



European Economics  
and Finance Society



University of Bologna  
Department of Economics

**2<sup>nd</sup> Annual Meeting of the EEFS**

**“EUROPEAN INTEGRATION:  
REAL AND FINANCIAL ASPECTS”**

**Bologna, May 14/17 2003**

**CONFERENCE PROGRAMME**



## Wednesday, May 14

Location: Palazzo Malvezzi - 13, Via Zamboni - Bologna

5,00 p.m. - 7,00 p.m. **REGISTRATION**

5,30 p.m. - 7,30 p.m. **PLENARY SESSION**

- Opening address by Prof. **Mark Taylor** (President of the EEFS)
- Keynote lecture by Prof. **Kennet Button** (George Mason University, USA)  
*"Is the Future of the European Scheduled Airline Industry Financially Viable?"*

7,30 p.m. **RECEPTION**

**OFFERED BY THE PROVINCE OF BOLOGNA**

## Thursday, May 15

Location: Palazzo Hercolani – 45, Strada Maggiore - Bologna

9,00 a.m. - 10,15 a.m. **PARALLEL SESSIONS** (rooms 1, 2, 3)

### ROOM 1 **Country-studies I: Greece and Poland**

Chair: **D. Asteriou**

**O. Havrylchyk**, *Efficiency of the Polish Banking Industry: Foreign vs. National Banks*

**M. Chletsos – C. Kollias**, *Military Spending vs. Social Spending: the Case of Greece*

**A. Gurba**, *Vertical Imbalance and Bailout: the Case of Polish Local Governments Borrowing Under Maastricht Restrictions*

### ROOM 2 **Human Capital and the Labour Market I**

Chair: **G. Pelloni**

**S. Giannangeli**, *Causality Measures for Sectoral Shifts Analysis*

**G. Gallipoli**, *Human Capital Accumulation, Education Policy and Wage Dispersion*

**N. Meccheri**, *Incentive Schemes with Unverifiable Effort, Employment, and Welfare: a Three Models Comparison*

### ROOM 3 **Convergence**

Chair: **B. Fingleton**

**A. Di Liberto – R. Mura – F. Pigliaru**, *Detecting Technological Catch-up in Economic Convergence: the Case of the Italian Regions, 1960-95*

**S. Iezzi**, *Technology Spillover and Economic Convergence: a Panel Data Analysis of European Countries*

**B. Gorokhovskij**, *Trade Integration in the Enlarged European Union: a Gravity Model Approach*

10,15 a.m. - 11,30 a.m. **PARALLEL SESSIONS** (rooms 1, 2, 3)

**ROOM 1**    **The Econometrics of Financial Markets I**

Chair: **N. Sarantis**

**S. Bekiros** – **D. Georgoutsos**, *Estimation of Value at Risk by Extreme Value and Conventional Methods: a Comparative Evaluation of Their Predictive Performance*

**A. Kanas** – **G. P. Kouretas**, *A Cointegration Approach to the Lead-Lag Effect Among Size-Sorted Equity Portfolios*

**B. Gebka**, *Volume Shocks and Short-Horizon Stock Return Auto-Covariances: Evidence from the Warsaw Stock Exchange*

**ROOM 2**    **Household Behaviour in an Integrating Europe**

Chair: **E. Croda**

**D. Del Boca** – **S. Pasqua** – **C. Pronzato**, *Analyzing Women's Employment and Fertility Rates in Europe: Differences and Similarities in Northern and Southern Europe*

**D. Andenberg** – **A. Balestrino**, *Determining the Level and Mix of Public Spending when Families Act Non-Cooperatively*

**E. Croda**, *Intergenerational Transfers, Incomes Shocks and Human Capital: Evidence from a Natural Experiment*

**ROOM 3**    **Differences in regional output**

Chair: **A. Soci**

**V. Dupont** – **P. Martin**, *Regional Policies and Inequalities: Are Subsidies Good for You?*

**C. Altomonte** – **C. Bonassi**, *Comparative Advantages or Economic Geography? An Assessment of EU Regional Disparities*

**B. Fingleton**, *Some Alternative Geo-Economics for Europe's Regions*

11,30 a.m. - 11,45 a.m. **COFFEE BREAK** (ground floor of Palazzo Hercolani)

11,45 a.m. - 1,00 p.m. **PARALLEL SESSIONS** (rooms 1, 2)

**ROOM 1**    **Industrial Economics I**

Chair: **G. Agiomirgianakis**

**C. Castaldi** – **M. Milakovic** – **A. Secchi**, *Statistical Evidence on Corporate Diversification in Italian Manufacturing*

**N. Meccheri** – **G. Pelloni**, *Rural Entrepreneurship in Mountainous Italy: the Importance of Human Capital and Instruments of Assistance: Evidence from a Case Study Implications*

**J. Markesova** – **M. Dohnal** – **A. Putnova**, *Business Ethics and Financial Performance of Czech and Italian SMEs: a Fuzzy Model*

**ROOM 2**    **Globalisation I**

Chair: **C. Tsoukis**

**E. Dinopoulos** – **P. Segerstrom**, *A Theory of Globalization*

**E. K. Choi**, *Absolute and Comparative Advantages in Translation and the Language War*

**C. Kottaridi** – **G. Siourounis**, *A Flight to Quality! International Capital Flows Under Liquidity Constraints*

1,00 p.m. - 2,00 p.m. **LUNCH** (ground floor of Palazzo Hercolani)

2,00 p.m. - 3,15 p.m. **PARALLEL SESSIONS** (rooms 1, 2, 3)

**ROOM 1** **International Trade**

Chair: **E. K. Choi**

**A. Mihailov**, *Effects of the Exchange-Rate Regime on Trade: the Role of Transport Costs and Import Demand Elasticity*

**L. Wang**, *How Do Impact Levels of International Trade on Economic Variables Influence the Measurement of the Importance of International Trade? The Net Economic Openness Model*

**D. Novy**, *Trade Costs in a Model of Pricing to Market*

**ROOM 2** **Growth and Convergence**

Chair: **C. Tsoukis**

**J. Hellier – N. Bauduin**, *The Minimum Wage: a Tool to Release the External Constraint on Growth*

**T. Brodzicki**, *In Search for Accumulative Effects of European Economic Integration*

**M. Mamolo – F. C. Billari**, *Fertility in Europe in 1960-1999: Testing the Convergence Hypothesis Using an Econometric Approach*

**ROOM 3** **Globalisation II**

Chair: **D. Asteriou**

**K. Howell**, *Europeanization or European Integration? A Study of Financial Services*

**C. Cariou**, *Economic Integration and Societal Dis-integration: Some Reflexions on the Past, the Enlargement and the Future.*

**I.R. Bugayan – M. A. Sumbatyan – A. A. Kremnev**, *Common and Different Features of Integration Processes in EC and NIS Countries*

3,15 p.m. - 4,30 p.m. **PARALLEL SESSIONS** (rooms 1, 2, 3, 4)

**ROOM 1** **Financial Markets and Interest Rates**

Chair: **L. Cavallari**

**M. Limosani – T. Flavin**, *Modelling Risk Premium in the Term Structure of the Interest Rate*

**M. Costa**, *International Financial Flows and European Integration*

**J. Bigus**, *Moral Hazard by Inside Investors in the Context of Venture Financing*

**ROOM 2** **Labour Market: Theory and Policy II**

Chair: **V. Caponi**

**A. Belke – R. Setzer**, *The Cost for Exchange Rate Volatility for Labour Markets: Some Empirical Evidence from the CEE Economies*

**A. S. Piperakis**, *Economic Integration and Union Bargaining*

**C. Strozzi**, *The Sustainability of Trans-National Collective Bargaining Policies*

**ROOM 3** **Fiscal Policy in the EU**

Chair: **J. E. Lee**

**E. Farvaque - F. Huart – C. Vaneecloo**, *How Binding is the Stability Pact? Some Estimates Based on Taylor's Fiscal Rule*

**J. Crespo Cuaresma – G. Reitschuler – M. A. Silgoner**, *The Fiscal Smile: On the Effectiveness and Limits of Fiscal Stabilizers*

**D. Di Gioacchino – S. Ginebri – L. Sabani**, *EMU, Excessive Debt and Risk of Repudiation*

**ROOM 4** **Foreign Direct Investment II**

Chair: **A. Soci**

**P. Manfra**, *Trends, Pattern and Motivation of United States Direct Investment to European Economic Community*

**A. Moudatsou**, *Globalization and Wage Income Inequality: Evidence from the European Union*

**M. M. Soliman**, *The Effects of Currency Crises on Foreign Direct Investment*

4,30 p.m. - 4,45 p.m. **COFFEE BREAK** (ground floor of Palazzo Hercolani)

4,45 p.m. - 6,45 p.m. **PLENARY SESSION** (room 3)

Panel "*The EURO Experience in Perspective: Should North America follow Europe?*"

Invited Panellists:

- Prof. **Jerzy Konieczny** (Wilfrid Laurier University, CANADA)
- Prof. **Paolo Manasse** (Bologna University, ITALY)
- Prof. **Mark Taylor** (Warwick University, UK)
- Dr. **John Murray** (Bank of Canada, CANADA)

8,30 p.m. **CONFERENCE DINNER**

**OFFERED TO PARTICIPANTS AT RISTORANTE LA CAPRIATA**  
(meeting point at the Restaurant, entrance from Strada Maggiore n.19)

## Friday, May 16

Location: Palazzo Hercolani – 45, Strada Maggiore - Bologna

9,00 a.m. - 10,15 a.m. **PARALLEL SESSIONS** (rooms 1, 2, 3, 5)

### ROOM 1 **Macroeconometrics**

Chair: **T. Panagiotidis**

**A. Kanioura – P. Turner**, *The Error Correction Model as a Test for Cointegration*

**J. Gascoigne**, *A Discrete Approximation to Continuous Time Systems of I(1) Flow Variables*

**Kontonikas – T. Panagiotidis**, *Stock Performance and Inflation: International Evidence from a Non-Linear Perspective*

### ROOM 2 **Monetary Macroeconomics I**

Chair: **F. Huart**

**A. Aguiar – M. M. F. Martins**, *Macroeconomic Volatility Trade-off and Monetary Policy Regime in the Euro-Area*

**R. Duncan**, *Exploring the Implications of Official Dollarisation on Macroeconomic Volatility*

**B. Kontonikas – A. Montagnoli**, *Optimal Monetary Policy with Wealth Effects*

### ROOM 3 **Economic Institutions in an Enlarged Europe I**

Chair: **A. Zielinska-Glebocka**

**G. Le Blanc – H. Shelanski**, *Merger Control and Remedies Policy in the EU and US: the Case of Telecommunications Mergers*

**M. Sterzynski**, *Liberalisation and Deregulation of the Single Insurance Market in the European Union*

**R. Patimo**, *The European Employment Strategy's Pillar on Equal Opportunities: Is Non Discrimination Principle a Discriminating Factor?*

### ROOM 5 **Exchange Rates I**

Chair: **M. I. Koukouritakis**

**K. Pilbeam**, *Exchange Rates, Economic Fundamentals and Expectations*

**F. Sibi**, *The Euro-Dollar Exchange-Rate: Evolution and Reaction Function for the European Central Bank*

**P. van Foreest – C. G. de Vries**, *Nominal and Real Forex Regimes and EMU Accession*

10,15 a.m. - 11,30 a.m. **PARALLEL SESSIONS** (rooms 1, 2, 3, 5)

### ROOM 1 **Financial Markets Linkages**

Chair: **J. Soares Da Fonseca**

**P. Perez – D. R. Osborn – M. Sensier**, *Business Cycles and Financial Linkages in the Context of European Integration*

**M. Boschi**, *International Financial Contagion: Evidence from the Argentine Crisis of 2001-2002*

**D. Serwa – M. T. Bohl**, *Financial Contagion: Empirical Evidence on Emerging European Capital Markets*

## **ROOM 2** Price and Wage Rigidities

Chair: **J. P. Lam**

**L. Aucremanne** – **M. Hubert** – **P. J. Rousseeuw** – **A. Struyf**, *Inflation, Relative Prices and Nominal Rigidities*

**J. D. Konieczny** – **A. Skrzypacz**, *A New Test of the Menu Cost Model*

**P. M. Picard** – **E. Toulemond**, *Firms' Agglomeration and Union*

## **ROOM 3** Foreign Direct Investment I

Chair: **A. Soci**

**S. Stowhase**, *Profit Shifting Opportunities, Multinationals, and the Determinants of FDI*

**U. Nair-Reichert** – **R. Duncan**, *Multinational Activities: Do Patent Regimes and Host Country policies Matter?*

**M. Cucculelli**, *Testing Market Power of "Made in Italy" Industries in Transition Economies*

## **ROOM 5** Exchange Rates II

Chair: **K. Pilbeam**

**C. Puiasset**, *Exchange Rate Regime Switching in Favourable Period: Lessons from Asia for Central and Eastern European Countries*

**M. Lahtinen**, *The Purchasing Power Parity Puzzle: Nonlinear and Asymmetric Aspects of Goods-Markets Arbitrage*

**K. Hassanain**, *PPP and the Base Currency Effect: a Re-Examination*

11,30 a.m. - 11,45 p.m. **COFFEE BREAK** (ground floor of Palazzo Hercolani)

11,45 a.m. - 1,00 p.m. **PARALLEL SESSIONS** (rooms 1, 2, 3, 4, 5)

## **ROOM 1** Labour Market: Theory and Policy I

Chair: **C. Altomonte**

**T. A. Lubik** – **M. Krause**, *Labour Market Dynamics in a Monetary Business Cycle Model With Search Frictions*

**P. Manasse** – **L. Stanca**, *Working on the Train: Technology, Trade and Wages in Italian Manufacturing*

**U. Fachinger**, *The Self-Employed in the EU: Some Comments on Problems of Their Social-Security*

## **ROOM 2** Monetary Macroeconomics II

Chair: **T. Brodzicki**

**J. P. Cayen**, *Effect of Monetary Policy in Canada*

**W. Berger**, *Macroeconomic Effects of Monetary Policy in a Low Pass - Through Environment with Intermediate Goods*

**C. Capuano**, *Strategic Liquidity Pressure with a Physically Deliverable*

## **ROOM 3** Monetary and Fiscal Policy in a MU

Chair: **N. Sarantis**

**L. Onorante**, *Fiscal, Monetary and Wage Policies in a MU: Is there a Need for Fiscal Rules?*

**B. van Arle** – **H. Garretsen** – **F. Huart**, *Monetary and Fiscal Policy Rules in the EMU*

**L. Cavallari** – **D. Di Gioacchino**, *Fiscal Policy Design in a Monetary Union*

**ROOM 4** **Economic Institutions in an Enlarged Europe II**

Chair: **K. Pilbeam**

**M. Gerard – J. Martens Weiner**, *Cross Border Loss Offset and Apportionment: What is Their Impact on Multi-Jurisdictional Firms Policy and Inter-Jurisdictional Tax Competition?*

**E. Bascavusoglu – M. P. Zuniga**, *Intellectual Property Protection & Disembodied Knowledge Trade*

**T. Van Hoa**, *ASEAN+3 Free Trade Agreement and Its Impact on ASEAN-European Union Trade*

**ROOM 5** **Human Capital and the Labour Market II**

Chair: **G. Pelloni**

**V. Caponi**, *Wage Centralized Determination and Unemployment Regional Differences in Italy*

**G. Kambourov**, *Labor Market Restrictions and the Sectoral Reallocation of Workers: the Case of Trade Liberalizations*

**G. Pica**, *International Political Spillovers: the Case of Labour Market Regulation*

1,00 p.m. - 2,00 p.m. **LUNCH** (ground floor of Palazzo Hercolani)

2,00 p.m. - 3,15 p.m. **PARALLEL SESSIONS** (rooms 1, 2, 3, 4, 5)

**ROOM 1** **Applied Econometrics**

Chair: **A. Sharma**

**G. Cavaliere – L. Fanelli – A. Gardini**, *Regional Consumption Dynamics and Risk Sharing*

**P. Maki-Franti**, *The Information Content of the Divisia Money in Forecasting Inflation in the Euro-Area*

**A. Sharma – T. Panagiotidis**, *An Analysis of Exports Growth and Causality in India: Some Empirical Evidence (1971-2002)*

**ROOM 2** **Migration**

Chair: **D. Di Gioacchino**

**T. Biswas – J. McHardy**, *Measuring the Intensity of Intra-European Migration*

**A. Shimada**, *Reducing the Inflow of Unskilled Foreign Workers*

**H. Marques – H. Metcalf**, *A Gravity Study of the Sectoral Trade Impact on Labour Migration in an Enlarged EU*

**ROOM 3** **Monetary Policy and Foreign Exchange Markets**

Chair: **G. Pelloni**

**J. P. Lam**, *Alternative Targeting Regimes*

**T. A. Lubik – M. Marzo**, *Determinacy and Taylor Rules: A Full Taxonomy*

**M. I. Koukouritakis – L. Michelis**, *EU Enlargement: Are the New Countries Ready to Join the EMU?*



#### **ROOM 4**    **Growth**

Chair: **M. Dohnal**

**N. Miller – C. Tsoukis**, *The Role of Learning in Endogenous Growth: an Answer to the Jones-Paradox*

**X. Chojnicki – F. Docquier**, *Fiscal Policy and Educational Attainment in the United States*

**K. Papathoma – D. Asteriou – G. M. Agiomirgianakis**, *Financial Development, Banking Structure, Stock Markets and Growth*

#### **ROOM 5**    **Perspectives on Enlargement II**

Chair: **A. Soci**

**B. Egert**, *Nominal and Real Convergence in Estonia: The Balassa-Samuelson (dis)Connection*

**N. Melloni**, *Monetary Policy and Exchange Rate Regime in the Accession to EMU: Uncalculated Risks and Possible Failures*

**K. Kalcheva**, *Monetary Policy Under Exogenous Shocks in CEE Countries with Currency Board*

3,15 p.m. - 4,30 p.m. **PARALLEL SESSIONS** (rooms 1, 2, 3, 4, 5)

#### **ROOM 1**    **Country-studies II: Greece, Germany and Spain**

Chair: **C. Tsoukis**

**A. Kaketsis – N. Sarantis**, *The Effects of Monetary Policy Changes on Market Interest Rates in Greece: an Event Study Approach*

**G. Merikas – A. A. Merika**, *Stock Prices Response to Real Economic Variables: the Cases of Germany and Spain*

**T. Mastroyannis**, *Greece's Accession to the EU and the F-H Puzzle Revisited*

#### **ROOM 2**    **Information Technology**

Chair: **F. Huart**

**J. E. Lee**, *The Exchange Rate System for "the Republic of Information Technology"*

**A. Schafer – C. Spengel**, *ICT and International Corporate Taxation: Tax Attributes and Scope of Taxation*

**M. Iacopetta**, *Dissemination of Technology in Market and Planned Economies*

#### **ROOM 3**    **The Econometrics of Financial Markets II**

Chair: **T. Panagiotioli**

**J. Bialkowski**, *Modelling Returns on Stock Indices for Eastern and Central European Stock Exchanges: a Markov-Switching Approach*

**J. Soares da Fonseca**, *The Integration of European Stock Markets and Market Timing*

**S. Voronkova**, *Instability in the Long-Run Relationships: Evidence on the Emerging European Stock Market*

#### **ROOM 4 Industrial Economics II**

Chair: **G. M. Agiomirgianakis**

**C. Mastromarco – U. Woitek**, *Regional Business Cycles in Italy*

**A. Zielinska-Glebocka**, *European Integration Adaptability of Polish Manufacturing in Face of EU Accession*

**F. Voulgaris – G. M. Agiomirgianakis – T. Papadogonas**, *Job Creation and Job Destruction in Greek Manufacturing*

#### **ROOM 5 Perspectives on Enlargement III**

Chair: **H. Marques**

**R. Matousek**, *Banking Crises Resolution in Transition Economies as a Necessary Condition of the Integration Process into the EU*

**G. Schnabl**, *The Emergence of the Euro-zone: an Informal Euro Standard as a First Step for EMU Membership of the Central and Eastern European Countries*

**C. Papazoglou – E. J. Pentecost**, *The Potential Trade Effects of EU Accession*

4,30 p.m. - 4,45 p.m. **COFFEE BREAK** (ground floor of Palazzo Hercolani)

4,45 p.m. - 6,45 p.m. **PLENARY SESSION** (room 3)

- Communications by Prof. George Agiomirgianakis (General Secretary of EEFS)  
“*The past and the Future of EEFS*”
- Keynote lecture by Prof. John Addison (University of South Carolina, USA)  
“*Reservation Wages, Search Duration, and Accepted Wages in the European Union.*”

8,30 p.m. **CONFERENCE DINNER**

**OFFERED BY UNICREDIT BANCA TO PARTICIPANTS AT PALAZZO ISOLANI**  
(meeting point at the Corte Isolani, Via Santo Stefano n.16)

**Saturday, May 17**

***VISIT TO THE HISTORICAL CITY OF RAVENNA***

Departure from Bologna (Piazza Malpighi) *8,30 a.m.*

Arrival at Basilica di Sant'Appollinare in Classe *10,15 a.m.*

Visit to the Basilica

Departure from the Basilica *10.45 a.m.*

During the way, you will have a look at Scavi di Classe, Loggetta Lombardesca, Canale Portuale, Mausoleo di Teodorico, Rocca Brancaleone.

Arrival at the city center *11.10 a.m.*

Visit to the historical center of Ravenna (Tomba di Dante, Piazza del Popolo, Basilica di San Vitale, Mausoleo di Galla Placidia, Laboratorio del Mosaico)

Departure from Ravenna (Viale Farini) to Bologna *2,30 p.m.*

Along the way, the bus may stop on request at Forlì airport and at Bologna airport

Arrival at Bologna *5,00 p.m.*

**EEFS** is an international association of professional economists working mainly in the area of International Economics (Trade Theory and International Macroeconomics) and International Finance.

**The Society aims:**

- to promote scientific research and scholarly work;
- to encourage communication among economists working in related fields;
- to facilitate a wide dissemination of research output through its Conferences and scientific meetings;
- to foster the development of young economists.

While the Society has primarily a European dimension, participation from other countries is encouraged.

Though the focus is on scholarly work, economists working as practitioners in Government, business or other organisations are warmly welcomed.

**SCIENTIFIC AND ORGANISING COMMITTEE:**

Prof. **George Agiomirgianakis** (General Secretary of EEFS, Hellenic Open University, Greece and Senior Research Fellow, City University, London)

Prof. **Gianluigi Pelloni** (Dept. of Economics, Ryerson University, Toronto, Canada and Faculty of Political Sciences, University of Pisa, Italy)

Prof.ssa **Anna Soci** (Dept. of Economics, University of Bologna, Italy)

**CONFERENCE SECRETARY:**

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