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 Nationabank)
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)
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)