

European Summer Symposium in Financial Markets (ESSFM)

Travel Costs Sponsored by the New York Stock Exchange

Studienzentrum Gerzensee, 01/12 July 2002

Programme

Monday 1 July

08.15 – 08.30 Opening Remarks

Focus Session: Markets with Imperfections

Chair: Suleyman Basak (London Business School and CEPR)

08.30 – 09.30 **Risk Management with Benchmarking**
*Suleyman Basak (London Business School and CEPR)
Alex Shapiro (Steern School of Business, New York
University)
Lucie Teplá (INSEAD, Fontainebleau)

09.30 – 10.30 **A Central-Planning Approach to Dynamic Incomplete-
Market Equilibrium**
Bernard Dumas (INSEAD, Fontainebleau and CEPR)
*Pascal Maenhout (INSEAD, Fontainebleau)

10.30 – 11.00 Coffee

11.00 – 12.00 **Closed Form Solutions for Optimal Portfolio
Selection with Stochastic Interest Rate and
Investment Constraints**
Jerome Detemple (Boston University)
*Marcel Rindisbacher (University of Toronto)

Tuesday 2 July

Chair: Pierre Hillion (INSEAD, Fontainebleau and CEPR)

08.30 – 09.45 **On Pricing Kernels and Dynamic Portfolios**
Philippe Henrotte (Hautes Etudes Commerciales, Jouy-en-
Josas)

Discussant: Oleg Bondarenko (University of Illinois, Chicago)

09.45 – 11.00 **Financial Innovation, Market Participation and Asset Prices**

Laurent Calvet (Harvard University)

Martin Gonzalez-Eiras (Universidad de San Andres)

*Paolo Sodini (Stockholm School of Economics)

Discussant: Joël Peress (INSEAD, Fontainebleau)

Wednesday 3 July

Focus Session: Ambiguity and Learning

Chair: Raman Uppal (London Business School and CEPR)

08.30 – 09.30 **Stock Valuation and Learning about Profitability**

Lubos Pastor (University of Chicago)

*Pietro Veronesi (University of Chicago and CEPR)

09.30 – 10.30 **Is Learning a Dimension of Risk?**

Massimo Massa (INSEAD, Fontainebleau)

*Andrei Simonov (Stockholm School of Economics)

10.30 – 11.00 Coffee

11.00 – 12.00 **Model Misspecification and Under-Diversification**

*Raman Uppal (London Business School and CEPR)

Tan Wang (University of British Columbia)

Thursday 4 July

Chair: Marcel Rindisbacher (University of Toronto)

08.30 – 09.45 **Risk, Robustness and Knightian Uncertainty in Continuous-Time Heterogeneous Agents, Financial Equilibria**

*Fabio Trojani (University of Southern Switzerland)

Paolo Vanini (University of Southern Switzerland)

Discussant: Marcel Rindisbacher (University of Toronto)

09.45 – 11.00 **Equilibrium Asset Pricing with Time-Varying Pessimism**

* Alessandro Sbuelz (Tilburg University)

Fabio Trojani (University of Southern Switzerland)

Discussant: Gabrielle Demange (DELTA, Paris and CEPR)

Friday 5 July

- Chair: Frank de Jong (Universiteit van Amsterdam and CEPR)
- 08.30 – 09.45 **Expected Returns and Expected Dividend Growth**
*Martin Lettau (Stern School of Business, New York University, Federal Reserve Bank of New York and CEPR)
Sydney C Ludvigson (Federal Reserve Bank of New York)
- Discussant: Peter Schotman (LIFE, Maastricht University and CEPR)
- 09.45 – 11.00 **Characterizing Asymmetric Information in International Equity Markets**
*Rui Albuquerque (University of Rochester)
Gregory H Bauer (University of Rochester)
Martin Schneider (Oesterreichische Nationalbank)
- Discussant: Massimo Massa (INSEAD, Fontainebleau)

Monday 8 July

- 08.15 – 08.30 Opening Remarks
- Focus Session: Risk Sharing, Networks and Corporate Finance**
- Chair: Robert M Townsend (University of Chicago)
- 08.30 – 09.30 **Risk Incentives and Groups in General Equilibrium**
* Robert M Townsend (University of Chicago)
- 09.30 – 10.30 **Sharing Project Risk when Risk-Sharing is Costly**
Philip Bond (Kellogg Graduate School of Management, Northwestern University)
- 10.30 – 11.00 Coffee
- 11.00 – 12.00 **Firms as Clubs in Walrasian Markets with Private Information**
* Edward S Prescott (Federal Reserve Bank of Richmond)
Robert M Townsend (University of Chicago)

Tuesday 9 July

- Chair: Patrick Bolton (Princeton University and CEPR)
- 08.30 – 09.45 **Entrepreneurs and New Ideas**
Bruno Biais (Université des Sciences Sociales de Toulouse and CEPR)

Discussant: *Enrico C Perotti (Universiteit van Amsterdam and CEPR)
Holger M Müller (Stern School of Business, New York University and CEPR)

09.45 – 11.00 **Access to Credit, Employee Risk-Taking and Organizational Change**
Guido Friebel (SITE, Stockholm School of Economics)
*Mariassunta Giannetti (SITE, Stockholm School of Economics)
Discussant: Lucy White (Nuffield College, Oxford University and CEPR)

Wednesday 10 July

Focus Session: Managerial Compensation

Chair: George Baker (Harvard University)

08.30 – 09.30 **Executive Compensation: Theoretical Issues and Empirical Results**
George Baker (Harvard University)

09.30 – 10.30 **Managing with Style: The Effect of Managers on Firm Policies**
*Marianne Bertrand (University of Chicago and CEPR)
Antoinette Schoar (Massachusetts Institute of Technology and CEPR)

10.30 – 11.00 Coffee

11.00 – 12.00 **Why do Some Firms Give Stock Options to All Employees?: An Empirical Examination of Alternative Theories**
* Paul Oyer (Stanford University)
Scott Schaefer (Kellogg School of Management, Northwestern University)

Thursday 11 July

Chair: Marco Pagano (Università di Salerno and CEPR)

08.30 – 09.45 **Projects are Largely External and Mostly Debt Financed: A New Approach to Testing Capital Structure**
*Colin Mayer (Saïd Business School, University of Oxford and CEPR)
*Oren Sussman ((Saïd Business School, University of Oxford)

Discussant: Alexander Stomper (Universität Wien)

09.45 – 11.00 **CEO Overconfidence and Corporate Investment**
Ulrike Malmendier (Harvard University)
Geoffrey Tate (Harvard University)

Discussant: Paola Sapienza (Kellogg Graduate School of Management, Northwestern University and CEPR)

Friday 12 July

Chair: Paolo Fulghieri (INSEAD, Fontainebleau and CEPR)

08.30 – 09.45 **Regulating Insider Trading when Investment Matters**
Luis Angel Medrano (Universitat Pompeu Fabra)
*Xavier Vives (INSEAD, Fontainebleau and CEPR)

Discussant: Thierry Foucault (Hautes Etudes Commerciales, Jouy-en-Josas and CEPR)

09.45 – 11.00 **How Should a Firm go Public? A Dynamic Model of the Choice between Fixed-Price Offerings and Auctions in IPOs and Privatizations**
Thomas J Chemmanur (Boston College)
Huanliang Liu (Boston College)

Discussant: Francesca Cornelli (London Business School, Wharton School of Management and CEPR)

* Denotes Speaker

Focus sessions: Each speaker gets 50 minutes, leaving 10 minutes for general discussion.

Contributed sessions: Each speaker gets 50 minutes, discussant 15 minutes, leaving 10 minutes for general discussion

Organizers: Mike Burkart (SITE, Stockholm School of Economics and CEPR)
Philippe Bacchetta (Studienzentrum Gerzensee, Université de Lausanne and CEPR)
Pierre Hillion (INSEAD Fontainebleau and CEPR)