4th Annual Meeting of the EEFS

Economic and Financial Issues in an Enlarged Europe

FEUC
Faculty of Economics, University of Coimbra
Av. Dias da Silva, 165
3004-512 Coimbra - Portugal

May 19-22, 2005

Conference Programme
Thursday, 19 May 2005

Location: FEUC (Faculty of Economics, University of Coimbra), Auditorium

6.15pm-7.15pm Registration

7.15pm-8.15pm Plenary Session

Welcoming addresses: Elias Soukiazis – Local Organizer
George Agiomirgianakis – Secretary General of the EEFS

Opening addresses: Carlos Fortuna – President of the Scientific Council of FEUC
Mark Taylor – President of the EEFS

8.15pm-9.00pm Keynote lecture: “How to Finance Growth and Cohesion”
Prof. Stuart Holland

9.00pm-9.30pm Buffet Supper

Friday, 20 May 2005

Location: FEUC

9.00am – 10.30am Parallel Sessions Nº 1

Room S 3.1 – European Integration

Chairman: Natacha Gilson
Speakers:
Jesús C. Cuaresma and Gerhard Reitschuler Austria
Is the Ricardian Equivalence Proposition an “Aerie Fairy”
Theory for Europe?
EU Challenges and Deficits: Is the Constitutional Treaty Enough?
Solvency of European Budgetary Policies
Do the new member states fit the optimum-currency area
criteria for EMU membership?

Rui Henrique Alves Portugal
Peter Claeyss
Monika Blasszkiewicz and Przemyslaw Wozniak

Room S 3.2 – Financial Markets

Chairman: Dimitris Kenourgios
Speakers:
Ana Paula Martins Portugal
Portfolio Selection - A Technical Note
Behaviour and Effects of Foreign Investors on Istanbul
Stock Exchange
Calendar effects on stock market returns and volatility:
Evidence for the Athens stock exchange
Interest rate pass-through in an enlarged Europe: the role of
Banking market structure for monetary policy transmission in
transition countries.

Murat C. Adabag and J. R. Ornelas Italy
Dimitris Kenourgios, Aristidis Samitas and
Evangelos Karpatelis
Harald Sander and Stefanie Kleimeier

Greece -U.K.
Netherlands
Room S 3.3 – Monetary Economics

Chairman: Petri Maki-Franti
Speakers:
- Willy Spanjers (U.K.) - Loss of Confidence and Currency Crises
- Oliver Holtermaller (Germany) - Constructing a model based Optimum Currency Area Index
- Mohamed Soliman (UAE) - Currency crises and export behaviour of foreign affiliates
- Terhi Jokipi and Brian Lucey (Ireland) - Contagion effects of Macroeconomic news announcement on CEE Banks

Room S 3.4 – International Economics

Chairman: Horácio Faustino
Speakers:
- Rabiâa Mekki (France) - The Impact of Foreign Direct Investment on Trade: Evidence from Tunisia
- Abdalhamid Yousef (U.K.) - The evolution of trade exchange between Libya and the EU: An econometric investigation
- Nikolaos Mylonidid and Dimitrios Sideris (Greece) - Equilibrium and parity relationships linking exchange rates, prices and interest rates: A joint modelling approach
- Adam Elboorne and Jakob de Haan (Netherlands) - Financial Structure and Monetary Transmission in Transition Countries

Room A.3.1 – New Political Economy

Chairman: Uwe Fachinger
Speakers:
- Patricia Justino and Julie Litchfield (U.K.) - Poverty Dynamics during trade reform: Evidence from Rural Vietnam
- Tholen Eekhoff (Germany) - Combination Versus Competition: The Welfare Trade offs Revisited
- Ivan O. Kitov (Austria) - Modelling the transition from a socialism to capitalist economic system
- Melloni N. Soci A. (U.K. - Italy) - Institutional Change and FDI in three selected countries: the Czech Republic, Hungary and Poland

10.30am – 11.00am Coffee Break

11.00am – 12.30am Parallel Sessions Nº 2

Room S 3.1 – Macroeconomic Issues and Policy

Chairman: Ana Paula Martins
Speakers:
- Marta Simões (Portugal) - Education and Growth in the OECD: an industry level analysis
- Pedro Cerqueira (Italy) - Consumption Smoothing at business cycle frequency
- Natacha Gilson (Belgium) - Demand and Supply Shocks in the Euro Area
- Alexandra Ferreira Lopes (Portugal) - Stability vs. Flexibility? The costs and benefits of the EMU for the transition countries
Room S 3.2 – Growth and Development

Chairman: Elias Soukiazis

Speakers:
- Tomasz Brodzicki, Poland
  - New empirical insights into the growth effects of economic integration within EU.
- Catarina Cardoso and Elias Soukiazis, Portugal
  - Explaining the Uneven Economic performance of the Cohesion Countries: An Export-led Growth Approach.
- Peter Benczur, Andras Simon, and Viktor Varpalotai, Hungary
  - Does high Debt cause a loss in Growth performance in catching-up economies? Evaluating macroeconomic strategies with a calibrated model.
- Fernanda Llussá, Portugal
  - Regional convergence in the EU: National versus European Policies.

Room S 3.3 – Economic Geography and Spatial Economics

Chairman: Helena Marques

Speakers:
- Peter Egger, S. Gruber, M. Larch, and M. Pfaffernuyr, Germany - Austria
  - Knowledge-Capital meets. New Economic Geography.
- Michael J. Ryan, U.K.
  - Customs Union Enlargement and Power Induced Patterns of Intra Union Exchange.
- Andromachi Piperakis, U.K.
  - The link between immigration and trade in services: A gravity model approach for U.K.
- Daniel Murta, Portugal
  - Demand functions for intercity passenger transportation in the Portuguese market.

Room S 3.4 – Industrial Economics and Organization

Chairman: Maciek Cieslukowski

Speakers:
- Horácio C. Faustino and Nuno Carlos Leitão, Portugal
- Manuel Cabral and Joana Silva, Portugal
  - Intra Industry trade expansion and reallocation between sectors and occupations.
- John Hunter and Natalia Isachenkova, U.K.
  - Aggregate Economy Risk and Company Failure: An Examination of UK quoted companies in the early 1990s.
- Adnan Aziz, Adrian Gourlay, and Humayon A. Dar, U.K.
  - A multiple discriminant analysis of financially distressed UK quoted firms.

Room A.3.1 – European Integration

Chairman: Oliver Holtemoller

Speakers:
- Enrique M. Galan, Maria P. Fonotura, and Isabel Proença, Portugal
  - An enlarged European Union: Trade potential and commodity composition of trade in Manufactures.
- Marilena Gianneti, Italy
  - Entering a Monetary Union: possible effects on accepting countries.
- Minoas Koukouritakis and Leo Michelis, Canada - Greece
  - Term structure linkages among the new EU countries and the EMU.
- Bertrand Candelon, Clemens Kool, Katharina Raabe, and Tom van Veen, Netherlands
  - The feasibility of a fixed exchange rate regime for new EU-members: evidence from real exchange rates.

12.4500pm – 2.00pm      Lunch
2.00pm – 3.30pm      Parallel Sessions Nº 3

Room S 3.1 – Regional Economics and Policy

Chairman: Elias Soukiazis
Speakers:
- Constantina Kottaridi and Dimitrios Thomakos, Greece
  - FDI: A convergence factor? new evidence from world estimations.
- Alina Hyz, Greece
  - Regional Development in the European Union and the Problem of Interregional Migration
- Micaela Antunes and Elias Soukiazis, Portugal
  - Two speed regional convergence in Portugal and the importance of structural funds on growth.
- Dimitrios Asteriou and Chryssoula Ntantou, U.K.
  - A new approach for testing for convergence: Evidence from the EU.

Room S 3.2 – Labour Economics

Chairman: Manuel Cabral
Speakers:
- Uwe Fachinger, Germany
  - Structural changes of self-employment: Are the policy measures successful in fostering self-employment? Illustrated by an empirical analysis for Germany
- Alcina Rodrigues Nunes, Portugal
- Antonello D'Agostino, Roberta Serafini and Melanie Ward, Germany
  - Sectoral explanations of European employment: the role of services.

Room S 3.3 – Factor Mobility

Chairman: Diego Romero Torrijos
Speakers:
- Katarzyna Skorupinska and Bogna Nowak, Poland
- Tomoe Moore and Eric Pentecost, U.K.
  - Labour market flexibility and the sources of fluctuations in real and nominal wages rates in Euro-area accession countries: A structural VAR approach.
- Helena Marques, U.K.
  - Migration creation and diversion in the EU: Are CEECs immigrants crowding-out the rest?
- Subrata Ghatak, A. Mulhern and J. Watson, U.K.
  - Dynamics of Inter-regional Migration in Poland

Room S 3.4 – Fiscal Policy

Chairman: Debora Di Gioacchino
Speakers:
- Luca Onorante, Germany
  - The Economic Importance of Fiscal Rules.
- Montserrat Ferré Carracedo, Spain
  - Fiscal Policy Coordination in the EMU.
- Carlos Marinheiro, Portugal
  - Has the stability and growth pact stabilized?
- John Lewis, Estonia
Room A.3.1 – Financial Markets

Chairman: Aristeidis Samitas
Speakers:
Christos Floros and Dimitrios Vougas  U.K.  Lead-lag relationship between the cash market and stock index futures market: Evidence from Greece.
Katrin Gottschalk  Germany  Does stock market Liberalization stabilize or destabilize stock prices? New empirical evidence from emerging equity markets.
Panayiotis Diamandis  Greece  Lead-lag patterns between small and large size portfolios in the Cyprus stock exchange.

3.30pm – 4.00pm  Coffee Break

4.00pm – 5.30pm  Parallel Sessions Nº 4

Room S 3.1 – Public Economics

Chairman: Carlos Marinheiro
Speakers:
Maciek Cieslakowski  Poland  A rational system of the own resources for the European Communities:
Diego Romero de Ávila and Rolf Strauch  Spain  Public Finances and Long-term Growth in Europe- Evidence from a Panel Data Analysis.
Debora Di Gioacchino, Sergio Ginebri and Laura Saborni  Italy  Inequality, Redistribution and the allocation of public spending in education: a political-economy approach.
Eleni Thanou and Constantine Mansolas  Greece  The impact of the EMU on the profitability and efficiency of the Greek Banking sector.

Room S 3.2 – Industrial Economics and Risk

Chairman: Eric Pentecost
Speakers:
Aidyn Bibolov, Aquiles Farias and José Ornelas  Italy - Brazil  Evaluation Models for risk management and density forecast using Eastern Europe data.
Anna Glebocka and Anna Golejewska  Poland  Determinants of sector specific sensitivity of European Industry after enlargement. Implications for policies.
Fabio Braga, Andrea Brasili, Carmelina Carluzzo, Lucio De Angelis and Debora Revoltella  Italy  Similarities and differences in industry dynamics in the enlarged Europe.
Petr Snapka and Jiri Kern  Czech Republic  Specification of the Privatisation Process in the course of Transformation of the coal region.

Room S 3.3 – World Economics

Chairman: Helena Marques
Speakers:
Jong-Eun Lee  Korea  Does Globalization Matter to Income Distribution in Europe?
Rabah Arezki  Italy  Demography, credit and Pension: A global Perspective.
Martin Bohl and Katrin Gottschalk  Germany  International evidence on the Democrat Premium and the presidential cycle effect.
Room S 3.4 – Financial Markets

Chairman: Harald Sander
Speakers:
- Constantinou, Georgiadis, Kazendian and Kouritas – Cyprus
- Tomoe Moore – Greece
- Rana Chatterjee – U.K.
- Ahand Zuqibeh – U.K.

Mean and variance causality between the Cyprus stock exchange and major equity markets.
The effects of the Euro on stock Markets: Evidence from Hungary, Poland and U.K.
Credit spreads between UK and Euro Area Government Bonds.

Room A.3.1 – International Monetary Economics

Chairman: Alexander Mihailov
Speakers:
- Petri Maki Franti and Markus Lahtinen – Finland
- Isabelle Mejean – France
- Alexander Mihailov – U.K.
- Karim Barhoumi – France

The exchange rate targeting of central banks revised: the role of long-term interest rates.
Exchange rate movements and export prices: an empirical analysis.
Exchange rate pass-through on prices in US, Germany and Japanese Macrodta.
Long run exchange rate pass-through into import prices in Developing countries: An empirical investigation.

5.45pm – 6.45pm Plenary Session(Auditorium)

Keynote lecture: “The Eurozone: Problems and Prospects”
Prof. Paul DeGrauwe

7.00pm Visit to the University of Coimbra

9.00pm Conference Dinner at the Faculty of Economics.

Saturday, 21 May 2005

Location: FEUC

Room S 3.1 – Financial Markets

Chairman: Stefanie Kleimeier
Speakers:
- Samitas, Kenourigios and Zounis – Greece
- Pavía Vodova – Czech Republic
- Paulo Variz – Portugal
- Mario Alexandre da Silva – Portugal

The impact of the Athens Olympic Games 2004 in National Sponsors Stock Prices.
Estimation of credit demand and supply in the Czech Republic.
Missing links in the EU financial services policy agenda.
Modelling and implementing the optimal solution of a multiunit auction mechanism as in the standard principal-agent model: A move back to basics.
Room S 3.2 – International Monetary Economics

Chairman: Alexandros Kontonikas

Speakers:
Alex. Kontonikas and Alberto Montagnoli  U.K.  Optimal monetary policy and asset price misalignment.
Sushanta Mallick and Helena Marques  U.K.  Sectoral exchange rate pass-through: A tale of two policy regimes in India.
Piotr Misztal  Poland  Marshall-Lerner condition and phenomenon of exchange rate pass through to prices.

Room S 3.3 – International Trade

Chairman: George Agiomirgianakis

Speakers:
Dimitrios Sideris  Greece  Purchasing Power Parity in economies in transition: evidence from Central and East European Countries.
Papadogonas Th. Voulgaris F. and Agiomirgianakis G.  Greece  Determinants of export behaviour in the Greek manufacturing sector.
Paulo Bastos Udo Kreickemeier and Peter Wrigh  U.K.  Open shop Unions and International trade liberalization.

Room S 3.4 – Investment Decisions and Digital Economy

Chairman: Adrian Gourlay

Speakers:
Adrian Gourlay and Eric Pentecost  U.K.  The impact of network effects on technology adoption: an empirical analysis.
José Carlos Lopes  Portugal  E-commerce “on line” in the Enlarged EU.
Ye Bai  U.K.  Another look at the debate on the influence of industry factors and country factors on the movement of international stock returns.
Galiya Benson  U.K.  Time varying global market integration and emerging markets equity returns.

Room A.3.1 – European Integration

Chairman: Juan Paez Farrell

Speakers:
António Caleiro  Portugal  Confidence and Unemployment in Europe. Did the enlargement make a difference?
Debora Revoltella and Fabio Mucci  Italy  Household wealth in new Europe: towards the EU.

10.30pm – 11.00pm  Coffee Break
11.00am – 12.30am Parallel Sessions Nº 6

Room S 3.1 – European Integration – Monetary Policy

Chairman: António Caleiro
Speakers:
- Daniel Stavarek, Czech Republic: Banking Efficiency in the Context of European Integration.
- Damyana Bakardzhieva and Bassem Kamar, France: European Integration and Banking Sector Development.
- Dejan Krusec, Italy: Monetary policy efficiency in inflation targeting new EU countries on their way to EMU.

Room S 3.2 – Financial Markets

Chairman: Soares Fonseca
Speakers:
- Constantinou, Georgiadis, Kazendian and Kouretas, Cyprus-Greece: Regime switching and artificial neutral network forecasting of the Cyprus stock exchange daily returns.
- Mohamed M. Soliman, UAE: Islamic Finance: Reality, Challenges and Common Misconceptions.
- Timo Baas and Mehchthild Schrooten, Germany: Relationship Banking and SMEs. A theoretical Analysis.
- Katri Mikkonen, Germany: Incomplete contracts, multinational bank closure and choice of ownership structure.

Room S 3.3 – International Monetary Economics

Chairman: António Martins
Speakers:
- Karel Bruna, Czech Republic: The monetary policy and the stabilization of overnight interest rates. some experiences from targeting of interest rates in the context of excess liquidity.
- Christian Dreger and Hans Eggert, Germany: Long-run Money demand in the new EU Member States with exchange rate effects.
- Markus Lahtinen, Finland: The U.S. Dollar real exchange rate. A real option approach.

Room S 3.4 – International Trade

Chairman: Usha Nair-Reichert
Speakers:
- Rod Falvey, David Greenway and Joana Silva, U.K.: Trade liberalization, human capital and labour market adjustment.
- Carlos Viera, Isabel Vieira and José Figueira, Portugal: Foreign exchange markets seasonal anomalies in the newly integrated EU countries: what can they tell us?
- Alessandro Marchesiani and Pietro Senesi, Italy: Trade Diversion and creation from accessing a currency union.

12.45pm – 2.00pm Lunch
Room S 3.1 – Macroeconomic issues and policy

Chairman: Carlie Greendink
Speakers:

- Ansgar Belke and Jean M. Heine, Germany
  Specialization Patterns and the Synchronicity of Regional Employment Cycles in Europe
- Ansgar Belke and Thorsten Polleit, Germany
  A Model for Forecasting Swedish Inflation
- Andros Gregoriou and A. Kontonikas, U.K.
  Inflation targeting and the stationarity of inflation: new results from an ESTAR unit root test.
- Balazs Vilagi, Hungary
  Dual inflation and the real exchange rate in new open economy macroeconomics.

Room S 3.2 – Growth Issues

Chairman: Pedro Cerqueira
Speakers:

- Abhijit Sharma, U.K.
  Monopoly Power in the software industry: Microsoft’s Case
- Nicholas Apergis and Ioannis Filippidis, Greece
  The role of Financial Deepening in Economic Growth: A Panel Analysis
- Oscar Afonso and Alvaro Aguiar, Portugal
  Price channel effects of North-South trade on the direction of Technological Knowledge and wage inequality.
- Andrew H. Hallett and Christian Richter, U.K. - USA

Room S 3.3 – Industrial Economics and Organization

Chairman: Anna Kubiak
Speakers:

- Adriana Zablocka, Poland
  EC Merger policy and joint dominance.
- Andream Gourlay and Jonathan Seaton, U.K.
  Sales Destination for UK Manufacturing Firms: The Intensity of European Sales
- Renata Nitu antonie, Mariela Badescu and Florina Brancu, Romania
  Business strategy of the Multinationals Enterprises from the automobile industry. A comparative analysis between Spain and Romania.
- Helder Valente, Portugal
  Financial Strategies in Mergers and Acquisition: The Case of Regulated Firms.

Room S 3.4 – Foreign Direct Investment

Chairman: Akira Shimada
Speakers:

- Mehmet Basar and Sebnem Tosunoglu, Turkey
  The dilemma of FDI in developing countries through the process of globalization: the case of Turkey.
- Marie Stack, U.K.
  Foreign direct investment flows to the CEB countries. A panel data analysis.
- Nathalie Fabry and Sylvain Zeghnii, France
  How former communist countries of Europe may attract inward FDI? A matter of institutions.
- Sonia Ben Kheder, France
  FDI and environmental regulations: A Panel data comparative analysis.
- Ulrich Thieben and Paul Gregory, Germany
  Modelling the structural change of Transition Countries.
**Room A.3.1 – Financial Markets**

**Chairman:** Christian Dreger  
**Speakers:**  
- Sidika Basci and Nildag Ceylan, Turkey: **Modelling stock returns and volatility with forward looking inflation: a case for Turkey.**  
- Nader Naifar, Tunisia: **The Determinants of Credit default swap rates: An explanatory study.**  
- Emilia Magdalena Jurzyk, Belgium: **Financial structure and the retail bank interest rate pass-through in the Central and Eastern European Countries.**  
- Fatima Teresa Sol Murta and Soares Fonseca, Portugal: **The daily session of the interbank market before and after EMU: an application to the Portuguese case.**

**3.30 pm – 4.00 pm  Coffee Break**

**Room S 3.1 – Labour Economics**

**Chairman:** Daniel Stavarek  
**Speakers:**  
- Maurizio Bovi, Italy: **The dark and Independent side of the Italian labour market.**  
- Nicolas Bauduin and Joel Hellier, France: **Skill dynamics, inequality and social policies.**  
- Lilia Cavallari, Italy: **Nominal wage bargaining in the EMU: what a "social pact" should do.**  
- Andromachi Piperakis, U.K.: **Economic Integration, wage formation and Union bargaining.**

**Room S 3.2 – Factor Mobility**

**Chairman:** Georgios Kouretas  
**Speakers:**  
- Akira Shimada, Japan: **International Migration of Labour, Efficient Wages and Monetary Policies.**  
- Greerdink G.C. and P.J. Stauvermann, Netherlands: **International Capital Mobility in a Harrod -Domar Model.**  
- Greerdink G.C. and P.J. Stauvermann, Netherlands: **Evolution of two regions with capital mobility: Does factor mobility lead to convergence of economic development in case of public capital?**

**Room S 3.3 – Public Economics**

**Chairman:** Helder Valente Silva  
**Speakers:**  
- Maria Rosário Correia, U.K.: **The Determinants of the choice of Maturity and Restrictive Covenants in Debt contracts: A Panel Data Approach.**  
- António Martins and Mário Augusto, Portugal: **Taxation of Corporate income and internationalization of firms: an empirical analysis.**  
- François Pouget, France: **What's wrong with delegation? International Unions and the determinant of success of special interest politics.**  
- Mark J. Holmes and Theo Panagiotidis, U.K.: **Sustainability and asymmetric adjustment: some new evidence concerning the behaviour of the US current account.**

11
Room S 3.4 – Foreign Direct Investment

Chairman: Ansgar Belke
Speakers:
Constantina Kottaridi and Demetrios Stamatakis Greece
Christos Papazoglou and Maria Pitta Greece
Pellegrino Manfra U.S.A
Antonio Saravia and Mohamed Soliman

Human capital and foreign direct investment: A hand-in-hand relationship?
FDI determinants in the periphery of the EU.
FDI and European Integration: An empirical examination.
FDI Activity and IPR Protection: An empirical analysis

Room A.3.1 – Industrial Economics

Chairman: Ewa Balcerowicz
Speakers:
Anna Wziatek Kubiak Poland
Reiner MArtin, Moreno Roma and Isabel Vansteenkiste Germany
Ewa Balcerowicz Poland
Rick Harris and Samer Kherfi Sharjah

The Uneven Integration of Polish Manufacturing Industries into the Single Market.
Price effects of regulatory reforms in network industries: A panel data approach for the EU.
Trade and productivity convergence in Canadian Manufacturing: Intra-versus Inter-Industry trade.

5.45pm – 6.45pm      Plenary Session (Auditorium)

Keynote lecture: “EMU: A Critical Perspective”
Prof. Ferreira do Amaral

9.00pm                      Conference Dinner (St. Marcos Palace)

Sunday, 22 May 2005

Visit to Porto 8.00am-5.00pm (Optional and financed by the participants)