



**Centre for
Economic
Policy
Research**



STUDIENZENTRUM GERZENSEE
STIFTUNG DER SCHWEIZERISCHEN NATIONALBANK

European Summer Symposium in Economic Theory Gerzensee, 3/14 July 2000

Final Programme

WEEK 1

Monday 3 July

08.30 - 10.00 **Strategic Experimentation with Public or Private Information**
Martin Cripps (University of Warwick)
Godfrey Keller (London School of Economics)*
Sven Rady (Universität München, Stanford University, and CEPR)

Evening Parallel Sessions:

20.30 - 21.30 **Entry Deterrence in Durable Goods Monopoly**
Heidrun Hoppe (Universität Hamburg)
In Ho Lee (University of Southampton)*

20.30 - 21.30 **Modelling Financial Fragility in Emerging and Transition Economies**
Jeffrey H Nilsen (Studienzentrum Gerzensee and Copenhagen Business School)
Riccardo Rovelli (Università di Bologna)*

Tuesday 4 July

08.30 - 12.15 **Focus Session: Microeconomic Models of Financial Crises**

Session Organizers: Stephen Morris (Yale University)
Hyun Song Shin (Nuffield College, Oxford, and CEPR)

Optimal Currency Crises

Franklin Allen (The Wharton School, University of Pennsylvania)
Douglas Gale (New York University)

Demand Deposit Contracts and the Probability of Bank Runs

Itay Goldstein (Bank of Israel and Tel Aviv University)

Ady Pauzner (Tel Aviv University)*

Evening Parallel Sessions:

20.30 - 21.30

Dollarization, Bailouts and the Stability of the Banking System

Douglas Gale (New York University)

Xavier Vives (Institut d'Anàlisi Econòmica (CSIC), Barcelona, and CEPR)*

20.30 - 21.30

Delegated Portfolio Management, No Churning, and Relative Performance-Based Incentive/Sorting Schemes

Sudipto Bhattacharya (London School of Economics and CEPR)

Wednesday 5 July

08.30 - 10.00

Professional Advice

Marco Ottaviani (University College London)

Peter Sørensen (University of Copenhagen)*

Evening Parallel Sessions:

20.30 - 21.30

Robustness of Adaptive Expectations as an Equilibrium Selection Device

Martin Lettau (Federal Reserve Bank of New York and CEPR)

Timothy Van Zandt (INSEAD, Fontainebleau)*

20.30 - 21.30

Speculative Attacks: Unique Sunspot Equilibrium and Transparency

Frank Heinemann (Goethe-Universität Frankfurt-am-Main)*

Gerhard Illing (Goethe-Universität Frankfurt-am-Main)

Thursday 6 July

08.30 - 12.15

Focus Session: Macroeconomic Models of Financial Crises

Session Organizers: Philippe Bacchetta (Studienzentrum Gerzensee, Université de Lausanne and CEPR)

Giancarlo Corsetti (Yale University and CEPR)

Nominal Debt and the Dynamics of Currency Crises (survey)

Giancarlo Corsetti (Yale University and CEPR)

Bartosz Mackoswiak (Yale University)

Third Generation Models of Currency Crises (survey)

Philippe Bacchetta (Studienzentrum Gerzensee, Université de Lausanne and CEPR)

Financial Crises as Herds

V V Chari (University of Minnesota and Federal Reserve Bank of Minneapolis)

Patrick Kehoe (University of Pennsylvania and Federal Reserve Bank of Minneapolis)*

Evening Panel:

20.00 - 21.30

Preventing International Financial Vulnerability

Coordinated by:

Xavier Vives (Institut d'Anàlisi Econòmica (CSIC), Barcelona, and CEPR)

Pierre Cailleateau (Bank for International Settlements)

Richard Portes (London Business School, University of California, Berkeley, and CEPR)

Friday 7 July

08.30 - 10.00

Why are Housing Prices so Volatile?

Income Shocks in a Stochastic Model with Heterogeneous Agents

François Ortalo-Magné (London School of Economics and CEPR)

Sven Rady (Universität München, Stanford University, and CEPR)*

WEEK 2

Monday 10 July

08.30 - 09.45 **The Employment Relation and the Theory of the Firm:
Arm's Length Contracting versus Authority**
Patrick Bolton (Princeton University and CEPR)*
Ashvin Rajan (Princeton University)

Morning Parallel Sessions:

10.15 - 11.30 **Why Every Economist Should Learn Some Auction Theory**
Paul Klemperer (Nuffield College, Oxford, and CEPR)

10.15 - 11.30 **Performance Incentives with Award Constraints**
Pascal Courty (London Business School and CEPR)*
Gerald Marschke (State University of New York, Albany)

Evening Parallel Sessions:

20.30 - 21.30 **The Theory of Human Capital Revisited:
On the Interaction of General and Specific Investments**
Anke Kessler (Universität Bonn and CEPR)*
Christoph Lülfesmann (Universität Bonn)

20.30 - 21.30 **The Power of a Strategic Buyer with Perfect and
Imperfect Monitoring**
V Bhaskar (University of Essex)

Tuesday 11 July

08.30 - 12.15 **Focus Session on: Personnel Economics**

Session Organizer: Edward P Lazear (Hoover Institute, Stanford University)

The Future of Personnel Economics
Edward P Lazear (Hoover Institute, Stanford University)

Ownership and Incentives
George Baker (Harvard University)

**Top Management Compensation and Incentives:
Executive Compensation**
Kevin J Murphy (University of Southern California)

Evening Parallel Sessions:

20.30 - 21.30 **Competing for Ownership**
Patrick Legros (ECARES, Université Libre de Bruxelles, Université de Liège and CEPR)*
Andrew Newman (University College London)

20.30 - 21.30 **Capacity Constrained Firms in (Labor) Markets with Adverse Selection**
Roman Inderst (Universität Mannheim)
Achim Wambach (Universität München and CEPR)*

Wednesday 12 July

08.30 - 12.15 **Focus Session: Multiparty Contracting**

Session Organizers: Ilya Segal (Stanford University)
Michael Whinston (University of Chicago)

Overview of Multiparty Contracting
Ilya Segal (Stanford University)
Michael Whinston (University of Chicago)

Robust Predictions for Bilateral Contracting with Externalities
Ilya Segal (Stanford University)
Michael Whinston (University of Chicago)

Games Played Through Agents
Andrea Prat (STICERD, London School of Economics and CEPR)
Aldo Rustichini (Boston University)*

Evening Parallel Sessions:

20.30 - 21.30 **Central Governance or Subsidiarity:
A Property-Rights Approach to Federalism**
Christoph Lülkesmann (Universität Bonn)

20.30 - 21.30 **Increasing Lock-in to Facilitate Decision-Making:
A Property Rights Theory of the Firm with Private Information**
Niko Matouschek (CEP, London School of Economics)

Thursday 13 July

08.30 - 09.45 **A Note on the Convergence to Competitive Equilibria in Economies
with Moral Hazard**
Alberto Bisin (New York University)*
Piero Gottardi (University of Venice)
Danilo Guaitilo (Universitat Pompeu Fabra, Barcelona, and CEPR)

Morning Parallel Sessions:

10.15 - 11.30 **Optimal Long-Term Financial Contracting with Unobservable Cash Flows**
Peter DeMarzo (University of California, Berkeley)*
Mike Fishman (Northwestern University)

10.15 - 11.30 **Market Size and Firm Turnover (Part 1: Theory)**
Marcus Asplund (Stockholm School of Economics)
Volker Nocke (Nuffield College, Oxford)*

Evening Parallel Sessions:

20.30 - 21.30 **Project Bundling, Liquidity Spillovers, and Capital Market Discipline**
Roman Inderst (Universität Mannheim)
Holger M Müller (Universität Mannheim)*

20.30 - 21.30 **The Incentive Effects of Interim Performance Evaluations**
Alessandro Lizzeri (Princeton University)
Margaret A Meyer (Nuffield College, Oxford, and CEPR)*
Nicola Persico (University of Pennsylvania)

Friday 14 July

08.30 - 09.45 **Does Competition Solve the Hold-up Problem?**
Leonardo Felli (London School of Economics)*
Kevin J Roberts (Nuffield College, Oxford)

Organizers: C Mark Armstrong (Nuffield College, Oxford, and CEPR)
Philippe Bacchetta (Studienzentrum Gerzensee, Université de Lausanne and CEPR)
Philippe Jéhiel (CERAS, Paris, and CEPR)
Patrick Legros (ECARES, Université Libre de Bruxelles, Université de Liège and CEPR)
Margaret A Meyer (Nuffield College, Oxford, and CEPR)
Georg Nöldeke (Universität Basel and CEPR)
Klaus Schmidt (Universität München and CEPR)
Xavier Vives (Institut d'Anàlisi Econòmica (CSIC), Barcelona, and CEPR)