a short list of seven European centres of excellence that were resisting the brain drain to the more attractive US universities. Its members are also particularly active in CEPR, as Research Director, Programme Directors, Research Fellows or Research Affiliates. Members of ECARES have moreover been serving on the Council of the European Economic Association (EEA) or the Council of the Econometric Society, have organized major international events, such as a Nobel Symposium, an Annual meeting of the EEA, or the World Congress of the Econometric Society. ECARES has also received a substantial number of EU-financed "Training and Mobility of Researchers" grants, and participates in several networks in the "Research Training Network" programme.

In close connection with this research, ECARES has developed an important doctoral activity, with the creation of a Doctoral School that attracts many first-class European and non-European students.

This report presents the achievements of ECARES for the year 2004. They were made possible by our collaboration with CEPR and the support of ULB. Our goal for future years is to keep our commitment to excellence in research as well as our mission of high-quality graduate education.

Victor Ginsburgh.

Marc Hallin.

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# PEOPLE

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## Directors

Victor Ginsburgh

Marc Hallin

## Financial Director

Victor Ginsburgh

## ECARES Fellows

Marco Becht

Estelle Cantillon

Micael Castanheira de Moura

Paola Conconi

Griselda Deelstra

Catherine Dehon

Christine De Mol

Mathias Dewatripont

Jean-Jacques Droesbeke

Jan Fidrmuc

Marjorie Gassner

Domenico Giannone

Victor Ginsburgh

Marc Hallin

Georg Kirchsteiger

Patrick Legros

Estelle Malavolti-Grimal

Guy Mélard

Noël Nizette

Abdul Noury

Davy Paindaveine

Lucrezia Reichlin

Loïc Sadoulet

Nicolas Sahuguet

André Sapir

Erwann Sbai

David Veredas

Patrick Waelbroeck

Philippe Weil

## Non-Resident Fellows

Philippe Aghion

Erik Berglöf

Patrick Bolton

Jacques Bughin

Christophe Croux

Antonio Estache

Jacques Lawarrée

Peter Praet

Ailsa Roëll

Gérard Roland

Etienne Wasmer

## Visiting Fellows

Gianluigi Albano

Robert Kollman

Jerzy Konieczny

Eugenio Proto

Saverio Simonelli

## Doctoral Researchers

Ugo Albertazzi

Martha Banbura

Jonathan Boulanger

Maria-Caterina Bramati

Paolo Casini

Delphine Cassart

Jacopo Cimadomo

Benoît Crutzen

Antonello D'Agostino

Quentin David

David De Antonio Liedo

Bruno Deschamps

Arnaud Devleeschauwer

Marina Emiris

Nicolas Gothelf

Denis Herbaux

Gisèle Hites

Alexandre Janiak

Benoît Laine

Elisabetta Lazzaro

Michele Lenza,

Joëlle Liebermann

Roman Liska

Anne Michels

Michele Modugno

Paulo Santos Monteiro

Fulvio Mulatero

Jerzy Niemczyk

Gianluca Papa

Eugenio Proto

Rafal Raciborski

Jorge Rodrigues

Francesca Romagnoli

Alexander Sebald

Valérie Smeets

Christophe Soil

Biagio Speciale

Mohamed Sraieb

Serguei Stepanov

Hiroyuki Taniai

Lydia Tsyganok

Patrick Van Roy

Cristina Vespro

Alexis Walckiers

Nathan Zylberstejn

## Visiting Doctoral Researchers (ENTER)

Joachim Keller

Kristin Ross

## Administrative Staff

Claude Adan

Nancy De Munck

David Dubois

Romy Genin

Karina Huberman

Claude Léonis (interim)

Patricia Semeraro (interim)

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# WHO'S WHO AT ECARES

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## ECARES FELLOWS

### Marco Becht

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

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

### Estelle Cantillon

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

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

### Micael Castanheira de Moura

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

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

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

### **Paola Conconi**

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

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

### **Griselda Deelstra**

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

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

### **Catherine Dehon**

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

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

### **Christine De Mol**

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

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

### **Mathias Dewatripont**

holds a Ph.D. in Economics from Harvard University, 1986. His general research area is the theory of incentives and organizations. He is Professor of Economics at ULB where he teaches introductory economics, microeconomic theory and contract theory. He has been part-time Visiting Professor at MIT and Research Director of CEPR since 1998. Fellow of the Econometric Society, laureate of the 1998 Francqui Prize and of the 2003 Yrjo Jahnsson Prize for Economics, he was elected Vice-President of the EEA for the Year 2004, and will become President for 2005. He was Managing Editor of the *Review of Economic Studies* (1990-94) and one of the three Programme co-chairs of the 2000 World Congress of the Econometric Society. He was outside Director of CGER-Bank (1992-99) and co-Director of ECARES (1991-2002).

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

### **Jan Fidrmuc**

holds a PhD from CentER, Tilburg University (1999). His research interests include political economy, economics of transition, institutional economics, and migration. He has been visiting ECARES as a Marie Curie Fellow since October 2002 until January 2005. He is also a Research Affiliate of the Centre for Economic Policy Research in London, Senior Fellow at the Center for European Integration Studies (ZEI) at the University of Bonn, and Research Fellow of the William Davidson Institute at the University of Michigan Business School, and has recently been appointed a Lecturer in Economics at Brunel University in London.

Selected work: *Political Economy of Transition and Development: Institutions, Politics and Policies*, (with N. Campos), ZEI Studies in European Economics and Law, Kluwer Academic Publishers, 2004; "Migration and Regional Adjustment to Asymmetric Shocks in Transition Economies", *Journal of Comparative Economics*, 2004. "Disintegration and Trade", (with J. Fidrmuc), *Review of International Economics*, 2003; "Economic Reform, Democracy and Growth during Post-communist Transition", *European Journal of Political Economy*, 2003, "Economics of Voting in Post-Communist Countries", *Electoral Studies*, Special issue: Economics and Elections, June/September 2000; "Political Support for Reforms: Economics of Voting in Transition Countries", *European Economic Review*, 2000.

### **Marjorie Gassner**

holds a Ph.D. in Mathematics from ULB, 1989. Her research mainly concerns the mathematical aspects of electoral systems, and in particular proportional representation. She teaches Mathematics. She is a member of CRISP (Centre Recherche et d'Information Socio-Politiques) and CEVIPOL (Centre d'étude de la vie Politique - U.L.B.).

Selected work: «L'accord du Lombard et ses effets électoraux», (with B. Bayenet, E. Lentzen & F. Thys), *L'Année Sociale*, 2001; *Délégations Parlementaires - Méthodes Mathématiques et Représentation (Bi)dimensionnelle*, Editions de l'Université de Bruxelles, 2000; «Biproportional Delegations: a Solution for Two-Dimensional Proportional Representation», *Journal of Theoretical Politics*, 1991; «Two-Dimensional Rounding for a Quasi-Proportional Representation», *European Journal of Political Economy*, 1988.

### **Domenico Giannone**

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

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

## **Victor Ginsburgh**

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

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

## **Marc Hallin**

holds a D.Sc. in Mathematics from the Université libre de Bruxelles (1976). He is on the editorial boards of the *Journal of the American Statistical Association*, the *Journal of Time Series Analysis*, *Statistical Inference for Stochastic Processes*, and the *Journal de la Société Française de Statistique*; he serves as a coordinating editor for the *Journal of Statistical Planning and Inference*. A Fellow of the Institute of Mathematical Statistics (I.M.S.), of the American Statistical Association (A.S.A.), and a Membre titulaire of the International Statistical Institute (I.S.I.), he is member of the Classe des Sciences de l'Académie Royale de Belgique.

Selected work: "Optimal Tests for Multivariate Location Based on Interdirections and Pseudo-Mahalanobis Ranks", (D. Paindaveine), *Annals of Statistics*, 2002; "Semiparametric Efficiency, Distribution-Freeness, and Invariance", (with B. Werker), *Bernoulli*, 2003; "Efficient Detection of Random Coefficients in AR(\$p\$) Models", (with A. Akharif), *Annals of Statistics*, 2003; "Local Linear Spatial Regression", (with Z. Lu & L.T. Tran), *Annals of Statistics*, 2004; "Rank-Based Optimal Tests of the Adequacy of an Elliptic VARMA Model", (with D. Paindaveine), *Annals of Statistics*, 2004; "The Generalized Dynamic Factor Model: One-Sided Estimation and Forecasting", (with M. Forni, M. Lippi, & L. Reichlin), *Journal of the American Statistical Association*, 2005, forthcoming; "Optimal Rank-Based Tests for Sphericity", (with D. Paindaveine), *Annals of Statistics*, 2005, forthcoming.

## **Georg Kirchsteiger**

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

Selected publications: "Endogenizing Market Institutions: An Experimental Approach", (with M. Niederle & J. Potters), forthcoming in *European Economic Review*; "A Theory of Sequential Reciprocity", (with M. Dufwenberg), *Games and Economic Behavior*, 2004; "Inefficient Equilibria in Lobbying", (with A. Prat), *Journal of Public Economics*, 2001. "Theoretically Robust But Empirically Invalid: An Experimental Investigation Into Tax Equivalence", (with R. Kerschbamer), *Economic Theory*, 2000; "Gift Exchange and Reciprocity in Competitive Experimental Markets", (with E. Fehr & A. Riedl), *European Economic Review*, 1998; "Reciprocity as a Contract Enforcement Device: Experimental Evidence", (E. Fehr & S. Gächter), *Econometrica*, 1997.

## **Patrick Legros**

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

Selected work: "Auditing and Property Rights", with (E. Iossa), *Rand Journal of Economics*, Summer 2004; "Moral Hazard and Capital Structure Dynamics", (with M. Dewatripont & S. Matthews), *Journal of the European Economic Association*, June 2003; "Monotone Matching in Perfect and Imperfect Worlds", (with A. Newman), *Review of Economic Studies*, October 2002; "Courts, Contracts and Interference", (with A. Newman), *European Economic Review*, 2002; "Wealth Effects, Distribution, and the Theory of



Organization", (with A. Newman), *Journal of Economic Theory*, 1996; "Efficient and Nearly Efficient Partnerships", (with S. Matthews), *Review of Economic Studies*, 1993.

### **Estelle Malavolti-Grimal**

holds her Ph.D. in Economics from the University of Toulouse, December 2002. Before 2003, she was Research Fellow for the Finance and Consumption Chair at the European University Institute, Florence. She visited ECARES as a post-doct Marie Curie Fellow (January 2003-August 2004), and has been appointed as full time professor at Ecole Nationale de l'Aviation Civile (Toulouse) since September 2004. Her fields of interest are Competition Policy, Corporate Finance and Development Economics.

### **Guy Mélard**

holds a Ph.D. in Statistics from ULB, 1975. His research fields include: a) statistical analysis of time series and signal processing: algorithms for identification, estimation and forecasting methods; b) models with time-dependent coefficients, non-linear models (threshold models, ARCH models), intervention models; c) development of an Expert System for Economic Forecasting: TSE (Time Series Expert); d) seasonal adjustment by signal extraction methods; e) development of a self-learning time series course.

Selected work: *Méthodes de prévision à court terme*, Collection "Statistique et Mathématiques appliqués", Editions de l'Université de Bruxelles, Bruxelles et Editions Ellipses, Paris, 1990; "Computation of the Exact Information Matrix of Gaussian Dynamic Regression Time Series Models", (with A. Klein & T. Zahaf), *Annals of Statistics*, 1998; "Automatic ARIMA Modeling Including Interventions, Using Time Series Expert Software", (with J.-M. Pasteels), *International Journal of Forecasting*, 2000.

### **Abdul Noury**

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

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

### **Davy Paindaveine**

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

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

### **Lucrezia Reichlin**

holds a Ph.D. in Economics from New York University, 1986. Her main fields of interest are macroeconomics and applied time series. She has led a team of researchers at the Bank of Italy who devised a real time coincident indicator for the Euro area business cycle which is published every month by the CEPR ([www.cepr.org/data/eurocoin](http://www.cepr.org/data/eurocoin)). She has been invited to present her work at several conferences. A selected choice is: the National Bureau of Economic Research Macroeconomic Annual (Cambridge 2004), the World Congress of the Econometric Society (Seattle, 2000) and at the 2000 Royal Economic Society meetings. She has been teaching econometrics and time series at ULB since 1994. Previously she has been visiting associate professor at the Columbia University Graduate School

of Business, Deputy Director of the Research Department of the Observatoire Français des Conjonctures Économiques in Paris, research fellow at the European University Institute in Florence. She is CEPR Program co-director of International Macroeconomics, former member of the Council of the European Economic Association, chair of the scientific committee of the Euro Area Business Cycle Network, Chair of the CEPR Euro area business cycle dating committee. She has been consulting for the research department of the Federal Reserve Board of Governors, the Swiss National Central Bank, the European Central Bank and the Bank of Italy and teaching specialized advanced courses in several universities and central banks.

Selected work: "Monetary Policy in Real Time", (with D. Giannone & L. Sala ), in NBER Macroeconomic Annual 2004, forthcoming; "The Generalized Dynamic Factor Model: One sided estimation and forecasting", (with M. Forni, M. Hallin & M. Lippi), *Journal of the American Statistical Association*, forthcoming; "Factor models in large cross-section of time series", in M. Dewatripont, L. Hansen & S. Turnovsky (eds), *Advances in Economics and Econometrics: Theory and Applications*, 8th World Congress of the Econometric Society, Cambridge University Press, 2002; "Do financial variables help forecasting inflation and real activity in the Euro area?", (with M. Forni, M. Hallin & M. Lippi), *Journal of Monetary Economics*, 2004; "A Measure of Comovement for Economic Variables: Theory and Empirics", (with C. Croux & M. Forni), *Review of Economics and Statistics*, May, 2001; "The generalized Dynamic Factor Model: Identification and Estimation", (with M. Forni, M. Hallin & M. Lippi), *Review and Economics and Statistics*, November, 2000; "Let's Get Real: a Factor Analytical Approach to Disaggregated Business Cycle Dynamics", (with M. Forni), *Review of Economic Studies*, 1998.

### **Loïc Sadoulet**

holds a Ph.D. in Economics from Princeton University, 1999. His research interests revolve around incentive structures and informal contracts. Most of his recent work has been on microfinance contracts and extending the range of financial services for the poor in developing countries. He is currently developing a project aiming at attracting commercial banks into underserved areas of cities in developed countries (notably Brussels). His past professional experience include working at the World Bank, field work in Guatemala and the Dominican Republic, and projects on financial sector reform and poverty alleviation with the Inter-American Development Bank. At ULB, he teaches development, the core MBA class on macroeconomics, and an MBA elective on private sector opportunities in emerging economies.

Selected work: "Savings and Poverty Reduction: Fostering the Development of Deposit and Savings Schemes for the Poor", report prepared for the Inter-American Development Bank, 2004; "Microfinance Repayment Insurance: Good for the Borrower, Good for the Institution", in Russell Sage Foundation volume, P. Bolton & H. Rosenthal (eds.), 2004; "Learning from VISA®? Introducing Insurance Provisions in Microfinance Contracts", in *Insurance against Poverty*, S. Dercon (ed), WIDER, 2004; "Extending the Revolution: Developing for-Profit Microfinance in Developed Countries", (with E. Massetti), 2003; "Water User Associations: An Analytical Framework", in *Sustainable Water User Associations: Lessons from a Literature Review*, World Bank Technical Paper No. 354, 1997.

### **Nicolas Sahuguet**

holds a Ph.D. in Economics from the University of Pennsylvania, 2001. His research areas include industrial organization, auction theory and political economics.

Selected work: "Campaign spending in a model of redistributive politics", (with N. Persico), *Economic Theory*, 2004, forthcoming; "Costly signalling in auctions", (with J. Hörner), mimeo, 2004; "Volunteering for heterogenous tasks", mimeo, 2004; "A war of attrition with endogenous effort levels", (with J. Hörner), mimeo, 2004; "Party governance and political competition", (with M. Castanheira & B. Crutzen), mimeo, 2004; "How to win twice at an auction: on the incidence of commissions in auctions", (with V. Ginsburgh & P. Legros), mimeo, 2004.

### **André Sapir**

holds a Ph.D. in Economics from the Johns Hopkins University, 1977. He spent five years as assistant professor at the University of Wisconsin-Madison. He was President of the Institut d'Études Européennes (1992-1998). He is a Research Fellow of CEPR and is a Founding Editor-in-Chief of the *Journal of Industry, Competition and Trade* and a Founding Editorial Board Member of the *World Trade Review* (Cambridge University Press and World Trade Organisation). He is currently Economic Advisor within the Group of Policy Advisers of the European Commission's President and Executive Director of the Group of Economic Analysis (GEA), whose meetings are chaired by President Prodi. Within the Commission, he had previously served for several years as Economic Advisor to the Director-General for Economic and Financial Affairs. His research

activities include empirical, theoretical and policy work in the field of international economics, with special emphasis on economic integration, monetary union, commercial policy and North-South trade. He has published extensively in these areas.

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

### **Erwann Sbai**

received his Ph.D. in Economics from the University of Toulouse 1 (2003). He joined ECARES in February 2003, with a Marie Curie Training Site Host Fellowship. During the academic year 2003-2004, he was temporary lecturer at ECARES. Since September 2004, he has been appointed as professor of economics at the University of Auckland (New Zealand). His research covers structural econometrics and empirical auctions.

### **David Veredas**

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

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

### **Patrick Waelbroeck**

Is a junior research fellow from the National Science Foundation (FNRS) in Belgium. He earned his Ph.D. in economics from Université de Paris I (Panthéon-Sorbonne) in December 2000. His research is in industrial organization with interest in the economics of science and innovation and in applied econometrics with interest in the analysis of survey and auction data, product differentiation and simulation methods. He teaches industrial organization and microeconomics in the Ph.D. program of ECARES.

Selected work: "Treasury Bill Auction Procedures: Empirical Perspectives from French Market Bid Functions", (with R. Préget), *Journal of International Money and Finance*, 2004, forthcoming; "Assessing Spillovers from Universities to Firms: Evidence from French Firm-Level Data", (with S. Monjon), *International Journal of Industrial Organization*, 2003; "Innovations, production Complexity and the Optimality of R&D", *Economics Letters*, 2003.

### **Philippe Weil**

has been at ULB since 1992. Prior to his coming to ULB, he studied law and political science in Paris, got his Ph.D. in Economics from Harvard University in 1985, and was assistant (1985-89) and associate professor (1989-92) at Harvard. He was director of the CEPR program on International Macroeconomics (1994-98), and is now a member of the Appointment and Executive Committees of CEPR, and a Research Associate of the NBER. He was co-Director of ECARES from 1992 to 2002. He is a member of the editorial board of the *Journal of Economic Growth* and of the *Journal of Money, Credit and Banking*. His current interests center on macroeconomics and labor market imperfections and saving under uncertainty. He is writing a macroeconomics textbook, "Macroeconomic Theory: a Primer", to be completed in 2004.

Recent research: "The Macroeconomics of Credit and Labor Markets Imperfections", (with E. Wasmer), *American Economic Review*, September 2004; "Labor Supply, Precautionary Saving and Growth," (with Albert Marcet and Francesc Obiols), 2004; "Precautionary Saving and Consumption Smoothing Across Time and Possibilities," (with Miles Kimball).

## **NON RESIDENT FELLOWS**

### **Philippe Aghion**

holds a Ph.D. in Economics from Harvard University, 1987. He has contributed to contract theory, the theory of organizations, the theory of endogenous growth and the economics of transition. One of his current research topics is to help improve the microeconomic foundations to various dynamic aspects of macroeconomics. He has been assistant professor at MIT, researcher at CNRS in Paris, Deputy Chief Economist at the EBRD, official fellow at Nuffield College, professor at University College London and is currently professor at Harvard University, where he teaches growth theory and contract theory. He is a fellow of the Econometric Society, laureate of the Yrjö Jahnsson Prize for Economics and Programme Director of CEPR for Industrial Organization and was a member of the Council of the European Economic Association.

### **Erik Berglöf**

holds a Ph.D. from the Stockholm School of Economics, 1991. His research focuses on financial contracting and corporate governance. In particular, he has applied theoretical insights to studies of differences between capitalist financial systems, and specific ownership and control arrangements in these countries. His recent work has also analyzed financing problems in transition economies. He is a research fellow and programme Director of CEPR ('Institutions and Economic Performance' program) and is currently director of the Stockholm Institute of Transition Economics at the Stockholm School of Economics.

### **Patrick Bolton**

holds a Ph.D. in Economics from the London School of Economics, 1986. He is professor of economics at Princeton University. His contributions are in the area of corporate finance, the theory of the firm, antitrust theory, the theory of rational learning by experimentation, political economy, the economics of transition and development economics. He was Managing Editor of the *Review of Economic Studies* and a member of the Council of the European Economic Association. He is a fellow of the Econometric Society and CEPR and Editor of the *Journal of the European Economic Association*.

### **Jacques Bughin**

holds a Ph.D. in Economics from the Université Catholique de Louvain, 1992. His area of research includes industrial organization and labor markets, corporate finance with application to wage/labor union - firm bargaining, exchange rate pass-through, media and multi-media economics. He taught in many universities, including ULB, and since 1992, he has been a partner and member of the Management Group at McKinsey and Company.

### **Christophe Croux**

holds a Ph.D. in Statistics from Antwerp University, 1993. His research interests are in the robustification of econometric methods, statistical properties of classification techniques and the development of exploratory data analysis tools for multiple time series. He is associate editor of the *Journal of Computational Statistics and Data Analysis*. He was professor at ULB and a fellow of ECARES. He has been professor at Katholieke Universiteit Leuven since 2002.

### **Antonio Estache**

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

### **Jacques Lawarrée**

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

### **Ailsa Roëll**

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

### **G rard Roland**

holds a Ph.D. in Economics from ULB, 1988. His research includes transition and political economics. His contributions have covered mainly political economy aspects of transition but also financial reform, privatization, restructuring and macroeconomic aspects of transition. He was the coorganizer, with Olivier Blanchard, of a Nobel symposium on the economics of transition in September 1999. He is Program Director of CEPR for the program 'Institutions and Economic Performance'. His research in political economics spans from the break-up of nations and federalism to the separation of powers in democracies and comparative analysis of parliamentary and presidential systems. He is currently part-time professor at ULB and has been professor at the University of Berkeley since 2002.

### **Etienne Wasmer**

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

## **DOCTORAL RESEARCHERS**

### **Ugo Albertazzi**

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

### **Martha Banbura**

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

### **Jonathan Boulanger**

holds a BA in Economics from ULB, 2001. He is currently in the Master program in Economics at ULB. Research: the economics of classical music and the theory of international trade.

### **Maria-Caterina Bramati**

holds a BA in Statistics and Economics from Universit  di Roma "La Sapienza" (1999) and an MA in Economics and Statistics from ULB (2002). Research: robust methods applied to panel data models; robust multivariate inference in time series; supervisors: Davy Paindaveine, Marc Hallin and Christophe Croux.

### **Paolo Casini**

holds a degree in Economics from "Universit  G. D'Annunzio" in Pescara, Italy (2001), and an MA in Economics and Statistics from ULB (2003). Research: Industrial organization; effects of tying and bundling on competition and welfare.

### **Delphine Cassart**

holds a BA in Mathematics from ULB (2001), a Master of Science in Biostatistics from LUC (2002) and a Master in Economics and Statistics from ECARES, ULB (2004). Research: A parametric and nonparametric test of symmetry based on Edgeworth development (univariate case); supervisors: Marc Hallin and Davy Paindaveine.

### **Jacopo Cimadomo**

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

### **Benoit Crutzen**

holds a Ph.D. in Economics from ULB (2004). His supervisors were Gérard Roland and Micael Castanheira. He also holds a BA in Economics from Università Luigi Bocconi (1995), an M.Phil. in Economics from Oxford University (1998) and an MA in Econometrics and Statistics from ULB (2001). His research focuses on political economics.

### **Antonello D'Agostino**

holds a BA in Statistical and Economic Sciences from Università degli Studi di Roma "La Sapienza" (1998), a MA in Economics from Università Luigi Bocconi (1999) and an MA in Econometrics and Statistics from ULB (2001). Research: macro-finance; supervisor: Lucrezia Reichlin. Since the Spring of 2004, he has been a fellow at the Ente Luigi Ainaudi Institute (Rome).

### **Quentin David**

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

### **David De Antonio Liedo**

holds a BA in Economics from Universidad de Salamanca (2002) and a Master in Economics and Statistics from ULB (2003). he was an intern in the Business Cycle Department at the Kiel Institute of World Economics where he worked on an analysis of the Institute's forecast errors for GDP and Inflation. Research: structural models, evaluation and forecasting with bayesian techniques; supervisor: Lucrezia Reichlin.

### **Bruno Deschamps**

holds a BA in Economics from Université Catholique de Louvain (1999) and an MA in Economics from ULB (2001). Research: behavioral economics, in particular herd behavior and time-inconsistent preferences; supervisors: Mathias Dewatripont and Victor Ginsburgh.

### **Arnaud Devleeschauwer**

holds a BA in Economics (1998) from ULB, an MA in Econometrics and Economics (1999) from ULB, and an MA in Economics from Harvard University (2002). Research: Economics of population heterogeneity; supervisors: Alberto Alesina (Harvard) and Philippe Weil.

### **Marina Emiris**

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

### **Nicolas Gothelf**

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

### **Denis Herbaux**

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

### **Gisèle Hites**

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

### **Alexandre Janiak**

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

### **Benoît Laine**

holds a BA in Econometrics from Université de Toulouse (1999) and an MA in Econometrics and Statistics from ULB (2001). Research: multivariate quantile problems and depth models; supervisor: Marc Hallin.

### **Elisabetta Lazzaro**

holds a BA in Economics from Università di Venezia, Ca' Foscari (1995) and an MA in Economics from Université Paris I-Sorbonne (1998). Research: economics of art markets, and cultural education policies; supervisor: Victor Ginsburgh and Xavier Greffe (Université Paris I-Sorbonne).

### **Michele Lenza**

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

### **Joëlle Liebermann**

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

### **Roman Liska**

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

### **Anne Michels**

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

### **Michele Modugno**

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

### **Paulo Santos Monteiro**

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

### **Fulvio Mulatero**

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

### **Jerzy Niemczyk**

holds M.Sc in Mathematics from Technical University of Wroclaw (2002). He has obtained the "Diplôme d'études approfondies en statistique, orientation économie et statistique" in 2003. He was involved in the Economics and Statistics Doctoral Program at ECARES in 2004. He is currently working at the Quantitative Economics department at the University of Amsterdam.

### **Gianluca Papa**

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

### **Eugenio Proto**

holds a BA in Economics from Università Luigi Bocconi (1993), an MA in Economics from Università di Torino (1995) and an MA in Economics from ULB (1997) and holds a Ph.D. from ULB (2004 – see thesis), entitled *Stagnation and Instability in the Less Developed Economies*, supervisor: P. Legros & A. Newman. He visited the University of Bristol in 2002-2003 and has been at the University of Warwick since 2004.

### **Rafal Raciborski**

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

### **Francesca Romagnoli**

holds a BA in Economics from Università Roma 3 (2001), a Master in Economics from MAPE (Master in Applied Econometrics) University of Pavia (2002), and is in the third year of the European PhD in Socio-Economic and Statistical Studies, at Università La Sapienza, Rome. She has been a visiting PhD student at ECARES since February 2004. Research: economics of industrial specialization, international trade; supervisor: Marco Lippi (La Sapienza, Rome).

### **Alexander Sebald**

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

### **Valérie Smeets**

holds a BA in Economics (1997) and an MA in Econometrics (1999) from ULB, and holds a Ph.D. from ULB (2004 – see thesis), entitled *Incentives, Sorting and Personnel Policies in Economics Departments*, supervisor: Patrick Legros. From October 2002 to September 2003, she visited IDEI (Université des Sciences Sociales de Toulouse) and has been a post-doctoral fellow at the Aarhus School of Business since October 2003.

### **Christophe Soil**

holds a BA in Economics (1999) and an MA in Economics (2001) from ULB. Research: the impact of technological progress on labour market, the use of team incentives as a monitoring tool and the subcontracting as a strategy to go beyond the trade-union's constraint on the wage gap; supervisor: Mathias Dewatripont.

### **Biagio Speciale**

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

### **Mohamed Sraieb**

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



### **Serguei Stepanov**

holds a MSc in Engineering from Moscow Aviation Institute (Technical University, 1998), an MA in Economics from New Economic School, Moscow (2000) and an MA in Economics and Statistics from ULB (2002). He has been visiting Stockholm School of Economics for the academic year 2004-2005. Research: Essays on Law and Corporate Governance; supervisor: Mathias Dewatripont.

### **Hiroyuki Taniai**

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

### **Lydia Tsyganok**

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

### **Patrick Van Roy**

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

### **Cristina Vespro**

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

### **Alexis Walckiers**

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

### **Nathan Zylberstejn**

holds a BA in Economics from ULB, 2001. He was involved in the ECARES doctoral program in Economics and Statistics during the academic year 2003-2004.

## **VISITING DOCTORAL RESEARCHERS (ENTER)**

### **Joachim Keller**

holds a Master in Economics (2002) from Mannheim University. He is a doctoral student at Mannheim University and has been visiting ECARES since September 2003. Research: corporate finance and product market competition.

### **Kristin Ross**

holds a B.Sc. in Philosophy and Economics (1999) from the London School of Economics, and an M.Sc. in Economics (2000) from Queen Mary, University of London. She is a doctoral student at Birkbeck College, University of London and has been visiting ECARES since September 2003. Research: international macroeconomics and finance.

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# PUBLICATIONS AND WORKING PAPERS

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## ECARES FELLOWS

### Marco Becht

"Why Has There Been so Little Blockholding in the United States?", (with B. DeLong), in R. Morck (ed), *The History of Corporate Governance around the World: Family Business Groups to Professional Managers*, NBER, Chicago University Press, 2005, forthcoming.

### Estelle Cantillon

"Investment Incentives in Procurement Auctions", (with L. Arozamena), *Review of Economic Studies*, 71, no. 1, January 2004.

"Auctioning Bus Routes: The London Experience", (with M. Pesendorfer), Chap. 22 in *Combinatorial Auctions*, L. Ausubel, N. Shoham & R. Steinberg (eds), MIT Press, 2004, forthcoming.

"CO2 Market Boost Best Route to Hitting Kyoto Targets", (with S. Boucher), Op-Ed, *European Voice*, 24-30 June 2004.

"The Effects of Bidders' Asymmetries on Expected Revenue in Auctions", mimeo, 2004.

"Combination Bidding in Multi-Unit Auctions", (with M. Pesendorfer), mimeo, 2004.

"Properties of Scoring Auctions", (with J. Asker), mimeo, 2004.

### Micael Castanheira de Moura

"Regions in Europe: Sisyphus or Phoenix?", (with Georges Siotis), in P. Magnette & E. Remacle (eds), *La Grande Europe*, 2004, Editions de l'Université de Bruxelles, pp167-184.

"Party Governance and Political Competition: with an Application to the Introduction of the American Direct Primary", (with N. Sahuguet & B. Crutzen), mimeo, 2004.

"How to Gain Political Support for Reforms?", (V. Galasso, S. Carcillo, G. Nicoletti, E. Perotti & L. Tsyganok), mimeo, 2004.

### Paola Conconi

"Conditionality, Separation, and Open Rules in Multilateral Institutions", in J.C. Hartigan & E.K. Choi (eds), *Handbook of International Trade: Economic and Legal Analysis of Laws and Institutions*, Oxford, U.K. and Cambridge, MA: Blackwell Publishers, 2004.

"Self-Enforcing International Agreements and Domestic Policy Credibility", (with C. Perroni), mimeo, 2004.

"The Economics of S&D Trade Regimes", (with C. Perroni), CEPR Discussion Paper No. 4508, 2004.

"Cooperation Between Finitely-lived Agents with Endogenous Lifespans", (with N. Sahuguet), mimeo, 2004.

"The Intra-household Distributional Effects of Migration: is there a Gender Gap?", (with N. Chen & C. Perroni), mimeo, 2004.

"Strategic Trade Policy and the Threat of Regionalism", mimeo, 2004.

"Is Capital Tax Harmonization Desirable?", mimeo, 2004.

### Griselda Deelstra

"Pricing of Arithmetic Basket Options by Conditioning", (with J. Liinev & M. Vanmaele), *Insurance, Mathematics and Economics*, 2004, 34 (1), pp. 1-23.

"Optimal Design of the Guarantee for Defined Contribution Funds", (with M. Grasselli & P.-F. Koehl), *Journal of Economic Dynamics and Control*, 2004, 28 (11), pp. 2239-2260.

"Approximation of Stop-Loss Premiums Involving Sums of Lognormals by Conditioning on Two Variables", (with M. Vanmaele & J. Liinev), *Insurance, Mathematics and Economics*, 2004, 35 (2), pp. 343-367.

"Bounds for the Price of a European-Style Asian Option in a Binary Tree Model", (with H. Reynaerts, M. Vanmaele & J. Dhaene), *European Journal of Operational Research*, 2004, available online since 11 September 2004.

"Bounds for the Price of Discrete Arithmetic Asian Options", (with M. Vanmaele, J. Liinev, J. Dhaene & M.J. Goovaerts), *Journal of Computational and Applied Mathematics*, 2004, forthcoming.

"Option Valuation and Parameter Estimation in a Non-Affine Stochastic Volatility Model", (with A. Ezzine), CD-ROM Proceedings of the 8th International Congress on Insurance: Mathematics and Economics, Rome, 2004.

"Bounds for Stop-loss Premiums of Life Annuities with Random Interest Rates", (with G. Darkiewicz, J. Dhaene, T. Hoedemakers & M. Vanmaele), CD-ROM Proceedings of the 8th International Congress on Insurance: Mathematics and Economics, Rome, 2004.

"Approximation of Stop-Loss Premiums Involving Sums of Lognormals by Conditioning on More than One Variable", (with J. Liinev & M. Vanmaele), CD-ROM Proceedings of the 20<sup>th</sup> Conférence Internationale de l'Association Française de Finance (AFFI) Cergy-Pontoise, 2004.

"Optimal Consumption and Portfolio Choice for Non-Affine Stochastic Volatility Jump Diffusion Model", (with A. Ezzine), CD-ROM Proceedings of the 20<sup>th</sup> Conférence Internationale de l'Association Française de Finance (AFFI) Cergy-Pontoise 2004.

"Option Valuation in a Non-Affine Stochastic Volatility Jump Diffusion Model", (with A. Ezzine & J. Janssen), mimeo, 2004.

"Bounds for Stop-Loss Premiums of Stochastic Sums (with Applications to Life Contingencies)", (with T. Hoedemakers, G. Darkiewicz, J. Dhaene & M. Vanmaele), mimeo, 2004.

### **Catherine Dehon**

"Social and Spatial Inequalities in Consulting a GP versus a Specialist in Belgium", (with P. Fiszman), mimeo, 2004.

"Robustness versus Efficiency for Nonparametric Correlation Measures", (with C. Croux), mimeo, 2004.

### **Christine De Mol**

"Inverse Imaging with Mixed Penalties", (with M. Defrise), Proceedings URSI EMTS 2004 (Ed. PLUS Univ. Pisa), 2004, pp. 798--800.

"An Iterative Thresholding Algorithm for Linear Inverse Problems with a Sparsity Constraint", with (I. Daubechies & M. Defrise), *Comm. Pure and Appl. Math.*, 2004, Vol. 57, pp. 1413-1457.

"Linear Inverse Problems with Mixed Smoothness and Sparsity Constraints", (with M. Defrise), mimeo, 2004.

### **Mathias Dewatripont**

*Contract Theory*, (with P. Bolton), MIT Press, January 2005, forthcoming.

"Transferable Control", (with P. Aghion & P. Rey), *Journal of the European Economic Association*, 2004, vol. 2, issue 1, pp. 115-138.

"Commitment Devices under Self-Control Problems: an Overview", (with I. Brocas & J. Carrillo), in I. Brocas & J. Carrillo (eds), *The Psychology of Economic Decisions, Volume 2: Reasons and Choices*, Oxford University Press, 2004.

"Quality Provision in the European Postal Market", (with P. Legros), in P. Magnette (ed), *La Grande Europe*, Editions de l'Université de Bruxelles, 2004.

"Modes of Communication", (with J. Tirole), mimeo, revised 2004.

### **Jan Fidrmuc**

"Migration and Regional Adjustment to Asymmetric Shocks in Transition Economies", *Journal of Comparative Economics*, 32 (2), June 2004, pp. 230-247.

"Optimum Choice of the Exchange-Rate Regime for the Accession-Candidate Countries", (with M. Maurel), *Journal of Comparative Economics*, 32 (2), June 2004, pp. 197-201.

"Interest Groups, Stakeholders, and the Distribution of Benefits and Costs of Reform", (with A. Noury), in *Understanding Reform*, J. Fanelli & G. McMahon (eds), Palgrave, 2005, forthcoming.

"Advanced Perspectives on Migration and Mobility", (with O. Stark), mimeo, 2004.

### **Domenico Giannone**

"Monetary Policy in Real Time", (with L. Reichlin & L. Sala), in *Macroeconomic Annuals*, M. Gertler & K. Rogoff (eds), NBER, 2004, forthcoming.

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### **Marc Hallin**

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### **Estelle Malavolti-Grimal**

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### **Guy Mélard**

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## **Abdul Noury**

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## **Lucrezia Reichlin**

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### **Nicolas Sahuguet**

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### **André Sapir**

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### **Erwann Sbai**

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### **David Veredas**

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### **Patrick Waelbroeck**

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### **Philippe Weil**

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## **DOCTORAL RESEARCHERS**

### **David de Antonio Liedo**

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### **Maria Caterina Bramati**

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### **Benoît Crutzen**

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### **Bruno Deschamps**

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### **Nicolas Gothelf**

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### **Michele Lenza**

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### **Jerzy Niemczyk**

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### **Eugenio Proto**

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### **Valérie Smeets**

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### **Christophe Soil**

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"Subcontracting, Fairness and Efficiency", 2004, mimeo.

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### **Biagio Speciale**

"Public Educational Subsidies and Migratory Flows: Theory and Evidence", 2004, mimeo.

"An Inverted-U Relationship Between Debt and Executive Compensation: Theory and Evidence from UK Panel Data", 2004, mimeo.

### **Serguei Stepanov**

"Shareholder Protection and Outside Blockholders: Substitutes Complements?", mimeo, 2004.

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"Disclosure of Self-Dealing Transactions", mimeo, 2004.

### **Lidia Tsyganok**

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### **Patrick Van Roy**

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### **Cristina Vespro**

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### **Alexis Walckiers**

"Multidimensional Screening and University - Part one: Theoretical", mimeo, 2004.

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## ECARES DOCTORAL SCHOOL

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The Doctoral school at ECARES offers advanced courses in economics, econometrics and statistics as well as three weekly seminars, two in economics and one in statistics/econometrics. The courses, taught by ECARES fellows and visitors from other universities (see below), are part of the curriculum of the doctoral program in economics and statistics (DPES) and the doctoral program in economics granted by the Université Libre de Bruxelles.

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

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

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

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

**Catherine Doz** (Université de Cergy-Ponthoise): "Graduate Econometrics II".

**Pietro Garibaldi** (Università L. Bocconi): "Personnel Economics".

**Robert Kollman** (Bonn University): "Graduate Macroeconomics II".

**Jerzy Konieczny** (Wilfried Laurier University): "Topics in Macroeconomics".

**Per Krusell** (University of Rochester): "Income Distribution and the Business Cycle".

**Andrew Newman** (University College London): "Economics of Globalization".

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

The list of the visiting students in the Framework of the ENTER Program can be found on page 17.

For more details on the Doctoral School go to our website [ECARES.ORG](http://ECARES.ORG).

ECARES Doctoral School will host and organize the ENTERJamboree in January 2005.

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# DOCTORAL DISSERTATIONS

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## **Benoît Crutzen**

Title: *Essays on the Economics of Parties and Information-Based Discrimination.*

Director: Gérard Roland.

### *Political Economics*

Two chapters start from the premise that political parties and politicians are not perfect substitutes, in opposition to what Downs (1957) assumes. Coherently with this remark, we view parties as complex organizations comprising different types of actors with different objective functions.

In “Intra-Party Discipline, Rent Extraction and Electoral Rules”, we focus on the role intra-party discipline plays in shaping the choices of individual politicians. In order to do this, we let parties be composed of two types of actors: the politicians, who strive to win an elective office, and the other party members – the rank-and-file – who only care about their party winning the election. We focus on the two most commonly used electoral rules, namely British-style plurality rule and closed-list proportional representation. Building on the political career-concern model of Persson and Tabellini (2003), we show that, in equilibrium, the effect of intra-party discipline on effort provision by individual politicians is markedly different under the two electoral rules we consider. Whereas the effect of intra-party discipline on individual rent extraction is monotonic and positive under plurality rule, it is U-shaped under proportional representation. This implies in turn that assuming that parties and politicians are perfect substitutes may limit the understanding of the determinants of economic policy. Our results also offer a new interpretation of the available empirical literature (see e.g. Persson, Tabellini and Trebbi 2003).

The chapter on “Party Governance and Political Competition”, with M. Castanheira and N. Sahuguet, opens the black box of parties even further. It examines in greater depth the role of inter- and intra-party competition in the determination of equilibrium organizational structures of parties. We assume parties can choose between two structures: an internally democratic one and an entrenched one. This analysis focuses on electoral competition between two parties in the simplest electoral system possible, namely British-style first-past-the-post. We examine the role played by different socio-economic factors such as ideology, office-motivation and the electorate’s degree of information about the parties’ electoral platforms. We show that the degree of inter-party competition impacts on the parties’ equilibrium governance structures which in turn determine individual equilibrium effort provision by politicians. Conversely, we show that a party’s choices impacts on the other party’s choices. This implies a two-way relationship between the characteristics of the political market and the choices of parties and politicians. We find that more extreme parties tend to choose governance structures that are less internally democratic, especially if voters are well informed about the parties’ platforms. We use our findings to provide a rationale behind the rise of the American Direct Primary – an electoral reform allowing voters to select directly their preferred politician out of the pool of available candidates – that changed radically US politics at the turn of the twentieth century.

### *Discrimination in Labor Markets*

Economists usually think about discrimination either in terms of tastes (à la Becker 1957) or of statistical inference (à la Phelps 1972 or Arrow 1973). However, discrimination is pervasive even when it cannot be ascribed to the reasons above. Indeed, the sociological and economic literature (Lang 1986) has pointed out that different agents that share a vast array of characteristics – including language, place of residence, level of human capital, etc. – may be treated systematically differently because of problems of asymmetric information only.

In “Information-Based Discrimination and the Long Run”, we provide a theoretical framework that can be seen as partially rationalizing the evidence provided by Lang (1986), building on the seminal contribution by Jovanovic (1979). We assume workers belong to either of two subgroups. These groups differ in the speed at which information about the quality of the employer-employee match is revealed to both sides of the match. We prove that the expected wage of the high-speed group is always above that of the low-speed group. We also show that this information-based discrimination is a highly persistent phenomenon: it can be anticipated to disappear only in the very long run.

## **Domenico Giannone**

Title: *Essays on Dynamic Factor Models of Large Cross-Sections.*

Director: Lucrezia Reichlin.

Factor models for large cross-sections have been successfully used for prediction, for structural analysis, for constructing indicators of economic activity and therefore represent a useful tool for policymakers.

This thesis contributes to the growing literature on factor models both in the empirical and theoretical direction.

The first chapter aims at building the bridge between factor models and theoretical macroeconomic models. The starting point is that equilibrium business cycle models have typically less shocks than variables: if variables are measured with error, this characteristic implies that the model solution for measured variables has a factor structure. We compare estimation performance for the impulse response coefficients based on a VAR approximation to this class of models and an estimation method that explicitly takes into account the restrictions implied by the factor structure.

The second chapter shows that general equilibrium effects can partly rationalize the high correlation between saving and investment observed in OECD countries. We introduce a novel factor augmented panel regression to control for general equilibrium effects where global shocks are allowed to affect each country with specific sign and intensity. We show that the homogeneity restriction on the propagation of global shocks across countries is rejected by the data and biases the saving-retention coefficient estimated in previous studies. By relaxing this assumption, the saving-retention coefficient remains high in the 70's but decreases considerably over time becoming very small in the last two decades. This finding is explained by the increased capital mobility in OECD countries.

The third chapter develops asymptotic theory for the dynamic principal component estimator of factor models. The methodological approach extends the standard results for principal components estimators for a given cross-sectional dimension ( $n$ ) to the case in which both the number of variables ( $n$ ) and the sample size ( $T$ ) are large. The theoretical results are used to estimate the number of common shock driving US economy and to identify them. We conclude that two sources of fluctuations are pervasive in the US economy and one of them can be labeled "technology".

The fourth and last chapter explores the performance of a maximum likelihood estimator of the parameters of a static and a dynamic approximate factor model. We define a maximum likelihood estimator for a likelihood that is misspecified in the sense that the idiosyncratic cross-correlation is imposed to be zero (exact factor structure). We show that, first, unlike what claimed in recent literature, the EM algorithm and the Kalman filter can be successfully employed even when the cross-sectional dimension is large. Second, that the misspecification bias vanishes as the time dimension ( $T$ ) and the cross-sectional dimension ( $n$ ) go to infinity.

## **Eugenio Proto**

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

Directors: Patrick Legros & Andrew Newman (University College London).

*Land and the Transition from a Dual to a Modern Economy:* this model generates a relationship between wealth distribution, landlords' power and efficiency: high initial levels of poverty and unemployment result in high landlord bargaining power and high rental prices. This lowers the human capital investments of the poor and the economy converges to a less efficient dualistic equilibrium. When well functioning, the agrarian sector supplies skilled workers to the manufacturing sector, and pushes the economy towards full modernization. Therefore, the initial conditions in the agrarian sector determine the long run development of the entire economy, and its transition from a "dual" to a "modern" equilibrium. Economic policies with the aim of fostering the process of development need to take into account landlord bargaining power in the land market.

*Liquidity Supply and the Fragility of the Banking System:* banks act as maturity transformers, taking liquid deposits and invest in illiquid assets. In this classical framework, the liquidity supply increases the fragility of the system, defined as the capacity of the bank to absorb an external shock. This paper analyzes the determinant of the liquidity supply, and it shows that the fragility increases when the market allows a better portfolio selection. The deposit insurance has to involve more resources to rescue the banking system when this is more fragile, and leads the agents to bear higher risks.

*Shumpeterian Growth Through Creative Organization,* (with A. Newman & P. Legros): we consider an endogenous growth model in which appropriate organization fosters innovation, but because of appropriability problems these innovations are largely unplanned. Entrepreneurs choose to divide labor in order to reduce monitoring costs and division of labor facilitates learning by doing and invention by workers. When workers are mobile, they, and not the entrepreneurs, appropriate the returns of their inventions. Division of labor is costly for entrepreneurs and therefore growth and innovation will arise in the economy only when the returns to entrepreneurs from using monitoring are larger than the costs of monitoring; this can happen only if wages

in the economy are low and if entrepreneurs are not in excess supply. Therefore, imperfect credit market combined with inequality in wealth facilitate growth.

### **Valérie Smeets**

Title: *Incentives, Sorting and Personnel Policies in Economics Departments.*

Director: Patrick Legros.

The thesis studies empirically and theoretically personnel policies of economics departments, evaluates the validity of different theories of incentives and sorting regarding the internal organization of the firm and tries to determine the relative importance of incentives provision and sorting in personnel policies. The focus on economics departments allows me to use data on productivity as the outcome of the most important aspect of the job of economists in research universities, i.e. research, is publicly observable. The contribution of the empirical analysis is therefore twofold. The use of individual and firm performance allows me to perform a deep analysis of the internal policies of economics departments but also allows me to disentangle the many theories that could explain the results. On the side of the theoretical part of the thesis, the novelty comes from combining personnel policies and incentives to status issues.

The first chapter investigates what drives the careers of economists. I consider two potential explanations for the determinants of careers: sorting and career concerns. I look at the mobility and promotion patterns of a sample of top economists over thirty years and link it to their productivity and other personal characteristics. I test whether there is evidence of a learning process, which theory fits careers in economics departments and if the way careers are designed impacts the behavior of economists.

The second chapter considers a specific aspect of careers: the timing of promotions. The focus is on the existence of "fast tracks" or whether agents promoted quickly at one level of the hierarchy will be promoted more quickly at the next level. With respect to previous studies, the advantage of using data on individual performance is that it allows me to test the reasons behind the existence of fast tracks.

The third chapter analyzes the wage policy of U.S. economics departments. Through a series of empirical tests, I try to understand which theories can be helpful to explain the wage policy in place. I consider two very close incentives theories: standards and tournaments, and also take into account the effect of the outside labor market on the wage setting of economics departments.

In the fourth and last chapter, I construct a theoretical model on status and hierarchies where the reference case is academia. Individuals value status and their status is derived from their own prestige, the position they have in the firm and the prestige of the firm they belong to. I consider the effect of status on incentives and sorting in a multitasking environment and analyze the implications of introducing different promotion schemes.

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# SELECTED ECARES ACTIVITIES

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## LUNCHTIME MEETING

### **Fiscal Policy in Europe 1991-2003: An Evidence Based Analysis**

by **André Sapir** (ECARES, Université Libre de Bruxelles, European Commission & CEPR), this lunchtime meeting was held in May 2004. Chair: **Andrew Hughes Hallett** (Vanderbilt University & CEPR).

## CONFERENCES AND WORKSHOPS

### **The Organization and Effectiveness of Research and Higher Education**

Organized by **Mathias Dewatripont** (ECARES), Guido Friebel (IDEI, University of Toulouse 1) & Reinhilde Veugelers (Katholieke Universiteit Leuven) and held in Toulouse on January 30-31, 2004 (thanks to the Belgian Federal Science Policy (contract IAP P5/26)). Its programme was:

#### FIRST DAY

*Intergenerational Transfer of Human Capital and Optimal Education Policy*, by **Helmuth Crémer** (IDEI, University of Toulouse 1) & Pierre Pestieau (Université de Liège).

*Education Policies and Optimal Taxation*, by **Dario Maldonado** (University of Toulouse 1).

*Distance to Technological Frontier and Composition of Human Capital*, by Philippe Aghion (Harvard University), **Jérôme Vandenbussche** (Harvard University) & Costas Meghir (University College London).

*Funding Research and Educating People in a Growth Model with Increasing Population*, by André Grimaud (University of Toulouse 1) & **Frédéric Tournemaine** (University of Toulouse 1).

*Licensing of University Innovations: The Role of a Technology Transfer Office*, by Ines Macho-Stadler (Universitat Autònoma de Barcelona), David Perez-Castrillo (Universitat Autònoma de Barcelona) & **Reinhilde Veugelers** (Katholieke Universiteit Leuven).

*Individual Productivity Differences in Public Research: An Econometric Study of French Physicists' Publications*, by **Laure Turner** (ENSAE, CREST-LEI) & Jacques Mairesse (CREST).

POLICY PANEL, hosted by **Bernard Belloc** (former President of the University of Toulouse 1): *Reforms of Higher Education in Europe: The Challenges of Bologna*, with **Françoise Thys-Clément** (former Rector of ULB), **Josy Reiffers** (Vice Director of the Office of the French Ministry of Education and former President of the University of Bordeaux 2) & **Jean-Richard Cytermann** (Inspecteur général de l'Éducation et de la Recherche & Associate Professor at the EHESS).

#### SECOND DAY

*Oligopolistic Third-degree Wage Discrimination Elevates Human Capital Investment*, by **Kris Boschmans** (University of Antwerp) & **Jan Bouckaert** (University of Antwerp).

*The Effect of Policy Reform in Higher Education: Results from a Model of Educational Choice*, by **Stijn Kelchtermans** (Katholieke Universiteit Leuven) & **Frank Verboven** (Katholieke Universiteit Leuven).

*Academic Research Performance and Commitment: A Person-Environment Fit Perspective*, by **Sandy Bogaert** (University of Antwerp).

*Educational Computing Research: How to Take a Richer Picture*, by Péroline Brotcorne (ULB), Luc Wilkin (ULB) & **Ilaria Faccin** (ULB).

*Optimal Tuition Fees and Busidies in an Economic Analysis of Universities*, by **Robert Garybobo** (Université Paris 1 Panthéon-Sorbonne) & Alain Trannoy (EHESS, Marseille).

*Should Educational Policies Be Regressive ?*, by Daniel Gottlieb (Getulio Vargas, Rio de Janeiro) & **Humberto Moreira** (Getulio Vargas, Rio de Janeiro).

*Multi-Dimensional Screening and Research output*, by **Alexis Walckiers** (ULB).

*Teaching vs Research: A Multi-Tasking Approach to Multi-Department Universities*, by **Axel Gautier** (Facultés Universitaires Saint-Louis) & Xavier Wauthy (Facultés Universitaires Saint-Louis).

## **L'Avenir de la recherche européenne à la lumière du « Rapport Sapir »**

Organized by ECARES and IEE (Institut d'Etudes Européennes, ULB) on February 9 2004 at ULB (thanks to the the financial support of the Belgian Science Policy Services (contract IAP P5/26)). Its programme was:

PRÉSENTATION DU RAPPORT, by **André Sapir** (European Commission & ECARES).

INTERVENTION de **Philippe Busquin** (European Commission).

ROUND TABLE, with **Françoise Thys-Clément** (President of IEE), **André Sapir**, **Philippe Busquin**, **Henri Capron** (DULBEA, ULB) & **Mathias Dewatripont** (ECARES).

## **Affordable Technologies for Sustainable Development. IT @ Work in Microfinance in Asia**

Held on February 9 and 10 2004 in Brussels, this 2-day workshop was co-organized by PlaNet Finance and **ECARES** and welcomed **Muhammad Yunus** (Grameen Bank & Chittagong University).

PlaNet Finance proposed a meeting for leading companies, organisations, and individuals to analyse obstacles to the spreading of Information and Communication Technologies (ICT) in Asia, to explore ways to reduce the digital divide, to highlight the positive synergies of Microfinance and ICT in reaching the poor and empowering them in a sustainable way.

## **Conference on Microfinance**

Organized by **ECARES** and PlaNet Finance on February 11, 2004 at ULB. The programme was:

INTRODUCTION, by **Pierre de Maret** (Rector, ULB).

INTRODUCTION TO PLANET FINANCE, by **Mickaël Drouard** (PlaNet Finance).

*Seminar on Microfinance*, by **Muhammad Yunus** (Grameen Bank & Chittagong University).

## **Keeping It in the Family: Why Has Corporate Control Evolved So Differently in Continental Europe, the United Kingdom and the United States ?**

Organized by **ECARES** and IEE (Institut d'Etudes Européennes) at ULB on March 24 2004 (thanks to the the financial support services of the Communauté Française de Belgique (contract ARC 00/05-252) and the Belgian Science Policy (contract IAP P5/26)). Its programme was:

INTRODUCTION, by **Mathias Dewatripont** (ECARES).

*The Origins of the Managerial Revolution in the United States*, by **Marco Becht** (ECARES).

*Spending Less Time with the Family: The Decline of Family Ownership in the United Kingdom*, by **Colin Mayer** (Oxford University).

ROUND TABLE with **Ginette Kurgan-Van Hentenryck** (former Président of IEE), **Daniel Janssen** (President of the board of Solvay S.A.), **Marco Becht** (ECARES) and **Mathias Dewatripont** (ECARES).

## **Workshop on Political Economy and Institutional Performance**

Held on June 11 and 12, 2004 at ECARES, it was organized by **Mathias Dewatripont**, **Patrick Legros**, **Micael Castanheira** and Jean-Philippe Platteau (FUNDP) (thanks to the financial support of the Communauté Française de Belgique (contract ARC 00/05-252)). Its programme was:

*Political Equilibrium with Private or/and Public Campaign Finance: a Comparison of Institutions*, by **John Roemer** (Yale University). Discussant: **Enriqueta Aragonés** (Universitat Autònoma de Barcelona).

*The Impact of Corporate Governance on Investment Returns in Developed and Developing Countries*, by **Dennis Mueller** (University of Vienna), *joint with K. Gugler & B. Yurtoglu*. Discussant: **David Strömberg** (IIES, Stockholm University).

KEYNOTE ADDRESS: *The Political Economy of Credit and Default*, by **Howard Rosenthal** (Brown University & Princeton University).

*Land and Power and the Impact of the 1958 Electoral Reform in Chile*, by **Jean-Marie Baland** (Facultés Universitaires Notre-Dame de la Paix, Namur). Discussant: **Valentino Larcinese** (London School of Economics).

*Centralization and Political Accountability*, by **Jean Hindriks** (CORE, Université Catholique de Louvain), *joint with B. Lockwood*. Discussant: **Christian Schultz** (University of Copenhagen).

*Party-Governance and Political Competition*, by **Nicolas Sahuguet** (ECARES, Université Libre de Bruxelles), joint with *M. Castanheira & B. Crutzen*. Discussant: **Michel Le Breton** (IDEI, Université des Sciences Sociales de Toulouse).

*Redistribution and Affirmative Action*, by **David Austen-Smith** (Northwestern University), joint with *M. Wallerstein*. Discussant: **Karine Van der Straeten** (CNRS & Ecole Polytechnique).

*Public Education for the Minority, Private Education for the Majority*, by **Gilat Levy** (London School of Economics). Discussant: **Leonardo Martinez** (University of Rochester).

KEYNOTE ADDRESS: *How Do Electoral Rules Shape Party Structures, Government Coalitions, and Economic Policies*, by **Gérard Roland** (Berkeley University & ECARES, Université Libre de Bruxelles), joint with *T. Persson & G. Tabellini*.

*Party Control of State Government and The Distribution of Public Expenditures*, by **James M. Snyder** (Massachusetts Institute of Technology), joint with *S. Ansolabehere*. Discussant: **Estelle Cantillon** (Harvard Business School & ECARES, Université Libre de Bruxelles).

*Group Decision-Making in the Shadow of Disagreement*, by **Ronny Razin** (New York University), joint with *K. Eliaz & D. Ray*. Discussant: **Jean-François Laslier** (CNRS & Ecole Polytechnique).

### **Conference on the Economics of Art and Culture**

This conference was co-organized with the Industrial Relations Section, Princeton University. It was held on September 10-12, 2004 in Princeton. It included the following presentations.

*The Arts in the "New Economy"*, by **William Baumol** (New York University).

*Art and Culture in the History of Economic Thought*, by **Craufurd Goodwin** (Duke University).

*The History of Art Markets*, by **Neil De Marchi & Hans van Miegroet** (Duke University).

*The Evolution of Music Markets*, by **F. M. Scherer** (Harvard University).

*Defining Cultural Goods*, by **Roger McCain** (Drexel University, Philadelphia).

*Empirical Studies of Demand for the Arts*, by **Bruce Seaman** (Georgia State University).

*Nonprofit Firms in the Performing Arts*, by **Arthur Brooks** (Syracuse University).

*Creativity, the Economy and the Behaviour of Artists*, by **Tony Bryant & David Throsby** (Macquarie University, Sydney).

*Artists' Careers and Their Labor Markets*, by **Neil Alper & Gregory Wassall** (Northeastern University, Boston).

*The Economics of Superstars. A Review with Extensions*, by **Moshe Adler** (The Fiscal Policy Institute, New York).

*Art Auction*, by **Orley Ashenfelter** (Princeton University) & **Kathryn Graddy** (Oxford University).

*Prices and Returns for Art*, by **Victor Ginsburgh** (ECARES), **Jianping Mei & Michael Moses** (New York University).

*Copies of Artworks*, by **Françoise Benhamou** (University of Rouen) & **Victor Ginsburgh** (ECARES).

#### CULTURAL INDUSTRIES

*Industrial Organisation in Arts Industries*, by **Richard Caves** (Harvard University).

*Culture in International Trade*, by **Keith Acheson & Christopher Maule** (Carleton University).

*The Media and Advertising: a Tale of Two-Sided Markets*, by **Simon Anderson** (University of Virginia) & **Jean Gabszewicz** (CORE, Université Catholique de Louvain).

*Movies*, by **Arthur de Vany** (University of California, Irvine).

*The Economics of Books*, by **Marcel Canoy** (Netherlands Bureau for Economic Policy Analysis), **Rick van der Ploeg** (European University Institute) & **Jan van Ours** (Tilburg University).

*Contemporary Music*, by **Alan Krueger & Marie Connolly** (Princeton University).

*Art and Internet: Blessing the Curse*, by **Patrick Legros** (ECARES).

*Cultural Districts and Clusters*, by **Walter Santagata** (University of Turin).

*The Arts and Economic Policy*, by **Alan Peacock** (David Hume Institute, Edinburgh).

*The Making of Cultural Policy: a European Perspective*, by **Rick van der Ploeg** (European University Institute).

*Cultural Policy: an American View*, by **Dick Netzer** (New York University).

*Tax Incentives in Cultural Policy*, by **Mark Schuster** (Massachusetts Institute of Technology).



*Philanthropy*, by **Stanley Katz** (Princeton University).

## **Workshop on Trade, Industrialization and Development**

This workshop marked the 2<sup>nd</sup> conference of the RTN “Trade, Industrialization and Development” in which ECARES is partner. That workshop was co-organized by **Paola Conconi** (ECARES), **André Sapir** (ECARES), Anthony Venables (London School of Economics) and CEPR. The programme was:

*Economic and Political Liberalization*, by **Guido Tabellini** (IGIER, Università Bocconi & CEPR).

*Market Access in Global Trade: An Estimate Through the Effect of National Borders*, by **Thierry Mayer** (CERAS-ENPC, CEPIL, Université de Paris I & CEPR) & Soledad Zignago (CEPIL).

*Does it Matter Where You Come From? Vertical Spillovers from FDI and Investor's Nationality*, by **Beata Smarzynska Javorcik** (The World Bank & CEPR), Mariana Spatareanu (The World Bank) & Kamal Saggi (Southern Methodist University).

*The Costs of Remoteness: Evidence from German Division and Reunification*, by **Daniel Sturm** (Universität München & CEPR) & Stephen Redding (CEP, London School of Economics & CEPR).

*Inequality, Growth and Trade Policy*, by Abhijit Banerjee (Massachusetts Institute of Technology) & **Andrew Newman** (University College London & CEPR).

*Frictional Unemployment and Periodical Price Adjustment*, by **Jiandong Ju** (University of Oklahoma).

*Revenue Neutral Reforms of Trade and Labour Taxes*, by Rod Falvey (University of Nottingham) & **Udo Kreickemeier** (University of Nottingham).

*The Impact of Mode 4 Liberalization on Merchandise Trade and Other Modes of Trade in Services*, by **Marion Jansen** (World Trade Organization & CEPR) & Roberta Piermartini (World Trade Organization).

*A Swing-State Theory of Trade Protection*, by Mirabelle Muuls (CEP, London School of Economics) & **Dimitra Petropoulou** (Graduate Institute International Studies & CEP, London School of Economics).

*Je T'Aime, Moi Non Plus: Bilateral Opinions and International Trade*, by **Anne-Célia Disdier** (TEAM, Université de Paris I) & Thierry Mayer (CERAS-ENPC, CEPIL, Université de Paris I & CEPR).

*Endogenous Firm Heterogeneity and the Dynamics of Trade Liberalization*, by **Josh Ederington** (University of Kentucky & Phil McCalman (University of California, Santa Cruz).

*Trade Liberalization and Industrial Concentration: Evidence from Brazil*, by Pedro Cavalcanti Ferreira (EPGE, Fundacao Getulio Vargas) & **Giovanni Facchini** (University of Illinois, Urbana-Champaign).

*Entry & Asymmetric Lobbying: Why Governments Pick Losers*, by Richard Baldwin (Graduate Institute International Studies) & **Frédéric Robert-Nicoud** (University of Geneva).

*Foreign Direct Investment in the Telecommunication Sector of Transition and Developing Countries*, by **Silvio Contessi** (Johns Hopkins University)

*Regional Integration and the (Re) Location Choice of MNC's*, by Facundo Albornoz (DELTA & University of Birmingham) & **Gregory Corcos** (DELTA).

*The Impact of Offshoring on Labor Markets in Continental Europe: an Empirical Analysis*, by **Fulvio Mulatero** (ECARES, Université Libre de Bruxelles).

*Imagine China as a Collection of Economies: Estimating the Effect of Trade Cost on Growth*, by **Sandra Poncet** (Tinbergen Institute, University of Rotterdam) & Shang Jin Wei (International Monetary Fund & CEPR).

*Some Simple Analytics of Antidumping Orders: Bureaucratic Discretion and Risk, Anti-Importer Bias, and the Byrd Amendment*, by **Simon Evenett** (Said Business School, Oxford University).

## **ECARES RESEARCH SEMINARS**

### **Economics**

**Gianluigi Albano** (University College London): *The Collusive Drawbacks of Sequential Auctions*.

**John Asker** (New York University -Stern): *Diagnosing Foreclosure Due to Exclusive Dealing*.

**Abhijit Banerjee** (Massachusetts Institute of Technology): *Growth Theory Through the Lens of Development Economics*.

**Michael Ben-Gad** (University of Haifa): *Capital-Skill Complementarity and the Immigration Surplus*.

**Guillermo Caruana** (CEMFI): *Quantity Competition with production Commitment: Theory and Evidence from the Auto Industry*.

**Julio Davila** (CNRS & University of Pennsylvania): *Competitive Bargaining Equilibrium*.

**Tore Ellingsen** (Stockholm School of Economics): *Generosity*.

**Catherine Fuss** (National Bank of Belgium): *Firms' Investment Decisions in Response to Demand and Price Uncertainty*.

**Vincenzo Galasso** (Università Luigi Bocconi): *Cross-Skill Redistribution and the Tradeoff Between Unemployment Benefits and Employment Protection*.

**Maaitreesh Ghatak** (London School of Economics): *Competition and Incentives with Motivated Agents*.

**Per Krusell** (University of Rochester): *Time-Consistent Debt* (Joint with F. Martin & J.-V. Rios-Rull).

**Gilat Levy** (London School of Economics): *Multidimensional Cheap Talk*.

**John Moore** (London School of Economics & University of Edinburgh): *Agreeing Now to Agree Later: Contracts that Rule Out but Do Not Rule*.

**Abhinay Muthoo** (Essex University): *Agenda-Setting power in Organizations with Overlapping Generations of Players*.

**Robert Owen** (University of Nantes): *Globalization, Sunk Costs and Economic Methodology*.

**Roberto Pascual** (University of Baleares Islands): *On the Hidden Side of Liquidity*.

**Gert Peersman** (Universiteit Gent): *Technology Shocks and Robust Sign Restrictions in a Euro Area SVAR* (joint with R. Straub).

**Paul Seabright** (IDEI, University of Toulouse 1): *Intermediation by Aid Agencies*.

**Guido Tabellini** (Università Bocconi): *Economic and Political Liberalizations*.

**Juuso Välimäki** (Helsinki School of Economics): *Monopoly Pricing of Experience Goods*.

### **Econometrics and Statistics**

**Anestis Antoniadis** (Université Joseph Fourier, Grenoble): *Wavelet Kernel Penalized Estimation for Random Design Regression*.

**Denis Bosq** (Université Pierre & Marie Curie, Paris VI): *Processus linéaires généraux dans les espaces de Hilbert. Applications*.

**Peter Bühlmann** (ETH, Zürich): *Boosting for High-Dimensional Data: a Statistical Perspective*.

**Manfred Deistler** (University of Technology, Vienna): *System Identification-General Aspects and Structure*.

**Miguel Angel Delgado** (Universidad Carlos III Madrid): *Distribution Free Goodness-of-Fit Tests for Conditional Models*.

**Geert Dhaene** (Katholieke Universiteit Leuven): *Indirect and GMM-Based Inference for the Stochastic Volatility Model: Some Closed-Form Results*.

**Feike Drost** (CentER, Tilburg University): *The Impact of Overnight Periods on Option Pricing* (joint with M.-J. Boes & B. Werker).

**Christian Francq** (Université de Lille 3): *Maximum Likelihood Estimation of Pure GARCH and ARMA-GARCH Processes*.

**Ursula Gather** (University of Dortmund): *Histogram Construction and Model Complexity*.

**Jesus Gonzalo** (Universidad Carlos III Madrid): *Threshold Integrated Moving Average Models (Does Size Matter? Maybe So)*.

**Emmanuel Guerre** (Université Pierre & Marie Curie, Paris VI): *Adaptive Consistent Unit-Root Tests Based on Autoregressive Threshold Models*.

**Andreas Heinen** (Universidad Carlos III, Madrid): *Trading Activity and Liquidity Supply in a Pure Limit Order Book Market. An Empirical Analysis Using a Multivariate Count Data Model*.

**Jan R. Magnus** (CentER, Tilburg University): *The Statistical Analysis of Tennis*.

**Klaus Neusser** (University of Bern): *Externalities in U.S. Manufacturing TFP - A Spatial VAR Approach*.

**Michele Piana** (Università di Genova): *Statistical Learning: a Functional Analytical Approach*.

**Benedikt Pötscher** (University of Wien): *Some Problems in Inference after Model Selection*.

**Suhasini Subba Rao** (University of Heidelberg): *Statistical Inference and Properties of Some Nonstationary Time-Varying Processes*.

**John Weymark** (Vanderbilt University): *Multidimensional Generalized Gini Indices*.

**Jeannette Woerner** (Oxford Centre for Industrial and Applied Mathematics): *Inference for Stochastic Volatility Models*.

## **Economics of Arts**

**Luc Champarnaud** (Université de Lille III): *Le patrimoine nomade*.

**Michel Hambersin** (Critique musical & ULB) : *La critique musicale. Comment redéfinir ses objectifs et ses outils face aux changements actuels du monde culturel*.

**Philippe Junod** (Université de Lausanne): *De la relativité des critères dans le jugement esthétique*.

**Michel Vanden Abeele** (European Commission) & **Philippe Van Parijs** (Université Catholique de Louvain): *Les langues dans l'Union Européenne: au-delà des combats d'arrière-garde*.

**Daniel Vander Gucht** (ULB): *Art et politique: de l'engagement à la responsabilité*.

## **Internal Seminars**

**Maria Caterina Bramati**: *Nonparametric Optimal Tests for Independence in the VAR Elliptical Model*.

**Benoît Crutzen**: *Ideology and Party Structure*.

**Christine De Mol**: *Relativity for Poets and Economists*.

**Jan Fidrmuc**: *Languages in the European Union: The Quest for Equality and Its Cost* (joint with V. Ginsburgh).

**Martin Kahanec**: *Social Interaction and the Minority-Majority Earnings Inequality: Why Being a Minority Hurts But Being a Big Minority Hurts More*.

**Anastasia Kartasheva**: *The Revelation Principle under Sequential Contracting*.

**Martine Labbé** (ISRO): *Bilevel Programming and Price Setting Problems*.

**Joëlle Liebermann**: *The Releases of Macroeconomic News: Timeless, Information Content or Quality of the Indicators?*

**Gianluca Papa**: *Worthiness of Financial Leverage and Executive Compensation: Theory and Evidence from UK Panel Data* (joint with B. Speciale).

**Rafal Raciborski**: *Competitive Markets and Price Rigidities*.

**Saverio Simonelli** (ECARES & Università Federico II, Napoli): *Revisiting the One Type Permanent Shocks Hypothesis: Aggregate Fluctuations in a Multi-Sectors Economy*.

**Biagio Speciale**: *Public Educational Subsidies and Migratory Flows: Theory and Evidence*.

**Hiroyuki Taniai**: *Problematic Issues on Value-at-Risk under ARCH Returns*.

**David Veredas**: *Using Intra Annual Information to Forecast the Annual State Deficits. The Case of France*.

## **JOINT CORE-ECARES SEMINARS**

**Marc Hallin** (ECARES, at CORE): *Semiparametric Efficiency, Distribution-Freeness, and Invariance*.

**Jean Hindriks** (CORE, at ECARES): *Centralization and Political Accountability*.

**Jean Gabszewicz** (CORE, at ECARES): *Two-Sided Markets and Price Competition with Multi-Homing*.

**Victor Ginsburgh** (ECARES, at CORE): *Languages in the European Union*.

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

**Michael Woodford** (Princeton University): *Inflation Targeting and Optimal Monetary Policy*.

**Jordi Gali** (Universitat Pompeu Fabra): *Rule-of-Thumb Consumers and the Design of Interest Rates Rules*.

**Jean Pascal Bénassy** (CEPREMAP): *Interest Rate Rules and Liquidity Effects in a Non-Ricardian World*.

**Andrew Levin** (Federal Reserve Board): *The Magnitude and Cyclicalities of Financial Market Frictions*.

**Adrian Pagan** (Australian National University, University of New South Wales & Nuffield College): *Making the Punishment fit the Crime: Matching Theory and Evidence in Policy-Oriented Macroeconomic Modelling*.

**Glenn Rudebusch** (Federal Reserve Bank of San Francisco): *A Macro-Finance Model of the Term Structure, Monetary Policy, and the Economy*.

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# VISITORS

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**Philippe Aghion**, Harvard University  
**Gianluigi Albano**, University College London  
**Simon Anderson**, University of Virginia  
**Natalie Chen**, Warwick University  
**Christophe Croux**, Katholieke Universiteit Leuven  
**Russell Davidson**, McGill University  
**Julio Davila**, CNRS & University of Pennsylvania  
**Catherine Doz**, Université de Cergy-Ponthoise  
**Feike Drost**, Tilburg University  
**Antonio Estache**, The World Bank  
**Thomas Gall**, University of Mannheim  
**Olivier Gergaud**, Université de Reims  
**Robert Kollman**, Bonn University  
**Jerzy Konieczny**, Wilfried Laurier University, Ontario, Canada  
**Hira Koul**, Michigan State University, East Lansing  
**Jacques Lawarrée**, ECARES and University of Washington, Seattle  
**Mikko Leppamaki**, University of Helsinki  
**John Londregan**, Princeton University  
**Jean-Michel Loubes**, CNRS, Université de Paris Sud-Orsay  
**Nicolas Melissas**, University of Leicester  
**Andrew Newman**, University College London  
**Roberto Pascual**, University of Baleares Islands.  
**Stephen Portnoy**, University of Illinois, Urbana Champaign  
**Eugenio Proto**, University of Warwick  
**Patrick Rey**, Université des Sciences Sociales, Toulouse  
**Gérard Roland**, University of Berkeley  
**Olivier Scaillet**, HEC Geneva  
**Andrea Silvestrini**, University of Perugia  
**Konrad Stahl**, University of Mannheim  
**Jean Tirole**, Université des Sciences Sociales, Toulouse  
**Thibaud Vergé**, University of Southampton & CMPO Bristol  
**Shlomo Weber**, CORE, Université Catholique de Louvain  
**Bas Werker**, Tilburg University  
**Israel Zang**, Tel Aviv University

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# RESEARCH CONTRACTS AND GRANTS

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## **BELGIAN SOURCES**

### **Actions de Recherche Concertées (ARC)**

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

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

### **Pôles d'Attraction Interuniversitaire (PAI)**

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

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

### **Prospective Research in Brussels**

**Mathias Dewatripont** was promoter of a project entitled *Extending the "Microfinance Revolution", an Application in Wider Settings*, financed by le Gouvernement de la Région de Bruxelles-Capitale and that has allowed to finance a post-doctoral researcher for a period of 24 months, with an extension of 12 months. The selected post-doctoral researcher was Loic Sadoulet (July 2001-June 2004).

### **FORTIS Bank**

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

### **Mini-Arc (Université Libre de Bruxelles)**

**Victor Ginsburgh** is currently promoter of a project on *the Economics of Copies* that has allowed to finance a doctoral researcher: Elizabetta Lazzaro (January 2000-December 2004).

### **Chaire Bernard Van Ommeslaghe**

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

- the hiring of Nicolas Sahuguet, post-doctoral researcher (01.11.04-31.08.05);
- two conferences will be organized in 2005: a) with Antonio Estache (The World Bank); b) with Lars-Hendrik Röller (Chief Economist, European Commission).

## **EUROPEAN SOURCES**

### **Marie Curie Individual Fellowship**

**Mathias Dewatripont** is promoter of the projects:

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

*Investigating the Interaction between Financing and Innovation Decisions*. Post-doctoral researcher: Estelle Malavolti-Grimal (January 2003 – August 2004).

### **Research Training Network (RTN)**

**Lucrezia Reichlin** is promotor for ECARES and coordinator of a network (August 2000-July 2004) on *Specialization versus Diversification: The Microeconomics of Regional Development and the Spatial Propagation of Macroeconomic Shocks in Europe (SVD)*. The partners are the CEPR (Centre for Economic Policy Research - London), Università di Modena (Dipartimento di Economia Politica), Universitat Pompeu Fabra (Department of Economics & Business), Université Catholique de Louvain (CORE), Tel Aviv University (Eitan Berglas School of Economics), Università degli Studi di Sassari (Istituto Economico de Aziedale) and Ecole Nationale des Ponts et Chaussées (CERAS-ENPRC, Paris).

**Marco Becht** is the scientist in charge for ECARES in the network *Understanding Financial Architecture: Legal and Political Frameworks and Economic Efficiency (UFA)* (September 2000-August 2004 + a 3-month extension until the end of October 2004). The coordinator and other partners are: Stockholm School of Economics (SITE), Goethe Universität (Center for Financial Studies), CEMFI (Madrid), CEPR (London), Université des Sciences Sociales de Toulouse (IDEI), Università di Salerno (CSEF), University of Oxford, Princeton University (Department of Political Science) and Yale Law School.

**Mathias Dewatripont** is the scientist in charge for ECARES in two networks:

*Product Markets, Financial Markets and the Pace of Innovation in Europe (PMFM)* (August 2000-July 2004). The coordinator and other partners are: CEPR (Centre for Economic Policy Research, London), Université des Sciences Sociales de Toulouse (IDEI), University College London, Universität Mannheim, EUREQua (Paris), Universitat Pompeu Fabra and Wissenschaftszentrum Berlin.

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

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

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

### **European Study**

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

### **European Network for Training in Economic Research (ENTER)**

ECARES is one of the partners of this network that allows the mobility of doctoral researchers in Europe (September 2000-August 2004). Its scientist in charge is **Lucrezia Reichlin**. Tilburg University is the coordinator and the other partners are Universitat Autònoma de Barcelona, University College London, Universität Mannheim and Université des Sciences Sociales, Toulouse.

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