



**Centre for
Economic
Policy
Research**



THE WILLIAM DAVIDSON INSTITUT
AT THE UNIVERSITY OF MICHIGAN BUSINESS SCHOOL

CEPR/WDI Annual International Conference on Transition Economics

Budapest, Hungary 3-5 July 2003

Hosted by The Institute of Economics of the Hungarian Academy of Sciences (IEHAS) and the Economics Department of the Central European University (EDCEU)

Programme

Thursday 3 July

12:30 – 14:30

(Location:

Registration

Oktogon Reception area, Central European University, Nádor street, 9, 5th district)

14.30 – 15.00

(Location:

Welcome Speeches

Auditorium (Ground floor, Nádor building)

Yehuda Elkana (President and Rector, Central European University)

Norbert Kroó (Secretary General, Hungarian Academy of Sciences)

15.00 – 16.00

Keynote Address: Institutional Change and Economic Growth

Philippe Aghion (University College London, Harvard University, WDI and CEPR)

16.00 – 16.30

(Location:

Coffee

Hall in front of Auditorium)

Panel Session

Honesty and Trust: Theory and Experience in the Light of the Post-Socialist Transformation

(Location:

Auditorium (Ground floor, Nádor building)

Chair:

András Sajó (Central European University)

16.30 – 17.20

Honesty and Trust in the Light of Postsocialist Transition: An Overview of the Collegium Budapest Project

János Kornai, (Collegium Budapest, Harvard University and WDI)

17.20 – 17.40

Measures and Determinants of Trust in Transition

Martin Raiser (EBRD)

17.40 – 18.00

How Trust Is Established in Economic Relationships When Institutions and Individuals Are Not Trustworthy (The Case of Russia)

Vadim Radaev (State University - Higher School of Economics, Moscow)

18.00 – 18.30

General discussion

20.00

Welcome Reception at the Hungarian Academy of Sciences,
Roosevelt Square (tér), 9

Friday 4 July

Plenary Session 1- Development Meets Transition

(Location:

Auditorium (Ground floor, Nádor building)

Chair:

Erik Berglöf (SITE, Stockholm School of Economics, WDI and CEPR)

09.00 – 09.45

The Power of Information: Evidence from a Campaign to Reduce Capture

Ritva Reinikka (The World Bank)

*Jakob Svensson (Institute for International Economic Studies,
Stockholm)

09.45 – 10.30

Economic Shocks and Civil Conflict: An Instrumental Variables Approach

*Edward Miguel (University of California, Berkeley)

Shanker Satyanath (New York University)

Ernest Sergenti (New York University)

10.30 – 11.00

Coffee

(Location:

Hall in front of Gellner Room (1st floor, Nádor building)

Parallel Session 1

Session 1.A

(Location:

Gellner Room (1st floor, Nádor building)

Chair:

György Szapáry (National Bank of Hungary)

11.00 – 11.45

Sensitivity of the Exporting Economy on the External Shocks: Evidence from Slovene Firms

Ales Ahcan (University of Ljubljana)

Velimir Bole (EIPF)

*Matjaz Koman (University of Michigan)

Janez Prasnikar (University of Ljubljana)

Discussant:

Zsuzsanna Fluck (Michigan State University, Oxford University and WDI)

11.45 – 12.30

Interestablishment Reallocation, Productivity Growth and the Effects of Privatization and Liberalization

*J David Brown (Herriot-Watt University, Edinburgh and WDI)

John Earle (Upjohn Institute for Employment Research)

Discussant:

Jana Fidrmucova (Tilburg University)

Session 1.B

(Location:

Popper Room (1st floor, Nádor building)

Chair:

Michael Heller (University of Michigan)

11.00 – 11.45

Can Government Paternalism Prevent Credit Market Failure?

*Akhmed Akhmedov (Centre for Economic & Financial Research,
Moscow)

Eugene Orlov (Northwestern University)

Discussant:

Ákos Valentinyi (University of Southampton, WDI and CEPR)

11.45 – 12.30

Culture Rules: The Foundations of the Rule of Law and Other Norms of Governance

Chanan Goldschmid (Interdisciplinary Center Herzliya)

*Amir Licht (Interdisciplinary Center Herzliya)

Shalom H Schwartz (Hebrew University, Jerusalem)

Discussant:

Scott Gehlbach (Centre for Economic & Financial Research, Moscow)

12.30 – 14.00

(Location:

Lunch

Japanese Garden (access from 2nd floor, Faculty Tower)

Parallel Sessions 2

Session 2.A

(Location:

Gellner Room (1st floor, Nádor building)

Chair:

Wendy Carlin (University College London, WDI and CEPR)

14.00 – 14.45

Policy Regime Change and Corporate Credit in Bulgaria: Asymmetric Supply and Demand Responses

*Rumen Dobrinsky (UN Economic Commission for Europe and WDI)

Nikolay Markov (Centre for Economic and Strategic Research, Bulgaria)

Discussant:

Max Gillman (Central European University)

14.45- 15.30

Financial Regulations, Investment Risks and Determinants of the Chinese IPO Underpricing

Lihui Tian (London Business School and Peking University)

Koen Schoors (University of Gent and Said Business School, University of Oxford)

Discussant:

Session 2.B

(Location:

Popper Room (1st floor, Nádor building)

Chair:

Katherine Terrell (The William Davidson Institute, University of Michigan)

14.00 – 14.45

Wage Growth and Inequality Change During Rapid Economic Transition

*Ira Gang (Rutgers University and WDI)

Myeong-Su Yun (Tulane University)

Discussant:

Elizabeth Brainerd (Williams College, WDI and CEPR)

14.45 – 15.30

Responses of Private and Public Schools to Voucher Funding: The Czech Experience

Daniel Munich (CERGE-EI, Prague, WDI and CEPR)

Margaret Maurer-Fazio (Bates College and WDI)

Discussant:

15.30 – 16.00

(Location:

Coffee

Hall in front of Gellner Room (1st floor, Nádor building)

Parallel Sessions 3

Session 3.A

(Location:

Gellner Room (1st floor, Nádor building)

Chair:

Ákos Valentinyi (University of Southampton, IEHAS, WDI and CEPR)

- 16.00 – 16.45 **Running "Dinosaurs": A Political Economy Model of Soft Budget Constraints**
 Discussant: Jiahua Che (University of Illinois and WDI)
 Gérard Roland (University of California Berkeley, ECARES,
 Université Libre de Bruxelles, WDI and CEPR)
- 16.45 – 17.30 **The Political Economy of Reforms: Empirical Evidence from Post-Communist Transition in the 1990s**
 Discussant: Byung-Yeon Kim (University of Essex)
 Nauro F Campos (University of Newcastle, CERGE-EI, WDI and CEPR)
- Session 3.B
 (Location: *Popper Room (1st floor, Nádor building)*)
- Chair: Zsuzsanna Fluck (Michigan State University, Oxford University and WDI)
- 16.00 – 16.45 **The Effect of Privatization and International Competitive Pressure on Firms Price Cost margins: Micro Evidence from Emerging Countries**
 Discussant: *Jozef Konings (Katholieke Universiteit Leuven, WDI and CEPR)
 Partick van Cayseele (Katholieke Universiteit Leuven)
 Frederic Warzynski (IDEI, University of Toulouse)
 László Halpern (The Institute of Economics of the Hungarian Academy of Sciences, CEU Budapest, WDI and CEPR)
- 16.45 – 17.30 **Corporate Performance and Market Structure During Transition in Hungary**
 Discussant: *Gábor Kőrösi (Hungarian Academy of Sciences)
 László Halpern (The Institute of Economics of the Hungarian Academy of Sciences, CEU Budapest, WDI and CEPR)
 Wendy Carlin (University College London, WDI and CEPR)
- Policy Session*
- (Location: *Auditorium (Ground floor, Nádor building)*)
- Chair: Stijn Claessens (Universiteit van Amsterdam, World Bank, WDI and CEPR)
- 17.40 – 19.00 **Corporate Governance**
 Erik Berglöf (SITE, Stockholm School of Economics, WDI and CEPR)
 Stijn Claessens (Universiteit van Amsterdam, World Bank, WDI and CEPR)
 Sergei Guriev (Centre for Economic and Financial Research (CEFIR), WDI and CEPR)
- Comments on the Recent Development of the Hungarian Telecommunications Sector**
 Géza László (CEO, Antenna Hungaria)
- State Ownership and Corporate Governance: Are they Compatible?**
 István Salgó (Deputy State Secretary, Ministry of Finance)
- 20.30 Dinner at the National Bank of Hungary (to include welcome speech), Szabadság Square (tér), 8



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Bus transportation available for participants accommodated at Hotel
Taverna, departure times: 20:00 and 20:10 in Petöfi Sándor street

Saturday 5 July

Parallel Sessions 4

Session 4.A

(Location:

Gellner Room (1st floor, Nádor building)

Chair:

Edward Miguel (University of California, Berkeley)

09.00 – 09.45

Gender Segregation and Wage Gaps in Germany: When are 'Female' Occupations Paying More?

Heike Harmgart (Humboldt Universität zu Berlin)

*Stepan Jurajda (CERGE-EI, Prague, WDI and CEPR)

Discussant:

Gábor Kézdi (Budapest University of Economics and Hungarian Academy of Sciences)

09.45 – 10.30

The Returns to Job Mobility during the Transition: Evidence from the Czech Experience

*Katherine Terrell (WDI, University of Michigan)

Daniel Münich (CERGE-EI, Prague and CEPR)

Jan Svejnar (The William Davidson Institute, University of Michigan, CERGE-EI Prague and CEPR)

Discussant:

János Köllő (Hungarian Academy of Sciences and WDI)

Session 4.B

(Location:

Popper Room (1st floor, Nádor building)

Chair:

Anna Meyendorff (William Davidson Institute, University of Michigan)

09.00 – 09.45

Decentralization and Political Institutions

*Ruben Enikolopov (CEFIR and Harvard University)

Ekaterina Zhuravskaya (Centre for Economic and Financial Research, Moscow, SITE, Stockholm School of Economics and CEPR)

Discussant:

John E Jackson (WDI, University of Michigan)

09.45 – 10.30

Provincial Protectionism

Konstantin Sonin (New Economic School, Moscow, WDI and CEPR)

Philippe Aghion (University College London, Harvard University, WDI and CEPR)

Discussant:

10.30 – 11.00

(Location:

Coffee

Hall in front of Gellner Room (1st floor, Nádor building)

Parallel Sessions 5

Session 5.A

(Location:

Gellner Room, (1st floor, Nádor building)

Chair:

János Gács (Institute of Economics, Hungarian Academy of Sciences)

11.00 – 11.45

Initial Conditions, Institutional Dynamics and Economic Performance

*Daniel Berkowitz (University of Pittsburgh and WDI)

Karen Clay (Carnegie Mellon University)



11.45 – 12.30

Crime, Wealth and Inequality: Evidence from International Crime Victim Surveys

Discussant:

Yuri Andrienko (Centre for Economic & Financial Research, Moscow)
Jarko Fidrmuc (Oesterreichische Nationalbank)

Session 5.B

(Location:

Popper Room (1st floor, Nádor building)

Chair:

Jan Svejnar (The William Davidson Institute, University of Michigan, CERGE-EI Prague and CEPR)

11.00 – 11.45

Short-Term Debt and Crises

Discussant:

Enrica Detragiache (International Monetary Fund)
*Antonio Spilimbergo (International Monetary Fund)
Anna Meyendorff (William Davidson Institute, University of Michigan)

11.45 – 12.30

Privatization Revisited: The Effects of Foreign and Domestic Owners on Corporate Performance

Discussant:

*Lubomir Lizal (CERGE-EI, Prague, WDI and CEPR)
Jan Svejnar (The William Davidson Institute, University of Michigan, CERGE-EI Prague and CEPR)
Wei Li (University of Virginia, WDI and CEPR)

12.30 – 14.00

Lunch

(Location:

Japanese Garden (access from 2nd floor, Faculty Tower)

Parallel Sessions 6

Session 6.A

(Location:

Gellner Room (1st floor, Nádor building)

Chair:

Daniel Berkowitz (University of Pittsburgh, University College London and WDI)

14.00 – 14.45

In Search of the Holy Grail: Policy Convergence, Experimental and Economic Performance

Discussant:

*Sharun W Mukand (Tufts University)
Dani Rodrik (Harvard University)
Ekaterina Vostroknutova (European University Institute, Florence)

14.45 – 15.30

Institutional Subversion: Evidence from Russian Regions

Discussant:

Irina Slinko (Centre for Economic & Financial Research, Moscow)
Evgeny Yakovlev (Centre for Economic & Financial Research, Moscow)
*Ekaterina Zhuravskaya (Centre for Economic and Financial Research, Moscow, SITE, Stockholm School of Economics, WDI and CEPR)
Guido Friebel (IDEI, Université des Sciences Sociales de Toulouse, SITE, Stockholm School of Economics and CEPR)

Session 6.B

(Location:

Popper Room (1st floor, Nádor building)

Chair:

Anh T. Vu (Boston College)

14.00 – 14.45

Private Savings in Transition Economies: Are there Terms of Trade Shocks?

Discussant: Balázs Égert (National Bank of Austria, University of Paris X and WDI)

14.45 – 15.30

Household Savings in Russia during the Transition

Mark C Foley (University of North Carolina)
*William Pyle (Middlebury College and WDI)

Discussant:

Steve Stillman (Department of Labour, New Zealand and WDI)

15.30 – 16.00

Coffee

(Location:

Hall in front of Gellner Room (1st floor, Nádor building)

Plenary Session 2

(Location:

Auditorium (Ground floor, Nádor building)

Chair:

Jan Svejnar (The William Davidson Institute, University of Michigan, CERGE-EI Prague and CEPR)

16.00 – 17.00

Keynote Address: Alan B Krueger (Princeton University)

19.00

Boat cruise on the ship "Táncsics"

Departure: Pier no. 4, Vigadó Square (tér)

Guests will arrive between 18:30 and 19:00 on the boat

Return: Pier no. 4, Vigadó Square (tér), at 22:00

Rapporteurs:

Gábor Békés
Miklós Koren

(Central European University, Budapest)
(Hungarian Academy of Sciences, Budapest)

Organizers:

Erik Berglöf
László Halpern

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(The Institute of Economics of the Hungarian Academy of Sciences, Central European University, Budapest, The William Davidson Institute and CEPR)

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Katherine Terrell

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