

Program of the 1999 Meeting of the Society for the Advancement of Economic Theory

Rodos, Greece, July 2–8, 1999

Rodos-Palace Hotel and Convention Center

The fourth meeting of the *Society for the Advancement of Economic Theory* took place at the Rodos-Palace Hotel and Convention Center on the Dodecanese island of Rodos, Greece, with two hundred and twenty-five participants in attendance. The theme for this conference was **Current Trends in Economics and Labor Market Effects**.

Program Committee

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- N. Papanastasiou, The University of Athens, Athens, GREECE
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- I. A. Polyrakis, The National Technical University of Athens, Athens, GREECE
- E. C. Prescott, University of Minnesota, Minneapolis, USA
- M. Quinzii, University of California, Davis, USA

M. S. Santos, University of Minnesota, Minneapolis, USA
 B. D. Smith, University of Texas, Austin, USA
 R. Tourky, University of Melbourne, Victoria, AUSTRALIA
 W. Trockel, University of Bielefeld, Bielefeld, GERMANY
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Social Program

– *Monday, July 5th, 1999*

An excursion around Rodos compliments of the Honorable Governor of the Dodecanese Islands, Savvas Karagianis. Including a bus tour with stops and visits at several famous historical sites of the island, such as Lindos, as well as lunch at a seaside location compliments of the Honorable Mayor of South Rodos, Philippos Antonaras.

– *Wednesday, July 7, 8:30 PM*

A reception and banquet dinner for all participants of the conference, at the Palace of the Grand Master, compliments of the Honorable Mayor of the City of Rodos, George Geannopoulos.

Welcome and Opening Remarks

Friday, July 2, 1999 – 8:30–9:25

- Governor of the Dodecanese Islands, Savvas Karagianis
- Mayor of the City of Rodos, George Geannopoulos
- The Rector of the University of the Aegean, Themistocles Lekkas
- Organizing Committee Chair, Charalambos D. Aliprantis
- Society for the Advancement of Economic Theory President, Nicholas Yannelis

Session Listings

Friday, July 2nd, 1999

Incomplete Markets

Friday, July 2nd, 1999 – 9:30–12:30 AM: Suite A
Chairpersons: Egbert Dierker and Birgit Grodal

Collateral and Default in General Equilibrium, John Geanakoplos (Yale U, USA)

Enforcement of Contracts when Markets are Incomplete, Søren Kyhl (U Copenhagen, DENMARK)

Equilibrium with Default and Endogenous Collateral, Mario H. Páscoa* (U Nova de Lisboa, PORTUGAL), Aloisio Araújo (IMPA, BRAZIL), and Jaime Orrillo (IMPA, BRAZIL)

Financial Innovation, Communication and the Theory of the Firm, Thorsten Hens (U Bielefeld, GERMANY) and Marc-Oliver Bettzuege* (McKinsey-Vienna, SWITZERLAND)

Incomplete Markets and the Firm, Egbert Dierker (U Vienna, SWITZERLAND), Hildegard Dierker (U Vienna, SWITZERLAND), and Birgit Grodal* (U Copenhagen, DENMARK)

International Trade Theory

Friday, July 2nd, 1999 – 9:30–12:00 AM: Suite B
Chairperson: Raymond Riezman

Customs Unions and Small Countries: The Innocent Bystander Problem, M. Ayhan Kose* (Brandeis U, USA) and Raymond Riezman (U Iowa, USA)

Welfare Effects of Migration in Societies with Indirect Taxes, Income Transfers and Public Good Provision, Michael S. Michael (U Cyprus, CYPRUS) and Panos Hatzipanayotou* (Aristotelian U Thessaloniki, GREECE)

Trade and Contract Enforcement, James E. Anderson* and Leslie Young (Boston College, USA)

Nash and Stackelberg Optimum Export Taxes: A CGE Model of the Global Cocoa Market, Kamil Yilmaz (Koç U, TURKEY)

Dynamical Systems

Friday, July 2nd, 1999 – 2:30–6:30 PM: Suite A

Chairperson: Mukul Majumdar

A Turnpike Property of Optimal Programs for a Class of Simple Linear Models of Production, Ilaria Ossella (Cornell U, USA)

Markov Equilibrium in a Stochastic Growth Model, Subir K. Chakrabarti (IUPUI, USA)

A Dynamic Model of Electoral Competition, Gilbert Laffond (CNAM-Econométrie, FRANCE), Jean Lainé* (ENSAI-CREST, FRANCE), and Gauthier Lanot (Keele U, UK)

A Geometric Approach to Local Indeterminacy and Local Bifurcations in Three-Dimensional Dynamical Systems, Jean-Paul Barinci (EUREQua, FRANCE) and Jean-Pierre Drugeon* (CNRS-EUREQua, FRANCE)

Expectational Leads in Economic Dynamical Systems, Jan Wenzelburger (U Bielefeld, GERMANY)

Economic Growth with Physical and Human Capital, Manuel Santos (U Minnesota, USA)

Recursive Equilibrium in Endogenous Growth Models with Incomplete Markets, Tom Krebs (Brown U, USA)

Decision Models in Economic Systems

Friday, July 2nd, 1999 – 2:30–4:00 PM: Suite B

Chairperson: Gordon Wright

Justice Delayed is Justice Denied: A Cooperative Game Theoretical Analysis of Hold-up in Co-Ownership, Steven A. Lippman (UCLA, USA)

Descriptive Theories of Multiobjective Decision Making, Herbert Moskowitz (Purdue U, USA)

Algorithms for Discrete Multiple Objective Decision Models, Thomas L. Morin (Purdue U, USA)

Bargaining and the Theory of the Firm

Friday, July 2nd, 1999 – 4:30–6:30 PM: Suite B

Chairperson: Leonard Mirman

Voluntary Search and Bargaining in Simple Markets, Clara Ponsati (U Barcelona, SPAIN)

The Size Distribution of Firms in a Principal-Agent Economy, Masako Ueda (U Pompeu Fabra, SPAIN)

Free Access to the Commons: Random Priority Versus Average Cost, Herve Cres* (HEC, FRANCE) and Herve Moulin (Duke U, USA)

Incentives, Wealth Effects, and Segregation, Archishman Chakraborty (City U New York, USA)

Saturday, July 3rd, 1999**Game Theory**

Saturday, July 3rd, 1999 – 8:30–10:00 AM: Suite A

Chairperson: Erik Balder

Addiction to Gambling, Peter Bardsley (U Melbourne, AUSTRALIA)

The Endogenous Determination of Verifiability, Murat Usman (Koç U, TURKEY)

Nonconvex n-person Bargaining: Efficient Maxmin Solutions, Mich Tvede (U Copenhagen, DENMARK)

Choice Theory

Saturday, July 3rd, 1999 – 10:30–11:30 AM: Suite A

Chairperson: Peter Bardsley

An Axiomatization of the Conjunctive Permission Value for Games with a Hierarchical Permission Structure, Rene van den Brink (Tilburg U, THE NETHERLANDS)

Small Dictator and Grand Dictator, Midori Hirokawa (Hosei U, JAPAN)

Financial Markets

Saturday, July 3rd, 1999 – 8:30–11:30 AM: Suite B

Chairperson: Costis Skiadas

Pooling, Splitting, and Security Design in the Auctioning of Financial Assets, Ulf Axelson (U Chicago GSB, USA)

Option Pricing with Uncertain Fundamentals: A Theory of the Intertemporal Behavior of Option Prices, Pietro Veronesi* and Alexander David (U Chicago, USA)

Dynamic Equilibrium with Liquidity Constraints, Angel Serrat (U Chicago, USA)

Optimal Consumption and Portfolio Selection with Temporally Dependent Preferences, Costis Skiadas (Northwestern U, USA)

A Near-Rational Model of Persuasion – With Implications for Financial Markets, Dimitri Vayanos (MIT, USA)

Indeterminacy and Endogenous Volatility

Saturday, July 3rd, 1999 – 2:30–6:00 PM: Suite A

Chairpersons: Bruce Smith

Circulating Private Liabilities, Bruce Smith (U Texas, USA)

Dollarization and the Integration of International Capital Markets, Valerie Bencivenga (U Texas, USA), Elisabeth Huybens* (ITAM, MEXICO), and Bruce Smith (U Texas, USA)

Endogenous Uncertainty and Market Volatility, Mordecai Kurz (Stanford U, USA)

Insurance, Verification, and Enforcement: A Role for Multilateral Organizations, Anne Villamil* (U Illinois, USA) and Elizabeth Asiedu (U Kansas, USA)

International Project Finance Under Lender Heterogeneity, Sumru Altug (Koç U & CEPR, TURKEY) and Sule Ozler (Koç U, TURKEY)

Asymmetric Information and Incomplete Markets

Saturday, July 3rd, 1999 – 2:30–6:00 PM: Suite B

Chairpersons: Michael Magill and Martine Quinzii

Estimation of Ruin Probability in the Presence of Investment of Surplus, Dimitrios Konstantinidis* (U Aegean, GREECE) and Vladimir Kalasnikov (Moscow Institute of Transmission, RUSSIA)

Equity, Options and Efficiency in the Presence of Moral Hazard, Michael Magill* (U Southern California, USA) and Martine Quinzii (U California–Davis, USA)

Incomplete Markets and Volatility, Laurent Calvet (Harvard U, USA)

Prices of the Market Portfolio in the CAPM with Incomplete Asset Markets, Chiaki Hara (Kobe U, JAPAN)

Efficiency of the Stock Market in the OLG Model with Production, Michael Magill (U Southern California, USA) and Martine Quinzii* (U California–Davis, USA)

Financial Intermediation and Entry Deterrence, Neelam Jain* (Rice U, USA), Thomas Jaitchko (Texas A & M U, USA), and Leonard Mirman (U Virginia, USA)

Sunday, July 4th, 1999

Public Economic Theory

Sunday, July 4th, 1999 – 8:30–10:00 AM: Suite A
Chairperson: John Conley

Existence of Equilibrium in Distorted Dynamic Economies with Capital and Labor, Manjira Datta (Arizona State U, USA), Leonard Mirman* (U Virginia, USA), and Keven Reffet (Arizona State U, USA)

Noncooperative and Experimental Approaches to Coalition Formation, Myrna Wooders* (U Toronto, CANADA), Bruno Broseta (U California San Diego, USA), and John Wooders (U Arizona, USA)

Integrational Spillovers, Decentralization and Capitalization, John Conley* (U Illinois, USA) and Antonio Rangel (Stanford U, USA)

Choice, Uncertainty, and Externalities

Sunday, July 4th, 1999 – 10:30–12:30 AM: Suite A
Chairperson: Jean-Francois Mertens

Auctions to Privatize Assets with Externalities when Direct Subsidies are Infeasible, Subir Bose* (Iowa State U, USA) and Akash Deep (Harvard U, USA)

Self-Selection Consistent Choices, Carmen Bevia* and Salvador Barbera (U Barcelona, SPAIN)

On Preferences over Subsets and the Lattice Structure of Stable Matchings, Ahmet Alkan (Bogazici U, TURKEY)

Self-Selective Social Choice Functions Verify Arrow and Gibbard-Satterthwaite Theorems, Semih Koray (Bilkent U, TURKEY)

Differential Information Economies I

Sunday, July 4th, 1999 – 8:30–10:00 AM: Suite B
Chairperson: Françoise Forges

Incentive Compatible Core and Competitive Equilibria in Differential Information Economies, Françoise Forges (THEMA, FRANCE), Aviad Heifetz (Tel Aviv U, ISRAEL) and Enrico Minelli* (U di Brescia, ITALY)

Informational Smallness in Rational Expectations Equilibria, Aviad Heifetz* (Tel Aviv U, ISRAEL) and Enrico Minelli (U Brescia, ITALY)

On Coalitionally Bayesian Incentive Compatible Allocations, Nicholas Yannelis (U Illinois, USA)

General Economics I

Sunday, July 4th, 1999 – 10:30–12:30 AM: Suite B

Chairperson: Walter Trockel

Maxmin Under Risk: A Conservative Compromise, Fabio Maccheroni (U Bocconi, ITALY)

Representative Democracy as a Second Best: An Exploration, Robert J. Gary-Bobo (U Toulouse, FRANCE)

Stable Coalition Structures, Effrosyni Diamantoudi (U Aarhus, DENMARK)

A Consistent Solution to Extensive Game Theory, Licun Xue (U Aarhus, DENMARK)

The Endogenous Determination of Verifiability, Murat Usman (Koç U, DENMARK)

Logic and Foundational Issues in Games and Decisions

Sunday, July 4th, 1999 – 2:15–4:00 PM: Suite A

Chairperson: Philippe Mongin

Coherent Beliefs are not Always Types, Aviad Heifetz* and Dov Samet (Tel Aviv U, ISRAEL)

On "Paradoxes" in the Centipede and Chain-Store Games I: Nonepistemic Considerations, Mamoru Kaneko (U Tsukuba, JAPAN)

Probability Logic for Type Spaces, Philippe Mongin* (U Cergy, FRANCE) and Aviad Heifetz (Tel Aviv U, ISRAEL)

Topics in Economic Theory I

Sunday, July 4th, 1999 – 4:30–7:00 PM: Suite A

Chairperson: Gabrielle Demange

Free Trade and the Environment, Hans Wiesmeth* (Dresden U, GERMANY) and Shlomo Weber (Southern Methodist U, USA)

Nash Program and Nash Implementation of the Nash Solution, Walter Trocke (U Bielefeld, GERMANY)

Implementation of the Kalai-Smorodinsky Bargaining Solution in Dominant Strategies, Claus-Jochen Haake (U Bielefeld, GERMANY)

Political Equilibrium in Multiparty Democracies, Norman Schofield and Itai Sened* (Washington U, USA)

Fooling All of the People All of the Time: A Theory of Endogenous Sequencing of Confidential Negotiations, Thomas H. Noe* (Tulane U, USA) and Juan Wang (SAS Institute, USA)

Theoretical Industrial Organization

Sunday, July 4th, 1999 – 2:30–6:30 PM: Suite B

Chairperson: Dan Kovenock

Information Gatekeepers and the Competitiveness of Homogeneous Product Markets, Michael R. Baye* (Indiana U, USA) and John Morgan (Princeton U, USA)

Socially Optimal Franchise Bidding for an Oligopoly, Semih Koray (Bilkent U, TURKEY) and Murat Sertel* (Bogazici U, TURKEY)

Location as a Signal of Quality, Nikolaos Vettas (Duke U, USA)

Strategic Behavior and Externalities: Towards a Dynamic Model of Industrial Organization, Beatrice Dadoun (CREST, FRANCE)

A Sequential Approach to the Characteristic Function Games with Externalities, Sergio Curranini* (U London, UK) and Marco Marini (LSE, USA)

Proofs and Prototypes for Sale: The Licensing of University Inventions, Marie Thursby* (Purdue U, USA) and Richard Jensen (U Kentucky, USA)

Monday, July 5th, 1999

EXCURSION AROUND RODOS

Compliments of the Honorable Governor of the Dodecanese Islands, Savvas Karagianis. (See Social Program for details.)

Tuesday, July 6th, 1999

Experimental Economics

Tuesday, July 6th, 1999 – 8:30–12:30 AM: Suite A

Chairperson: Charles Noussair

An Experimental Comparison of Multi-Unit Auctions Under Incomplete Information, Dan Kovenock (Purdue U, USA)

An Laboratory Study of the Ramsey Growth Model, Charles Noussair (Purdue U, USA)

Union Bargaining Strength as a Public Good: Experimental Evidence, Marie-Claire Villeval (GATE-CNRS, FRANCE) and Jean-Louis Rulliere (GATE-U Lumiere Lyon 2, FRANCE)

Changing Social Insurance Taxation in a Small Open Economy: An Experimental Study, Arno Riedl (U Amsterdam, THE NETHERLANDS)

The Stability of Ramsey Policy

Tuesday, July 6th, 1999 – 8:30–9:30 AM: Suite B

Chairperson: In-Koo Cho

Delay in Response Leads to Low Inflation, Akihiko Matsui (U Tokyo, JAPAN)

Learning with Bounded Memory in Stochastic Models, Kaushik Mitra (U Helsinki, FINLAND)

General Equilibrium

Tuesday, July 6th, 1999 – 10:30–12:30 AM: Suite B

Chairperson: Wayne Shafer

Exchange in a General Market with Indivisible Goods, Szilvia Papai (Koç U, TURKEY)

A Model of Global Economy Involving Infinitely Many Workers of Household Producers and Finitely Many Large Companies, Andrzej Wieczorek (U Warsaw, POLAND)

Knowing the Model, Jean-Francois Mertens (CORE, BELGIUM)

The Envelope Theorem in Each Perspective, Emanuel Drandakis (Athens U of Economics, GREECE)

Topics in Financial Equilibrium

Tuesday, July 6th, 1999 – 2:30–6:30 PM: Suite A

Chairperson: David Cass

Local Stationary Sunspot Equilibrium Revisited, Julio Davila* (CNRS-Cermsem, FRANCE), Piero Gottardi (U Venice, ITALY), and Atsushi Kajii (Tskuba, JAPAN and Autonoma-Barcelona, SPAIN)

Production, Pooling and Endogenous Market Incompleteness, Alessandro Citanna* (GSIA, Carnegie Mellon, USA) and Antonio Villanacci (U Florence, ITALY)

The Identification of Preferences From the Equilibrium Prices of Commodities and Assets, Felix Kubler* (Stanford U, USA) and Heracles Polemarchakis (U Catholique de Louvain, BELGIUM)

Incomplete Markets and Information Revealed by Prices: On Existence and Optimality, Antonio Villanacci* (DIMADEFAS, U Florence, ITALY) and Alex Citanna (GSIA, Carnegie Mellon U, USA)

On Domestic Financial Market Frictions, Unrestricted International Capital Flows, and Crises in Small Open Economies, Gaetano Antinolfi* (Washington U, USA) and Elisabeth Huybens (ITAM, MEXICO)

Poor Information can be Valuable, Alvaro Sandroni* (Northwestern U, USA) and George Mailath (U Pennsylvania, USA)

The Neoclassical Firm in Financial Equilibria: Two Problems, David Cass* (U Pennsylvania, USA), and Catherine Rouzaud (U Paris 1, FRANCE)

Topics in Macroeconomics I

Tuesday, July 6th, 1999 – 2:30–4:00 PM: Suite B

Chairperson: Anne Villamil

Ambiguity in Equilibrium for Two Party Electoral Competition, Enriqueta Aragones (U Pompeu Farbe, SPAIN)

On the Efficiency of Intergenerational Risk Sharing and Capital Accumulation in an Economy with Land, Gabrielle Demange (Delta-ENS, FRANCE)

Strategic Choice of Internal Compensation Arrangements, Richard Arnould (U Illinois, USA)

Topics in Macroeconomics II

Tuesday, July 6th, 1999 – 4:30–6:30 PM: Suite B

Chairperson: Bart Taub

Capital Accumulation in Imperfectly Competitive Economies with Externalities, Stephen Spear (Carnegie Mellon U, USA)

Optimal Discretion, Yvan Lengwiler (Swiss National Bank, SWITZERLAND)

Do Tournaments Solve the Two-Sided Moral Hazard Problem? Theofanis Tsoulouhas (North Carolina State U, USA)

Dependent Beliefs and Bayesian Implementation: A Characterization of Ex Post Efficient Mechanisms, Georgia Kosmopoulou (U Oklahoma, USA)

July 7, at 8:30 PM

RECEPTION AND DINNER: Dinner at the Palace of the Grand Master compliments of the Honorable Mayor of the City of Rodos, George Geannopoulos.

Wednesday, July 7th, 1999**Functional Analysis and Applications to Economics I**

Wednesday, July 7th, 1999 – 8:30–12:30 AM: Suite A

Chairperson: Evgenios Avgerinos

Disjointness Preserving Operators – Some Recent Developments, Y. A. Abramovich (IUPUI, USA) and A. K. Kitover (CCP, USA)*

Paving of Matrices in Different Norms, Lior Tzafriri (Hebrew U Jerusalem, ISRAEL)

On the Algebraic Properties of the Ideal Generated by a Positive Operator, Safak Alpay (Middle East Technical U, TURKEY)

Completeness of L_p -Spaces in the Finitely Additive Setting, Achille Basile (U Naples, ITALY)

Liftings and Selections Applications to Economy, Dietrich Koelzow (Friedrich-Alexander U Erlangen, GERMANY)

On the Existence of External Periodic Solutions of Non-Linear Parabolic Problems, Evgenios P. Avgerinos (U Aegean, GREECE)

Multivalued Integration in a Finitely Additive Setting, Anna Martellotti (U Perugia, ITALY)

Convergence for Nash Equilibria and Optimal Pareto Solutions, Jacqueline Morgan (U Naples, ITALY)

On the Convergence of the Sequences of Functions, Nikolaos Papanastassiou (U Athens, GREECE)

Asset Pricing with Market Frictions

Wednesday, July 7th, 1999 – 8:30–12:30 AM: Suite B

Chairperson: Jan Werner

Ambiguity Aversion and Incompleteness of Financial Markets, Jean-Marc Tallon (CNRS-EUREQua, FRANCE) and Sujoy Mukerji (U Southampton, UK)*

Expectation Hypotheses Revisited: Term Premium and No-Arbitrage, Dieter Sondermann (U Bonn, GERMANY)

Efficient Allocations, Insurance Contracts, and Equilibria When Agents Have Non-Expected Utility, Rose-Anne Dana (U Paris, FRANCE)

Local Martingales, Arbitrage, and Viability: Free Snacks and Cheap Thrills, Gregory A. Willard (MIT, USA)

Asset-Pricing Bubbles in Continuous Trading Models, Mark Loewenstein (Washington U, USA)

Asset Pricing and Arbitrage with Portfolio Constraints, Jan Werner (U Minnesota, USA)

Current Labor Markets and Professionalization

Wednesday, July 7th, 1999 – 2:00–4:00 PM: Suite A
Chairperson: Stelios Chiotakis

Education and Economic Growth in Greece, Hara Magoula and Kuprianos Prodromidis (Athens U of Economics, GREECE)

Professionalization of Educators: The Greek reality within the Context of the European Union, Pyrgiotakis Giannis (U Crete, GREECE)

Conditions of Professionalization of Educators in the Face of Contemporary Labor-Market and the Overproduction of Degree-Holders, Chiotakis Stelios (U Aegean, GREECE)

Economic Parameters of Distance Education, Costas Tsolakidis (U Aegean, GREECE)

General Session

Wednesday, July 7th, 1999 – 4:30–6:30 PM: Suite A
Chairperson: Gabriele Camera

Firm-Specific Skills, Wage Bargaining, and Efficiency, Ayse Mumcu-Serdar (Bilkent U, TURKEY)

On Endogenous Leadership in Price Competition, Ivan Pastine and Tuvana Pastine* (U Bilkent, TURKEY)

Dynamic Foundations to Equilibrium, Alvaro Sandroni (Northwestern U, USA) and Rann Smorodinsky* (Techion, ISRAEL)

A Discrete Time Model of "the Tragedy of the Commons" in Games with Continuum of Players, Agnieszka Wiszniewska-Matyszkiewicz (Warsaw U, POLAND)

Differential Information Economies II

Wednesday, July 7th, 1999 – 2:30–6:30 PM: Suite B

Chairperson: Nicholas Yannelis

The Ex-Ante Incentive Core of an Exchange Economy with Asymmetric Information, Françoise Forges (U CERGY-PONTOISE, FRANCE)

Informational Smallness and Incentive Compatibility, Andrew Postlewaite (U Pennsylvania, USA) and Richard McLean (Rutgers U, USA)*

Existence and Equivalence of Competitive and Core Allocations in Large Exchange Economies with Differential Information, Benyamin Shitovitz (U Haifa, ISRAEL), Ezra Einy (BenGurion U, ISRAEL), and Diego Moreno (U Carlos III, SPAIN)*

Rational Expectations Equilibria and the Ex-Post Core of an Economy with Asymmetric Information, Diego Moreno (U Carlos III, SPAIN), Ezra Einy (Ben Gurion U, ISRAEL), and Benyamin Shitovitz (U Haifa, ISRAEL)*

Does Differential Information Cause Market Incompleteness? Roko Aliprantis (Purdue U, USA), Rabee Tourky (U Melbourne, AUSTRALIA), and Nicholas Yannelis (U Illinois, USA)*

Incentive Compatibility and Robustness of Competitive Equilibria, Stefan Krasa and Wayne Shafer (U Illinois, USA)*

A Theory Of Value with Auction Prices, Roko Aliprantis (Purdue U, USA), Rabee Tourky (U Melbourne, AUSTRALIA), and Nicholas Yannelis (U Illinois, USA)*

Thursday, July 8th, 1999

Analysis of Alternative Policy Regimes

Thursday, July 8th, 1999 – 8:00–10:30 AM: Suite A

Chairperson: Bruce Smith

A Model of Bimetallism, Warren Weber (Fed. Res. Bank of Minneapolis, USA) and Francois R. Velde (Fed. Res. Bank of Chicago, USA)*

What to Stabilize in the Open Economy: Some Notes on a Problem of Keynes Valerie Bencivenga (U Texas, USA), Elizabeth Huybens (ITAM, MEXICO) and Bruce Smith (U Texas, USA)*

Privatization Transfers and Credit Market Frictions, Rodney Chun (Chinese U HONG KONG)

Destabilizing Effects of a Successful Stabilization: A Forward-Looking Explanation of the Second Hungarian Hyperinflation, Beatrix Paal (Cornell U, USA)

General Economics III

Thursday, July 8th, 1999 – 10:30–12:30 AM: Suite A

Chairperson: Steven Spear

On Environmental Levies and Distortionary Taxation, Firouz Gahvari (U of Illinois, USA)

Endogenous National -Wide Minimum Wages in Unionized Economies, Emmanuel Petrakis (U Crete, GREECE) and Minas Vlassis* (Athens U of Economics and Business, GREECE)

To Merge or not to Merge: That is the Question, Luis C. Corchon* (U Carlos III Madrid, SPAIN) and R. Fauli-Oller (U Alicante, SPAIN)

Topics in Economic Theory II

Thursday, July 8th, 1999 – 8:30–10:00 AM: Suite B

Chairperson: Rabee Tourky

A Disagreement Theory of Bargaining, Joan Esteban (CSIC – UAB, SPAIN)

Mixed Serial Cost Sharing, Jens Leth Hougaard (Copenhagen Business School, DENMARK)

Characterizing Cooperative Equilibria of Voting Game, Bora Arslan* and M. Remzi Sanver (Istanbul Bigli U, TURKEY)

Topics in Economic Theory III

Thursday, July 8th, 1999 – 10:30–12:00 AM: Suite B

Chairperson: Ahmet Alkan

On the Definition of Differentiated Products in the Real World, Beth Allen (U Minnesota, USA)

Endogenous Types, Middlemen, and Price Dispersion in an Absence-of-Double-Coincidence Model, Gabriele Camera (Purdue U, USA)

Could Prometheus be Bound Again? Nicola Cetorelli (Federal Reserve Bank of Chicago, USA)

Topics in Economic Theory IV*Thursday, July 8th, 1999 – 2:30–3:30 PM: Suite A**Chairperson: Beth Allen**Equilibrium Involuntary Unemployment Under Oligopoly*, Leo Kaas* (Institute for Advanced Studies, AUSTRIA) and Paul Madden (Manchester U, UK)*Strategy-Proof Probabilistic Collective Decision Schemes for Public Goods*, Hans Peters (U Maastricht, THE NETHERLANDS)**Topics in Macroeconomics III***Thursday, July 8th, 1999 – 4:30–5:30 PM: Suite A**Chairperson: Valerie Bencivenga**Time Homogeneous Markov Equilibrium in Stochastic Heterogeneous Agent Growth Models*, Yasar Barut (Rice U, USA)*Production Equilibria in Vector Lattices: A General Approach*, Monique Florenzano* (U Paris 1, FRANCE) and Valeri M. Marakulin (Russian Acad. Sci., Novosibirsk, RUSSIA)**Functional Analysis and Applications to Economics II***Thursday, July 8th, 1999 – 2:30–6:30 PM: Suite B**Chairpersons: Yiannis Polyrakis**An Application of Transmutation Theory in Economics*, Vesna Passeta (Cornell U, USA)*Hidden Markov Models of Strategic Information Control*, Bart Taub (U Illinois, USA)*AL-Spaces and AM-Spaces of Operators*, Antony W. Wickstead (Queen's U, N IRELAND)*Fubini Liftings with Applications to Stochastic Processes*, Nicholas D. Macheras (U Piraeus, GREECE), Kazimierz Musiał (U Warsaw, Poland), and Werner Strauss (U Stuttgart, GERMANY)*Lattice-subspaces*, Yiannis Polyrakis (National Technical U, GREECE)**Next Meeting**

The next meeting of *The Society for the Advancement of Economic Theory* is scheduled to take place on the island of Capri, Italy, in June of 2001.