

**Eighth Annual Missouri Economics Conference**  
**March 28 and 29, 2008**  
**University of Missouri-Columbia**  
**Hosted by:**  
**The Department of Economics at the University of Missouri-Columbia, and**  
**the Research Division of the Federal Reserve Bank of St. Louis**

- All sessions are in the Memorial Union
- Only presenting authors are listed
- Registration Table in Memorial Union South – Second Floor Lobby

**FRIDAY, MARCH 28th, 2008**

*Continental Breakfast – 8:00 a.m. (adjacent to Registration Table)*

*Concurrent Session I – 9 a.m.-11 a.m.*

**A: Room S-203 Banking and Finance**

*“Herd Behavior in Bank Run with Partial Suspension of Convertibility”*  
CHAO GU, University of Missouri, Columbia

*“Bank Based vs. Market Based Financial System: A Complementary Approach”*  
ISMAIL SEYREK, Hitit Universitesi, Corum, Turkey

*“The Determinants of Operational Losses”*  
ANNA CHERNOBAI, Syracuse University

*“The monitoring role of stock liquidity and the demand for short-term debt”*  
SUDARSHAN JAYARAMAN, Olin Business School, Washington University, St. Louis

**B: Room S-206 Exchange Rates I**

*“Remittances in Small Open Economies: Macro Effects under Various Exchange Rate Regimes”*  
JAVIER REYES, University of Arkansas

*“What Forward Premium Anomaly: A Novel Approach to the Forward Unbiasedness Paradox”*  
STEFAN JACEWITZ, Texas A&M University

*“Excess Returns in the Foreign Exchange Market: Systematic Errors or Risk Premia? A Signal Extraction Approach”*  
NOUREDDINE AHMED, Paris X University, France

*“Exchange Rate Dynamics under State-Contingent Stochastic Process Switching: An Application to the EMU Entry of New EU Members”*  
ANNA NASZODI, Magyar Nemzeti Bank and Central European University, Budapest, Hungary

**C: Room S-207 Labor Markets**

*“Networks and Immigrants’ Self-Employment Decisions”*  
MAUDE TOUSSAINT-COMEAU, Federal Reserve Bank of Chicago

*“Labor Market Institutions and Unemployment: Can Earlier Findings be Replicated”*  
SCOTT M. FUESS, University of Nebraska

*“The Labor Supply of Married Women: Why Does It Differ Across U.S. Cities?”*  
NATALIA KOLESNIKOVA, Federal Reserve Bank of St. Louis

*“Impact of Reserving Jobs for Minorities on Labor Market Outcomes: Evidence from India”*  
NISHITH PRAKASH, University of Houston

**D: Room S-304 The Effect of Oil Prices**

*“Declining Effects of Oil Price Shocks”*  
MUNECHIKA KATAYAMA, University of California, San Diego

*“Oil Prices and Remittances: Impacts of Oil Price Shocks on the Macroeconomy of a Small Oil Importing and Labor Exporting Country”*  
A.K.M. MAHBUB MORSHED, Southern Illinois University, Carbondale

*“What do We Learn from the Price of Crude Oil Futures?”*  
RON ALQUIST, University of Michigan

**E: Room S-110 Economic Theory I**

*“Bounding Best Response Violations in Discriminatory Auctions with Private Values”*  
HARRY J. PAARSCH, University of Iowa

*“Expected Utility in Models with Chaos”*  
DAVID R. STOCKMAN, University of Delaware

*“Electronic Auctions”*  
BRENT HICKMAN, University of Iowa

**F: N103A-Stotler I Development, Etc.**

*“Can Debt Relief Lead to Development in Africa?”*  
MAHELET GETACHEW FIKRU, Southern Illinois University, Carbondale and Addis Ababa University, Ethiopia

*“Regional Regulations and Foreign Investment in Vietnam”*  
EVAN RIEHL, Washington University, St. Louis

*“The Impact of Remittances on Inequality Reduction”*  
NATHALIA MONTEIRO, Southern Illinois University, Carbondale

*“A Winning Proposition: The Economic Impact of Successful NFL Franchises”*  
MICHAEL C. DAVIS, Missouri University of Science and Technology

***Refreshment Break – Coffee, Juice, Tea, Soda – 11 a.m.-11:30 a.m. (adjacent to Registration Table)***

***Concurrent Session II – 11:30 a.m.-1:30 p.m.***

**A: Room S-203 Econometrics**

*“Likelihood-Based Inference for the Timing of Structural Change”*  
YUNJONG EO, Washington University, St. Louis

*“Exact Distribution-Free Tests of Mean-Variance Efficiency”*  
SERMIN GUNGOR, Emory University

*“Multivariate Forecast Evaluation and Rational Testing”*  
MICHAEL T. OWYANG, Federal Reserve Bank of St. Louis

*“The World According to GARP, Nonparametric Tests of Weak Separability with Stochastic Errors”*  
GRACE SEUNGHAE O., University of Kansas

**B: S-204 I BERG CONFERENCE Housing and Population Economics**

*“Neighborhood Effects of Low-Income Housing Developments: A preliminary Analysis”*  
KELLY D. EDMISTON, Federal Reserve Bank of Kansas City

*“Conditional versus Unconditional Quantile Estimates of Hedonic Price Functions in Real Estate Valuation”*  
YIXIU ZHOU, Middle Tennessee State University

*“Ethnic and Racial Fractionalization in U.S. localities-A Dynamic View”*  
SREENATH MAJUMDER, University of Houston

*“Convergence in the United States: A Tale of Migration and Urbanization”*  
RICARDO DiCECIO, Federal Reserve Bank of St. Louis

**C: Room S-206 Economic Theory II**

*“Reverse Brain Drain”*  
YIBO ZHANG, Washington University, St. Louis

*“Moral Hazard in the Payment System”*  
JOE HASLAG, University of Missouri, Columbia

*“Monetary Unions and Fiscal Stabilization”*  
ERASMUS KERSTING, Texas A&M University

**D: Room S-207 Monetary Policy**

*“The Relationship between Bank Lending Interest Rates and Core Deposits in Mexico, 2001-2007”*  
MARIO VILLALPANDO, Banco de Mexico

*“Monetary Policy under a Currency Board”*  
MARIUS JURGILAS, Elon University

*“Liquidity Shortages and Monetary Policy”*  
JIN CAO, University of Munich

**E: Room S-304 Inflation**

*“Inflation Dynamics: Testing the NKPC with Procyclical Marginal Cost”*  
SANDEEP MAZUMDER, Johns Hopkins University

*“The Optimal Inflation Target in an Economy with Limited Enforcement”*  
GAETANO ANTINOLFI, Washington University, St. Louis

*“Taxation, Capacity Utilization and Inflation”*  
MICHAEL PAKKO, Federal Reserve Bank of St. Louis

*“Is Central Bank Intervention Effective Under Inflation Targeting Regimes? The Case of Colombia”*  
HERMAN KAMIL, International Monetary Fund

**F: Room S-110 Exchange Rates II**

*“Exchange Rate Volatility and Trade in LDCs: The Special Case of Ghana”*  
KWAME OSEI-ASSIBEY, University of Dundee, Scotland

*“The Dynamic Interaction of Order Flows and the CAD/USD Exchange Rate”*  
CHRIS NEELY, Federal Reserve Bank of St. Louis

*“Testing the Bounds: Empirical Behavior of Target Zone Fundamentals”*  
J. ISAAC MILLER, University of Missouri

**Lunch Break – Box Lunch – 1:30 p.m.-2:30 p.m.**  
**(Stotler III Room N-103) Name Tag admits you to lunch.**

**Concurrent Session III – 2:30 p.m.-4:30 p.m.**

**A: Room S-203 Term Structure Issues**

*“The Unusual Behavior of the Federal Funds and 10-Year Treasury Rates: A Conundrum or Goodhart's Law?”*  
DANIEL L. THORNTON, Federal Reserve Bank of St. Louis

*“Yield Curve in an Estimated Nonlinear Macro Model”*  
TAEYOUNG DOH, Federal Reserve Bank of Kansas City

*“The Information Content of the Term Spread and International Inflation Interactions Within a Markov Switching Framework”*  
P. ATHANASOGLU - P. MIGIAGIS, Bank of Greece

*“Financial Markets’ Segmentation, Stock Market Volatility and the Role of Monetary Policy”*  
ANASTASIA S. ZERVOU, Washington University, St. Louis

**B: Room S204 BERG CONFERENCE Issues in Local Government Policy**

*“Income and Lottery Sales: Transfers Trump Income from Work and Wealth”*  
CLETUS C. COUGHLIN, Federal Reserve Bank of St. Louis

*“Tax Incentive for Homeownership and the Provision of Local Public Services in Low-and-Moderate Income Areas”*  
KELLY D. EDMISTON, Federal Reserve Bank of Kansas City

*“The Economic Impact of a Smoking Ban in Columbia, Missouri: A Preliminary Analysis of Sales Tax Data”*  
MICHAEL R. PAKKO, Federal Reserve Bank of St. Louis

*“Regional Aggregation in Forecasting: An Application to the Federal Reserve’s 8<sup>th</sup> District”*  
RUBEN HERNANDEZ-MURILLO, Federal Reserve Bank of St. Louis

**C: Room S-206 Macroeconomics**

*“Deep Habits and Fiscal Policy in an Estimate DSGE Model”*  
SARAH ZUBAIRY, Duke University

*“Optimal Capital Income Taxation with Housing”*  
MAKOTO NAKAJIMA, University of Illinois, Urbana-Champaign

*“Dynamic Scoring with Heterogeneous Agents? Challenging the Conventional Wisdom”*  
MUHAMMAD SAIFUR RAHMAN, Indiana University, Bloomington

**D: Room S-207 Income Differentials and Economic Growth**

*“Wealth and the Capitalist Spirit”*

JOHANNA L. FRANCIS, Fordham University

*“The Role of Endogenous Corruption in Accounting for Income Differences”*

DHRITIMAN BHATTACHARYA, University of Iowa

*“Educational Corruption and Growth”*

PHILIP SHAW, University of Connecticut

*“Accounting for Cross-Country Income Differences with Public Capital”*

GERMAN CUBAS, University of Iowa

**E: Room S-304 Issues in International Trade**

*“Does the Factor Content of Trade Succeed Empirically? The Pair-Wise HOV model between European Countries”*

YEONJOON KIM, University of Missouri, Columbia

*“Trade Liberalization, Comparative Advantage of Nations and Firm-level Employment”*

YONG JOON JANG, Indiana University

*“Trade Liberalization in India: Impact on Occupational Sex Segregation”*

SHILPI KAPUR, Washington University, St. Louis

*“Cost of Capital Analysis: U.S.-based Multinational Corporations versus U.S. Domestic Corporations”*

ZHIMIN WANG, Southern Illinois University, Carbondale

**F: Room S-110 Public Policy**

*“Child Immunization and Schooling: Evidence from India”*

SANTOSH KUMAR, University of Houston

*“Going in Circles: Interlinked Interactions of People, Politicians, and Bureaucrats”*

BASHARAT A. PITAFI, Southern Illinois University

*The Age-Old Caste System and Its Influence on Informal Sector Firms in India*

PARUL MATHUR, University of Houston

*“Search Costs and Medicare Plan Choice”*

IAN M. MCCARTHY, Indiana University

***Refreshment Break – Coffee, Tea, Soda – 4:30 p.m.-5:00 p.m. (adjacent to Registration Table)***

***Plenary Speaker I – 5:00 p.m.-6:00 p.m. (Stotler I, Room N-101)***

*“A Graphical Approach to Causality in Econometrics”*

Kevin D. Hoover, Professor of Economics and Philosophy, Duke University

***Happy Hour – 6:00 p.m. (Reynolds Alumni Center, Ballroom A&B)***

***Dinner – 7:30 p.m. (Reynolds Alumni Center, Greatroom)***

**Check in at the table outside the Greatroom to get your dinner entrée card.**

**SATURDAY, March 29, 2008**

*Continental Breakfast – 8:30 a.m. (adjacent to Registration Table)*

**Plenary Speaker II – 9:30 a.m.-10:30 a.m. (Stotler I, Room N-101)**

*“The Use of Econometrics in Informing Public Policy Makers”*

Robin C. Sickles, Professor of Economics, Rice University

*Refreshment Break – Coffee, Juice, Tea, Soda – 10:30 a.m. – 10:45 a.m. (adjacent to Registration Table)*

**Concurrent Session IV – 10:45 a.m.-12:45 p.m.**

**A: Room S-203 Empirical Macroeconomics**

*“What Happened to the Phillips Curve in Japan?: A Perspective of Endogenous Nominal Rigidities”*

NAOKO HARA, Bank of Japan

*“The IT Revolution and Macroeconomic Volatility in Newly Developed Countries: A GARCH -VAR Approach”*

MEI-CHU W. HSIAO, University of Colorado, Denver

*“Monetary Policy Interdependence between the ECB and the Fed: Taylor Rule Based VARX Model versus VEC Model”*

YUHUA CUI, University of Hohenheim, Stuttgart, Germany

*“Out of Sample Equity Premium Prediction: Consistently Beating the Historical Average”*

DAVID E. RAPACH, Saint Louis University

**B: Room S-206 Public Policy**

*“Abatement Subsidies and Emission Reduction under Oligopoly”*

LUIS GAUTIER, Southern Illinois University

*“Determinants of the Tourism Demand: an Application of Conditional Quantile Approach of the U.S.”*

SANG YOUNG JEI, University of Missouri, Columbia

**C: Room S-207 Agriculture and Resource Use Issues**

*“Integrated Management of Multiple Groundwater Aquifers”*

BASHARAT S. PITAFI, Southern Illinois University

*“Factors Affecting Commercialization of Small holder Farmers in Ethiopia, The Case of North Omo Zone, SNNP Region”*

MAHALET GETACHEW FIKRU, Southern Illinois University, Carbondale, and Addis Ababa University, Ethiopia

*“Agricultural Technology and Child Labor: Evidence from India”*

RICHARD GRABOWSKI, Southern Illinois University, Carbondale

**D: Room S-304 Economic Theory III**

*“A One-Sector Neoclassical Growth Model with Endogenous Retirement: Existence of Multiple Steady States”*

NIANQING LIU, University of Iowa

*“Money and Crime in a Cash-In-Advance Model”*

HYUNG SUN CHOI, University of Iowa

*“The Quantity and Quality of Teachers: A Dynamic Trade-off”*

GREGORY GILPIN, Indiana University

*“Life insurance market: Adverse Selection revisited”*  
DAIFENG HE, Washington University, St. Louis

***Box Lunch and Adjournment – 12:45 p.m.-1:30 p.m.***  
***(Stotler Lounge III Room N-103) Name Tag admits you to lunch***