

**Ninth Annual Missouri Economics Conference**  
**March 27-28, 2009**  
**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 Reynolds Alumni Center
- Only presenting authors are listed on this program
- Registration Table outside room 202, Reynolds Alumni Center

**FRIDAY, MARCH 27, 2009**

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

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

**A: Room 208D Economics of Human Capital**

*"The Kids Keep Getting Smarter: Can Education Explain the Rapid, Sustained Productivity Growth in the Czech Transition?"*

David Wiczer (University of Illinois)

*"Human Capital, Returning Migration and Rural Entrepreneurship in China"*

Jialu Liu (Indiana University-Bloomington)

*"Giving and the Nature of Communities: An Analysis of How Community Characteristics Affect an Individual's Likelihood of Engaging in Volunteer Work"*

Florence Neymotin (Kansas State University)

**B: Room 208A Applied Macroeconomics**

*"Regime Switching, Learning, and the Great Moderation"*

James Murray (Viterbo University)

*"Revisions to Short Rate Expectations: Policy Shocks and Macroeconomic News"*

Michael D. Bauer (University of California-San Diego)

*"The Identification of the Response of Interest Rates to Monetary Policy Shocks Using Market-Based Measures of Monetary Policy Shocks"*

Daniel L. Thornton (Federal Reserve Bank of St. Louis)

*"When Do World Orderings and Long-Run Recursive Identifying Restrictions Yield Identical Results?"*

John Keating (University of Kansas)

**C: Room 204 International Public Goods**

*"War and Peace: A Model of Conflict with Endogenous Destruction"*

Yang-Ming Chang (Kansas State University)

*"Foreign Aid as Counterterrorism Policy"*

Subhayu Bandyopadhyay (Federal Reserve Bank of St. Louis)

*"Debt Targeting in a Small Open Economy"*

Huixin Bi (Indiana University - Bloomington)

**D: Room 208C Economic Growth**

*“Pollution, Health and Economic Growth”*  
Min Wang (Iowa State University)

*“Knowledge Diffusion and the Japanese Growth Miracle”*  
Atsushi Oshima (University of Iowa)

*“News Shocks and Learning-by-doing”*  
Hammad Qureshi (Ohio State University)

*“Human Capital, Technology Adoption and Development”*  
A. Kerem Cosar (The Pennsylvania State University)

**E: Room 211 Applied Microeconomics**

*“Location and Venture Funding in the U.S. Biotech Industry”*  
Christos Kolympiris (University of Missouri - Columbia)

*“Analyzing the Effects of a Merger between Airline Codeshare Partners”*  
David Brown (Kansas State University)

*“Profit Persistence Revisited: The Case of the UK”*  
Mark E. Wohar (University of Nebraska - Omaha)

*“The Impact of Storms on Firm Survival: a Bayesian Spatial Econometric Model for Firm Survival”*  
Mihaela Craioveanu (University of Central Missouri)

**F: Room 212 Industrial Organization**

*“Access Price and Vertical Control Policies for a Vertically Integrated Upstream Monopolist When Sabotage is Costly”*  
George Chikhladze (University of Missouri-Columbia)

*“‘Endogenous’ Status Concerns: The Impact of Workers’ Characteristics on Status, Profits and Diversity in the Firm”*  
Abhijit Ramalingam (Indiana University - Bloomington)

*“Price Matching in a Sequential Search Duopoly”*  
Aleksandr Yankelevich (Washington University in St. Louis)

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

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

**A: Room 208D Applied Economic Forecasting**

*“Improving Recession Probability Forecasts in the U.S. Economy”*  
Munechika Katayama (Louisiana State University)

*“Forecasting Credit Rating Movements”*  
Nilay Chandra (University of Missouri-Columbia)

*“How Predictable are Components of the Aggregate Market Portfolio?”*  
David E. Rapach (St. Louis University)

*“The Propagation of Regional Recessions”*  
Michael T. Owyang (Federal Reserve Bank of St. Louis)

**B: Room 208A International Economics**

*“Does Purchasing Power Parity Hold Globally?”*  
Mingming Zheng (University of Kansas)

*“Imports ‘R’ Us: Retail Chains as Platforms for Developing-Country Imports”*  
Emek Basker (University of Missouri - Columbia)

*“Equilibrium Sovereign Default with Endogenous Exchange Rate Depreciation”*  
Sergey V. Popov (University of Illinois)

*“Accounting for City Real Exchange Rate Changes in India”*  
A.K.M. Mahbub Morshed (Southern Illinois University - Carbondale)

**C: Room 204 Economic Theory I**

*“Is Less More: Menu Costs and the Estimated Thresholds in the Response of Output to Monetary Policy”*  
Luigi Donayre (Washington University – St. Louis)

*“The Economics of Counterfeiting”*  
Elena Quercioli (Tulane University)

*“Heterogeneous Beliefs and Housing-Market Boom-Bust Cycles”*  
Hajime Tomura (Bank of Canada)

**D: Room 208C Financial Markets**

*“Risk, Instability and Propensities: A Hybrid Model of Financial Disruption”*  
David L. Sallach (University of Chicago)

*“Relationship Lending and the Transmission of Monetary Policy”*  
Kinda Hachem (University of Toronto)

*“Does the Structure of Banking Matter for Economic Growth? Evidence from the Rise of U.S. Manufacturing”*  
David C. Wheelock (Federal Reserve Bank of St. Louis)

**E: Room 211 Regional Economics**

*“Crime Spillovers and Hurricane Katrina”*  
Ioana Pacurar (University of Memphis)

*“The Effect of Unaffordable Housing on Employment Growth and Business Formation: Evidence from California Cities”*  
Ritashree Chakrabarti (Clark University)

*“Relative Gender Differentials and Islam in Non-Arabic Nations: A Regional Analysis”*  
Sharmistha Self (Missouri State University)

**F: Room 212 Microeconomic Theory**

*“When to go Local, When to go Edible: Trade, Technology and Food Security”*  
Thomas R. Sadler and William Koch (Western Illinois University)

*“Multidimensional Uncertainty and The Effects of Governance Structure Choice”*  
Jong Chul Won (University of Missouri – Columbia)

*“Kin-targeted Altruism with Noise”*  
Carmen Astorne-Figari (Washington University-St. Louis)

*“Who Invests in Research and Development?: A Model of Endogenous Sectoral Choice under Costly External Finance”*  
Rasim Burak Uras (Washington University - St. Louis)

**Lunch Break – Deli Buffet – 1:30 p.m.-2:30 p.m.**  
*(Alcove next to Registration Table) Name Tag admits you to lunch.*

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

**A: Room 208D Econometrics**

*“Change Points in Arbitrage-Free Affine Term-Structure Models: Pricing Estimation and Forecasting”*  
Kyu Ho Kang (Washington University - St. Louis)

*“A Forecasting Metric for Evaluating DSGE Models”*  
Abhishek Gupta (Johns Hopkins University)

*“Nested Forecast Model Comparisons: A New Approach to Testing Equal Accuracy”*  
Michael W. McCracken (Federal Reserve Bank of St. Louis)

*“Generalized Spectral Estimation of Asset Pricing Models Using Conditional Moment Restrictions”*  
Jinho Choi (Indiana University - Bloomington)

**B: Room 208A Macroeconomic Theory**

*“On-the-Job Search, Sticky Prices, and Persistence”*  
Willem Van Zandweghe (Federal Reserve Bank of Kansas City)

*“Unemployment Insurance in a Sticky-Price Model with Worker Moral Hazard”*  
Gregory E. Givens (Middle Tennessee State University)

*“Aggregate Labor Market Responses to Monetary and Technology Shocks”*  
Hamilton B. Fout (Kansas State University)

*“Supply Shocks, Demand Shocks and Labor Market Fluctuations”*  
Riccardo DiCecio (Federal Reserve Bank of St. Louis)

**C: Room 204 Financial Economics**

*“Portfolio Mispricing and the Cross Section of Asset Returns”*  
Scott Gilbert (Southern Illinois University)

*“Strong Bubbles and Common Expected Bubbles in a Finite Horizon Model”*  
Jie Zheng (Washington University-St. Louis)

*“Infrastructure and Poverty Reduction: Implications for Urban Development in Nigeria”*  
T .P. Ogun (Obafemi Awolowo University, Nigeria)

*“Financial Market Integration of South Asian Countries: Panel Data Analysis”*  
Hasan Mohsin (Southern Illinois University-Carbondale)

**D: Room 208C Applied Economics**

*“Real-Time Exchange Rate Predictability with Taylor Rule Fundamentals”*  
Tanya Molodtsova (Emory University)

*“Oil Prices and Real-Time Output Growth”*  
Amelie B. Carlton (University of Houston)

*“Interwar Hoarding and Liquidity Traps and the 2008 Solvency Trap”*  
William H. Carlson (Duquesne University)

*“Barger’s Revised Quarterly NIPA Data: 1921-41”*  
Conway Lackman (Duquesne University)

**E: Room 211 Inflation and Economic Policy**

*“Inflation Targeting or Fear of Floating in Disguise: A DSGE Approach”*  
Javier Reyes (University of Arkansas)

*“Is Inflation an International Phenomenon”*  
Christopher J. Neely (Federal Reserve Bank of St. Louis)

*“International Monetary Transmission to Emerging Economies, a Factor-Augmented Vector Autoregressive (FAVAR) Approach; The Cases of Mexico and Brazil”*  
Martha Cruz-Zuniga (The Catholic University of America)

*“Inflation and Output Growth Differentials in the Euro Area: The Role of Monetary Policy”*  
Tatevik Sekhposyan (University of North Carolina)

**F: Room 212 Banking**

*“Louisiana Community Banks: An Analysis of Recent Performance”*  
Norbert Michel (Nicholls State University)

*“Big Banks versus Small Banks: Good or Bad for Industries?”*  
Indrit Hoxha (University of Houston)

*“Importance of Quality of Information in Pricing, Market Structure and Efficiency: The Case of Banking”*  
Marcela Giraldo (University of Florida)

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

*Plenary Session I– 5:00 p.m.-6:30 p.m., Room 208C*

*Panel Discussion “The Response to the Financial Crisis”*

**Moderator: Ron Harstad (University of Missouri –Columbia)**

**Panel: Joseph H. Haslag (University of Missouri -Columbia), Daniel L. Thornton (Federal Reserve Bank of St. Louis), and David C. Wheelock (Federal Reserve Bank of St. Louis)**

Each Panelist will have 15 minutes to present and there will be 45 minutes for discussion.

*Happy Hour – 6:00 p.m. (Reynolds Alumni Center, Great Room)*

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

**“Check in” at the table outside the Great Room to get your dinner entrée card.**

**SATURDAY, March 28, 2009**

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

*Plenary Session II – 9:30 a.m.-10:30 a.m., Room 208C*

***“Expectations and Fiscal Stimulus”***

**Eric M. Leeper (Indiana University - Bloomington)**

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

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

**A: Room 208D Applied Macroeconomics**

*“Explaining the Durations between Changes in Investment Risk Ratings: Evidence from a Multi-Country Study”*

Manitra A. Rakotoarisoa (Economic and Social Development Department, UNFAO, Rome, Italy)

*“Investment Horizon and Portfolio Allocation: A Spatial Dominance Approach”*

Raul Ibarra-Ramirez (Texas A&M University)

*“Optimal Monetary Policy in the Presence of Fiscal Foresight”*

Nora Traum (Indiana University - Bloomington)

*“Improved Measures of Financial Risk for Hedge Funds”*

Moohwan Kim (University of Missouri-Columbia)

**B: Room 208A Monetary Economics**

*“Crude Oil and Stock Markets: Stability, Instability, and Bubbles”*

J. Isaac Miller (University of Missouri-Columbia)

*“Identifying Fiscal Policy Behavior: An Investigation of OLS Regression on the Fiscal Policy Rule”*

Bing Li (Indiana University - Bloomington)

*“How Does a Twisted Beliefs Shock Affect the Macroeconomy?”*

Jacek Suda (Washington University in St. Louis)

**C: Room 204 Applied Microeconomics I**

*“The Effect of the Order of Implementation of Optimal Policies on Welfare Gains: The Case of Water Management”*

Basharat A. Pitafi (Southern Illinois University-Carbondale)

*“Understanding the Link Between Ethanol Production and Food Prices”*

Nathalia Monteiro (Southern Illinois University - Carbondale)

*“Gender Differences in Income Inequality across Immigrant Groups”*

Mehmet E. Yaya (University of Alabama)

*“Keeping Up with the Joneses in McMansions: Changes in Wealth Inequality between College and High-School Graduates”*

Takashi Yamashita (Reed College)

**D: Room 208C The Macro-Finance Link**

*“What Does the Yield Curve Tell Us About Exchange Rate Predictability”*  
Kwok Ping Tsang (Virginia Tech)

*“Predicting Output and Inflation Using the Entire Yield Curve”*  
Azamat Abdymomunov (Washington University – St. Louis)

**E: Room 211 Macroeconomics**

*“What Can Fiscal Policy Do to Curb the Effect of Oil Shocks?”*  
Leandro Andrian (Iowa State University)

*“The (Un)Reliability of Real-Time Output Gap Estimates with Revised Data”*  
Onur Ince (University of Houston)

*“Is the Great Moderation A Return to The Nineteenth Century Trade Cycle”*  
Malcolm C. Harris (Friends University)

**F: Room 212 Applied Microeconomics II**

*“Participation in Special Language Programs (Bilingual and ESL) and Academic Performance of LEP and non-LEP Hispanic Students”*  
Noelia R. Paez (Texas A&M University)

*“New Estimates of Public Employment and Training Program Net Impacts: A Non-experimental Evaluation of the Workforce Investment Act Program”*  
Peter R. Mueser (University of Missouri - Columbia)

***Box Lunch and Adjournment – 12:45 p.m.-1:30 p.m.***  
***(Alcove next to Registration Table) Name Tag admits you to lunch.***