



HELSINGIN YLIOPISTO
HELSINGFORS UNIVERSITET
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Annual Report 2005



Research Unit of Economic Structures and Growth (RUESG)
Department of Economics
Faculty of Social Sciences
University of Helsinki

Research Unit of Economic Structures and Growth

Department of Economics, University of Helsinki

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Director:

Erkki Koskela, Professor

Team Leaders:

Erkki Koskela, Professor of Economics

Pentti Saikkonen, Professor of Statistics

Rune Stenbacka, Professor of Economics

home page: <http://www.valt.Helsinki.fi/raka/>

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Overview

2005 was the eleventh year of operation for the Research Unit on Economic Structures and Growth (RUESG)¹. RUESG is a research unit within the Department of Economics at University of Helsinki. Its goal is to conduct top-level research in selected areas of economics (see the web pages of RUESG for details), train selected graduate students in their PhD studies and occasionally provide expertise on economic policy problems in Finland. The Academy of Finland nominated RUESG as a national centre of excellence in research in Finland for the years 2002-2007.

Research activity at RUESG has continued at high pace and numerous research publications, papers, lectures and conference presentations were given by RUESG members in 2005. 3 books, 4 chapters in internal books, 14 articles published in refereed international journals, and 27 new working papers were published during the year.

RUESG people delivered a total of 85 invited lectures, seminars or contributed presentations, which is the highest amount in the history of RUESG. RUESG people also did a total of 65 either editorships and/or referees for journals.

RUESG activities have changed from the earlier years as follows: (i) research co-operation between RUESG researchers has increased and (ii) RUESG member started to organize both international workshops and HECER seminars in 2004. In 2005 RUESG workshop on “Financial Econometrics” were organized in August 2005 by Markku Lanne and Pentti Saikkonen and international workshop on “Fiscal Federalism”, financed by HECER, was organized in November 2005 by Erkki Koskela jointly with professor Panu Poutvaara (University of Helsinki). A special issue about this workshop topic will be published in *FinanzArchiv* in the fall 2006. Moreover, Erkki Koskela is an organizer of HECER’s labour and public economics seminar and Rune Stenbacka is an organizer of HECER’s applied microeconomics seminar.

Currently, the personnel of RUESG consist of three professors, three visiting professors, a senior fellow, six post-doctoral fellows and twelve graduate students and three research associates (details are given below). All graduate students, senior fellow and six post-doctoral fellows have been full time researchers. Moreover, visiting professors visit RUESG. In addition to research, most of the full time researchers have taught individual courses or sections of courses in the university or some other institution.

Professor Koskela became the director of RUESG in March 2004 when Professor Honkapohja moved to Cambridge. Honkapohja will continue to participate in RUESG activities as a Visiting Professor.

¹ In Finnish RUESG is called RAKA (Talouden rakenteiden ja kasvun tutkimusyksikkö).

Summaries of current research

In terms of brief characterization the research areas of the Unit are: (i) public, labour and natural resource economics, (ii) macroeconomics, industrial economics and real option theory and well as (iii) time series econometrics. These research topics will be done by graduate students, post-doctoral fellows, a senior fellow, visiting professors and team leaders as well as by some foreign professors as research co-operators (see the web pages of RUESG for details).

Team leaders, visiting professors and post-doctoral fellows:

Erkki Koskela's research has focused the following topics: One line of work has considered optimal management of renewable resources in the presence of uncertainty with an emphasis on forest economics. In these studies special attention has been given to the analysis of the impact of risk aversion and tax policy on the optimal harvesting rule. Using the real option theory approach Koskela has also studied the impact of progressive taxation on irreversible investment under uncertainty. One research issue has been to analyze the relationship between profit sharing and equilibrium unemployment in the presence of simultaneous imperfections in labor, product and credit markets. The fourth topic has been to analyze the optimal royalty design and royalty reforms under illegal logging and deforestation issues as well as implications of biodiversity conservation issues for the socially optimal rotation age and the appropriate policies to do it. Also Koskela has worked with two joint book projects: (i) the Finnish economic performance during the last 20 years under the title "Economic Prosperity Recaptured: the Path from Crisis to High Growth" (CESifo/MIT Book Project) and (ii) advanced monograph about the current state of forest economics. Koskela has maintained permanent research cooperation both internationally (Dr. Willi Leibfritz, France, professor Ronnie Schöb, Germany, professor Seppo Honkapohja, England and professor Gregory S. Amacher, USA) as well as domestically.

Pentti Saikkonen has continued his long term research project on cointegration and obtained new results on the stability of regime switching error correction models. He has also worked on GARCH models in which the focus has been in multivariate GARCH models and GARCH-in-mean models. Saikkonen has formulated a new multivariate factor GARCH model and developed test procedures for selecting the number of factors in the model. In addition to standard distributions, a mixture of two normal distributions has also been considered and found useful in modeling exchange rate returns. The research in GARCH-in-mean models has dealt with modeling skewness in stock returns and studying the power of a standard test procedure used in testing the existence of the so-called mean effect. As a new topic Saikkonen has studied dynamic binary response models and applied them to predicting U.S. recessions. Saikkonen has maintained permanent research cooperation both internationally (professor Helmut Lütkepohl, Italy) as well as domestically.

Rune Stenbacka's has actively conducted applied and theoretical research in the fields of industrial economics, labor economics, financial intermediation and investment theory. He has analyzed market imperfections within a wide spectrum of studies in industrial economics, for example, strategic outsourcing, switching costs and the dynamics of competition with customer relationships. The studies in labor economics have focused on equilibrium unemployment in the presence of simultaneous imperfections in labor, product and credit markets. The studies in investment theory have applied a real options approach to explore outsourcing and takeover activities. The research results are published as articles in international journals, in edited books as well as in working paper series. Stenbacka has maintained permanent research cooperation both internationally (professor Thomas Gehrig, Germany and professor Oz Shy, Israel) as well as domestically. He has extensively fulfilled international scientific expert assignments.

The research of *Luis Alvarez* has roughly concentrated in three different general topics. The first topic is the optimal management of renewable resources in the presence of uncertainty with an emphasis on forestry economics. In these studies special attention has been given to the analysis of the impact of risk aversion and tax policy on the optimal harvesting rule. The second topic is the real options approach to irreversible decision making problems including irreversible investment, adoption of sequential technologies, outsourcing, and merger decisions. The third topic has been the applications of stochastic analysis and control theory in economics and finance. In these studies the main objective has been to develop new techniques for analyzing and solving stochastic control problems arising in studies considering sequential decision making in the presence of uncertainty. Alvarez collaborates with Erkki Koskela and Rune Stenbacka.

Seppo Honkapohja continued his research on the implications of adaptive learning for the conduct of macroeconomic policy during his visit to RUESG. Honkapohja continued to do further research in the topic "Learning and monetary policy" by studying different new issues. He also worked on aspects of the New Economy in Finland, which is part of a book project on the Finnish economy since the mid 1980's to current time (jointly with Erkki Koskela, Willi Leibfritz and Roope Uusitalo, Labour Institute for Economic Research).

Dr. and Docent *Mikael Bask*, who joined RUESG at the beginning of 2005, defended his Ph.D. thesis in June 1998 and became docent in September 2003. His theoretical research focus is on technical trading in foreign markets and how it affects the performance of monetary policy. He is also taking the models developed to data. Other research themes are the stability of stochastic dynamic systems, and the degree of competition in the Nordic electricity market. Current co-authors include Jarko Fidrmuc (University of Munich), Tung Liu (Ball State University), Jens Lundgren, Niklas Rudholm, Carina Selander (all Umeå University), and Anna Widerberg (Göteborg University).

Essi Eerola's research mainly focused on housing taxation and environmental economics (with Dr. Niku Määttänen, the Research Institute of the Finnish Economy). The main project in the area of housing taxation was a joint project aiming to determine the optimal tax treatment of owner housing in a dynamic

general equilibrium setting with a representative household. This project was continued by extending the analysis to a setting of labour and wealth heterogeneity. In the area of environmental economics, I continued work on a joint project on the effects of preference heterogeneity and distributional concerns on environmental policies (with professor Anni Huhtala, MTT Agrifood Research).

Markus Haavio's research has concentrated on the following topics. Recent empirical evidence indicates that local jurisdictions are internally more heterogeneous, and less distinct from each other, than standard static general equilibrium sorting models predict. Motivated by these observations, Markus Haavio's research (joint with Heikki Kauppi), has aimed at developing dynamic models of residential sorting, where housing is both a consumption good and an investment, and location choices involve both consumption and investment considerations. The theoretical work has produced a number of hypotheses concerning the degree and the pattern of sorting under different circumstances. In the empirical part of the research project, these predictions have been tested using data from US metropolitan areas.

The research of *Marja-Liisa Halko* was centred around two different topics: labour market models and neuroeconomics. Work in progress studies how rules for wage formation affect job seekers' and vacancies' incentives to use the services of a matchmaker. Another labour market study, where non-monotonous wage dispersion is derived in an economy where homogeneous firms and workers can contact each other by sending wage offers, was completed and submitted to a journal. A simulation study, based on that project, is in progress. Halko also continued her co-operation with the Brain Research Unit at the Helsinki University of Technology. In the neuroeconomics project, the data was collected, that is, 27 subjects were scanned, and the work is now in the data evaluation phase.

Heikki Kauppi's research in 2005 focused on three topics (i) the implications of house price fluctuations for wealth distribution, residential sorting and interregional mobility (with Markus Haavio), (ii) the determinants of EU budget allocations (with professor Mika Widgrén, Turku School of Economics and Business Administration), and (iii) dynamic modeling of discrete time series variables (with Pentti Saikkonen). An empirical application within this project shows that new dynamic binary response models yield more accurate predictions of U.S. recessions than previously used static models. Kauppi is currently working on extensions to polychotomous response variables and on their application for the modeling and forecasting of interest rate changes by the Federal Reserve.

Markku Lanne's research concentrated on financial and macroeconometrics. In two ongoing projects with Pentti Saikkonen he studies conditional heteroscedasticity models. In the first project a new kind of GARCH model incorporating conditional skewness is introduced. The model is shown to fit well to postwar U.S. data and to explain the observed overprediction of average excess returns by symmetric GARCH models. In the second project a new kind of multivariate factor GARCH model is introduced and applied to testing for volatility transmission in exchange rates. He also studies new kind of multiplicative models for positive-valued time series and their applications to modeling and forecasting realized volatility of exchange rates. In a project with

Timo Vesala he studies the effects of a transaction tax on the volatility in exchange rates, and both theoretical and empirical results suggest a considerable volatility increase following the introduction of such a tax. In a project with professor Helmut Lütkepohl (European University Institute, Florence) he considers structural vector autoregressive models with nonnormal error terms. Allowing for deviations from normality seems to solve the well-known identification problem in vector autoregressions. From September 2005 Markku Lanne has been a Jean Monnet Fellow at the European University Institute, Florence.

In 2005 *Mikko Leppämäki*, a full time director of Graduate School of Finance (GSF) at the Helsinki School of Economics, continued ongoing research collaborating with Dr Micael Castanheira (ECARES, ULB) on the effects of labor embodied technological progress on the shape and total employment of the decision making organizations. He continued also to work on the two joint papers with Dr Mikko Mustonen (Helsinki School of Economics) on skill signaling with externalities. In the ongoing project with Professor Klaus Kultti (University of Helsinki) the authors examine endogenous market transparency within a price competition model.

Anne Mikkola is working on the area of gender and development while serving as a fixed-term professor in the department of economics. She has started empirical work on gender biases in Finnish families. Her literature review on the role of gender equality in development came out in the Hecer discussion paper series in 2005. There was an article published in *Ulkopolitiikka-lehti* on development issues as well.

Timo Vesala defended his dissertation 'Essays on Search and Informational Asymmetry in Labor and Credit Markets' in a public examination in April 22 and obtained the doctor's degree in June 2005. His research as a post-doctoral fellow in RUESG has primarily focused on examining the implications of asymmetric information when uncoordinated and decentralized trading is characteristic to the market microstructure. Part of the research has been started to conduct in collaboration with Professor Klaus Kultti (University of Helsinki) and Juuso Vanhala (RUESG), Juha Virrankoski (RUESG), Professor Markku Lanne (IUE and RUESG) and Dr. Ville Mälkönen (Government Institute for Economic Research). In 2005, Timo Vesala has given presentations in several international conferences, including the EEA Conference in Amsterdam, the EARIE Conference in Porto as well as the European Winter Meeting of the Econometric Society in Istanbul.

Juha Virrankoski joined RUESG in January and his research has focused on matching models in labor markets and monetary economies. He submitted an article (with Marja-Liisa Halko and Klaus Kultti) that studies the equilibrium market structure and wage distribution in a model where job seekers and vacancies can either send or receive wage offers. A work in progress (with Marja-Liisa Halko) studies how different wage determination mechanisms affect job seekers' and vacancies' incentives to choose a centralized or a decentralized market. Another ongoing project (with Timo Vesala) considers firms' choices in determining the degree of specialization of jobs and their recruiting channels. He

is working with Klaus Kultti on two models of microfoundations of money. The models consider the efficient distribution of money holdings across agents, and price formation and incentives to produce high-quality goods.

Graduate students²

Elias Einiö has now completed PhD courses in microeconomics, macroeconomics and econometrics. He continued to work on his licentiate thesis "Skill-biased technical change in Finnish manufacturing", where the research interests are estimation of panel data models and analysis of linked employer-employee data. In addition, he completed advanced level statistics courses "Computational Statistics" and "Generalized linear models". He has now completed the required PhD examinations.

Helena Holopainen Lic. (Econ.) joined RUESG in the beginning of September 2004. She received her licentiate degree in the fall 2002. Her research interest is in the fields of economics of organizations and contract theory applied to the analysis of corporate governance and ownership structures. She continues to work on her dissertation under the heading "Corporate governance, human capital and structural changes in organizations". The first essay analyzes how the employees' incentives to acquire human capital can be reconciled with the shareholders' ability to implement organizational changes and, in particular, how the choice of production technology affects the need to use specific governance mechanisms. The second essay analyzes the role of owners' knowledge for the optimal choice of a firm's business strategy. The focus of the third essay is the board of directors and how the presence of (incumbent or former) CEO on the board affects the succession process. The plan is to submit manuscript for official examination in Spring 2006.

Mikael Juselius, who joined RUESG in August 2004, has been conducted his doctoral research on various empirical applications associated with the cointegrated VAR model. During the academic year his research focused on empirically appraising the New Keynesian model (NKM). Within this topic he worked on two papers, the first aimed at testing the NKM on U.S. and aggregate European data, while the second investigated an open economy variant of the NKM on Finnish data. In addition to this project he worked on an ongoing research project on price convergence in collaboration with Niklas Ahlgren.

Leena Kalliovirta, who joined RUESG in January 2004, has been completed two mathematics advanced level courses "Probability Theory" and "Modeling financial time series and their extremes", which fulfilled the required PhD examinations. After that she has worked on her licentiate thesis "Misspecification Tests Based on Quantile Residuals".

² For more junior graduate students, the summaries provide a description of their graduate studies and research (when applicable).

During 2005 *Michal Kempa*, who joined RUESG in January 2005, has completed the remaining courses required to fulfill the doctoral degree. He has also completed two articles that combined will constitute his licentiate thesis. The title of the thesis is "Central Bank policy and liquidity management" and it is going to be formally defended in January 2006. The first article is a survey chapter that analyses the current literature related to central bank policy. The second article, titled "Money Market Volatility – A simulation study" concentrates on one selected aspect of the monetary policy i.e. the liquidity supply.

Dr. and Docent (in philosophy) and Lic. (Econ.), *Ilkka Kiema* (previously *Kieseppä*), who joined RUESG in the fall of 2002, has been working on a Ph.D. thesis which is concerned with information economics and economic growth. More specifically, the dissertation discusses the incentives of producing information from a variety of perspectives. A part of the dissertation is based on the licentiate thesis "Open Source Products as Nonproprietary Innovations in Endogenous Growth Theory", for which Ilkka Kiema received the licentiate degree in March, 2005. As a second part of his dissertation, Kiema has been working on a paper which considers some models of piracy and contrasts in their context the effects of digital rights management (DRM) systems and legal measures against piracy. Kiema visited the School of Information Management and Systems at the University of California, Berkeley, from August 1 to December 20, 2005. There he presented a more recent version of his paper in a less formal setting to Professor Suzanne Scotchmer, and he discussed its topic also with Hal R. Varian.

Topi Miettinen, who joined RUESG in January 2005, has worked on the chapters of his PhD thesis. Political Parties and Network Formation reached its working paper stage in late 2005 and Promises and Conventions - A Theory of Pre-play Agreements in early 2006. He has presented these and the draft on Cursed, Analogy-Based and Self-Confirming Expectations in several occasions, Zeuthen Workshop in Behavioral Economics in Copenhagen, Stony Brook XVI International Game Theory Festival and Spanish Economic Association meeting among others. He also completed two Topology courses at the Department of Mathematics and Statistics and course requirements for the Licentiate degree as well as submitted his Licentiate thesis in Helsinki.

Toni Nordlund spent the spring 2005 as a Visiting Fellow at Harvard University to work on a doctoral thesis studying optimal investment decisions in various uncertain environments. The first essay of the thesis, "Dynamic management of R&D under competition and uncertainty", incorporates product-market uncertainty, R&D-cost uncertainty and technological uncertainty to study optimal R&D in a Bertrand duopoly with product differentiation. The second essay, "Market entry under heterogeneous information and uncertainty", studies optimal (equilibrium) entry into a competitive market when the market revenues are uncertain and the entrant firms start out with imperfect and heterogeneous information on a revenue factor. The final essay, "Dynamic acquisition of investment information under uncertainty: a learning-options approach" studies when an investor opts to acquire incremental information on an irreversible investment given that the alternative is to invest with imperfect information. The manuscript was submitted to official examination in February 2006.

During the spring 2005 *Timo Seppälä* completed his licentiate degree and continued doing research for his doctoral thesis on the topic "*Essays on Social Security System: A Behavioural Approach*". The primary target of the thesis is to contemplate how recent findings in behavioural economics might change policy suggestions for social security reforms that are originally derived from conventional analysis. Two main fields of the planned study are i) public pension system and ii) public health care system. Other research activity is currently on experimental economics with the project that studies with ultimatum game with two responders. The experiment was conducted in the spring 2005 and the analysis of results will be completed in the spring 2006. During the year 2005 Seppälä also participated in XXVII Annual Meeting of Finnish Economists, Marienhamn, and workshop in Copenhagen, as well as CHES seminar on health economics in Helsinki.

The research of *Juuso Vanhala* has concentrated on two main themes. The first theme includes theoretical studies of search frictions of the labor market related to economic growth and structural change. This work studies the interactions of technological change and human capital and their relation to frictional unemployment. In this topic he has collaborated and written one paper with professor Gianluca Violante (New York University). The other line of work applies search/matching models of the labor market to macroeconomic monetary models. This work studies the implications of real rigidities of the labor market to the sensitivity of an economy to monetary policy and technology shocks. In this line of work Vanhala has also studied the implications on macroeconomic dynamics of income taxation and labor market frictions. The plan is to submit the PhD manuscript to official examination in March 2006.

Jouko Verho, who joined RUESEG in December 2003, completed his licentiate thesis "Unemployment Duration and Business Cycles in Finland" and graduated in October 2005. In September, he began his visit in the department of economics at University College London. There he continued the work with unemployment duration data and started a new project on program evaluation of the Finnish active labour market policy. In addition, he participated in PhD courses on econometrics as well as number of seminars. Earlier in Finland, he also completed mathematics course "Measure and Integral".

Tommi Vuorenmaa's research concentrates on financial econometrics, econometrics of stock market microstructure and interdisciplinary applications. For almost the whole year, Vuorenmaa was studying and conducting his own research at University of California San Diego, USA. His first paper, which applies a wavelet method in the study of long-memory in stock market volatility, was published by two institutions. Besides taking part in a few international conferences during the year, Vuorenmaa visited Santa Fe Institute (New Mexico, USA) in August. After his return to Helsinki in September, Vuorenmaa started to do research on the arrival times of trades at a stock exchange. In his ongoing work Vuorenmaa applies a new distribution adapted from physics in the framework of conditional duration models.

Personnel

At the end of 2005 RUESG had the following personnel:

Team leaders:³

Erkki Koskela
Pentti Saikkonen
Rune Stenbacka

Visiting Professors:⁴

Luis Alvarez
Seppo Honkapohja
Markku Lanne

Post-doctoral fellows:⁵

Mikael Bask
Essi Eerola
Markus Haavio
Marja-Liisa Halko
Timo Vesala
Juha Virrankoski

Graduate students:⁶

Elias Einiö
Helena Holopainen
Mikael Juselius
Leena Kalliovirta
Michal Kempa
Ilkka Kiema
Topi Miettinen
Toni Nordlund
Timo Seppälä
Juuso Vanhala
Jouko Verho
Tommi Vuorenmaa

Research Associates:⁷

Heikki Kauppi
Mikko Leppämäki
Anne Mikkola

Department Secretary:

Päivi Leskinen/Mikaela Mansikkaniemi

³ Main job as Professor of Economics in Swedish School of Economics (HANKEN) (Stenbacka).

⁴ Alvarez joined RUESG in October 2004. Main job as Professors of Quantitative Methods in Management at Turku School of Economics (Alvarez) and University of Cambridge from 1st March (Honkapohja). Lanne's main job is Professor of Economics in the University of Jyväskylä.

⁵ Bask joined RUESG in January 2005.

⁶ Kempa and Miettinen joined RUESG in January 2005.

⁷ Main job as University Lecturer (Kauppi); main job as Director of the Finnish Doctoral Programme in Economics to July 31 and researcher at Helsinki School of Economics from August (Leppämäki); Main job as Professor of Economics (international economics) (Mikkola).

During 2005 Mikael Bask, Essi Eerola, Michal Kempa, Juuso Vanhala and Juha Virrankoski visited the Research Department of the Bank of Finland.

Ilkka Kiema, Toni Nordlund, Jouko Verho and Tommi Vuorenmaa have been on visits abroad, respectively, at University of California Berkeley, USA, Harvard University, USA, University College London, UK, and University of California San Diego, USA.

Details of scientific and other activity

1. Scientific activity 2005

1.1 Publications

Books, chapters in internationally published books (refereed) and research reports:

Calmfors Lars, Corsetti Giancarlo, Honkapohja Seppo, Kay John, Leibfritz Willi, Saint-Paul Gilles, Sinn Hans-Werner & Xavier Vives:

Report on the European Economy 2005, EEAG Report, European Economic Advisory Group at CESifo, 2005, Ifo Institute for Economic Research, Munich, Germany.

Gehrig Thomas & Rune Stenbacka:

Venture Cycles: Theory and Evidence. In *Venture Capital, Entrepreneurship, and Public Policy* edited by Vesa Kanninen and Christian Keuschnigg, MIT Press, Cambridge (MA), 2005, p. 151-177.

Gehrig Thomas & Stenbacka, Rune:

Price Discrimination, Competition and Antitrust. In *The Pros and Cons of Price Discrimination*. The Swedish Competition Authority, Stockholm, 2005, p. 131-160.

Gual Jordi, Hellwig Martin, Perrot Anne, Polo Michele, Rey Patrick, Schmidt Klaus & Rune Stenbacka:

“An Economic Approach to Article 82” Report to the European Commission by the European Advisory Group on Competition Policy (53 pages). Available at: <http://europa.eu.int/comm/competition/publications/publications/#UDIIES>.

Honkapohja Seppo:

National Economic Success Factors: How Is Europe Faring? Jaakko Honko Lectures 2005, Helsinki School of Economics.

Koskela Erkki & Roope Uusitalo:

Unintended Convergence - How Finnish Unemployment Reached the European Level in Werding, M. (ed): *Structural Unemployment in Western Europe: Reasons and Remedies*, Cambridge MA. London UK,: MIT Press .Forthcoming.

Vesala Timo:

Essays on Search and Informational Asymmetry in Labor and Credit Markets, Research Reports No. 103:2005, Dissertationes Oeconomicae, Department of Economics, University of Helsinki.

Vuorenmaa, Tommi:

A Wavelet Analysis of Scaling Laws and Long-Memory in Stock Market Volatility, Proceeding of SPIE Vol. 5848,m pp. 39-54, *Noise and Fluctuations in Econophysics and Finance*; Derek Abbot, Jean-Philippe Bouchaud, Xavier Gabaix, Joseph L. McCauley: Eds. May/2005.

Articles in refereed journals:

Alvarez Luis & Koskela Erkki:

Wicksellian Theory of Forest Rotation under Interest Rate Variability, *Journal of Economic Dynamic and Control*, 29, 259-545 (2005).

Amacher Gregory S., Koskela Erkki & Ollikainen Markku:

Quality Competition and Social Welfare Markets with a Partial Coverage: New Results, *Bulletin of Economic Research*, 57, 391-405 (2005).

Bask Mikael & Xavier de Luna:

EMU and the Stability and Volatility of Foreign Exchange: Some Empirical Evidence. *Chaos, Solitons and Fractals*, 25, 737-750, (2005).

Brüggemann R., H. Lütkepohl & P. Saikkonen:

Residual Autocorrelation Testing for Vector Error Correction Models. 2005, Forthcoming in *Journal of Econometrics*.

Evans George W. & Seppo Honkapohja:

Policy Interaction, Expectations and the Liquidity Trap, *Review of Economic Dynamics* 2005 (8), 303-323.

Evans George W., Seppo Honkapohja & Thomas Sargent:

Interview of Thomas J. Sargent, *Macroeconomic Dynamics* 2005 (9), 561-583.

Haavio Markus:

Transboundary Pollution and Household Mobility: Are They Equivalent? *Journal of Environmental Economics and Management* 50, 252-275 (2005).

Halko Marja-Liisa:

Financing of Unemployment Insurance under Wage Bargaining: New Results, *Finnish Economic Papers* 17: 1, 3-15, (2005).

Seppo Honkapohja & Kaushik Mitra:
Problems in Inflation Targeting Based on Constant Interest Rate Projections,
Journal of Economic Dynamics and Control, 2005 (29), 1867-1892.

Kanniainen Vesa & Timo Vesala:
Entrepreneurship and Labor Market Institutions, *Economic Modelling*, 2005 (22),
828-847.

Koskela Erkki & Ronnie Schöb:
Optimal Taxation in Economies with Unionised and Competitive Labour Markets,
Oxford Economic Papers, 2005 (57), 717-731.

Lanne Markku & Saikkonen Pentti:
Nonlinear GARCH Models for Highly Persistent Volatility, *Econometrics Journal*
2005 (8), 251 – 276.

Lanne Markku & Saikkonen Pentti:
Why Is It So Difficult to Uncover the Risk-Return Tradeoff in Stock Returns?
2005, Forthcoming in *Economics Letters*.

Saikkonen Pentti:
Stability Results for Nonlinear Error Correction Models. *Journal of Econometrics*
2005 (127), 69 – 81.

Saikkonen, P., H. Lütkepohl & C. Trenkler. Break Date Estimation for VAR
Processes with Level Shift with an Application to Cointegration Testing.
Econometric Theory, (2005), 22, 15-68.

Shy Oz & Rune Stenbacka:
Partial Outsourcing, Monitoring Cost, and Market Structure, *Canadian Journal of*
Economics, 2005 (38), 1173-1190.

Articles in other journals:

Virrankoski Juha:
“Esseitä etsintäaktiivisuudesta”, *Kansantaloudellinen aikakauskirja* (The Finnish
Economic Journal), 2005 (101), 107 – 111.

Working papers in the Helsinki Center of Economic Research (HECER) Discussion Paper Series or other discussion paper series:

Alvarez Luis & Erkki Koskela:
Progressive Taxation and Irreversible Investment under Uncertainty, CESifo
working papers, Nr. 1377, (2005).

Alvarez Luis & Erkki Koskela:

Optimal Harvesting Under Resource Stock and Price Uncertainty, CESifo working papers, Nr. 1384, (2005).

Alvarez Luis & Erkki Koskela:
Irreversible Capital Accumulation and Non-Linear Tax-Policy, HECER discussion Papers Nr. 49, (2005).

Bask Mikael & Carina Selander:
Heterogeneous Beliefs in a Sticky-Price Foreign Exchange Model. HECER (Helsinki Center of Economic Research), Discussion Paper No. 48, (2005).

Bask Mikael:
Chartism and Exchange Rate Volatility. HECER Discussion Paper No. 71, (2005).

Eerola Essi & Anni Huhtala:
Voting for Environmental Policy under Income and Preference Heterogeneity, *MTT Discussion Papers* no 5, (2005).

Eerola Essi & Niku Määttänen:
The Optimal Tax Treatment of Housing Capital in the Neoclassical Growth Model, *Bank of Finland Research Discussion Papers* no 10, (2005).

Gehrig Thomas & Rune Stenbacka:
Two at the Top: Quality Differentiation in Markets with Switching Costs, Centre for Economic Policy Research CEPR Discussion Paper No. 4996, (2005).

Haavio Markus:
Migration and the Environment: Instrument Choice Matters. HECER Discussion Paper 51, (2005).

Halko Marja-Liisa, Kultti Klaus & Juha Virrankoski:
Wage Distribution with a Two-Sided Job Auction, HECER Discussion Paper No 54 (2005).

Kauppi, Heikki & Pentti Saikkonen:
Predicting U.S. Recessions with Dynamic Binary Response Models. HECER Discussion Paper No 79 (2005).

Koskela Erkki, Ollikainen Markku & Timo Pukkala:
Biodiversity Policies in Commercial Boreal Forests: Optimal Design of Subsidy and Tax Combination, HECER Discussion Paper Nr. 41, (2005).

Koskela Erkki & Ronnie Schöb:
The Structure of Labour Taxation and Unemployment in Efficiency Wage Models, HECER Discussion Papers Nr. 59, (2005).

Koskela Erkki & Rune Stenbacka:
Flexible and Committed Profit Sharing with Wage Bargaining; Implications for Equilibrium Unemployment, HECER Discussion Papers Nr. 60, (2005).
Forthcoming in *Journal of Economics*.

Koskela Erkki & Rune Stenbacka:
Product Market Competition, Profit Sharing and Equilibrium Unemployment, CESifo Working Paper No. 1603, (2005).

Lanne Markku & Pentti Saikkonen:
Why Is It So Difficult to Uncover the Risk-Return Tradeoff in Stock Returns?, University of Jyväskylä, School of Business and Economics Working Paper 294 (2005).

Lanne Markku & Pentti Saikkonen:
A Multivariate Generalized Orthogonal Factor GARCH Model. HECER Discussion Paper No 63 (2005).

Lanne Markku & Pentti Saikkonen:
Modeling Conditional Skewness in Stock Returns. European University Institute Working Paper Eco No. 2005/14.

Lanne Markku & Timo Vesala:
The Effect of a Transaction Tax on Exchange Rate Volatility. European University Institute Working Paper ECO 2005/19.

Leppämäki, M. (with K. Kanniainen): Entrepreneurship and Labor Market Institutions. HECER discussion paper No. 42. (2005).

Miettinen, Topi:
Middlemen Intermediate 'Lemons'?, HECER Discussion Paper No 88 (2005).

Miettinen, Topi & Panu Poutvaara:
Political Parties and Network Formation, HECER Discussion Paper No 80 (2005).

Saikkonen, Pentti:
Stability of Regime Switching Error Correction Models.

Verho Jouko:
Unemployment Duration and Business Cycles in Finland. Working Paper 214, Labour Institute for Economic Research.

Vesala Timo:
Relationship Lending and Competition: Higher Switching Cost Does Not Necessarily Imply Greater Relationship Benefits, *Bank of Finland Discussion Paper, No. 3/2005*.

Pairwise Matching, Worker Heterogeneity and Non-linear Wages, *HECER Discussion Papers, No. 81* (2005).

Vuorenmaa, Tommi:
A Wavelet Analysis of Scaling Laws and Long-Memory in Stock Market Volatility, Bank of Finland Discussion Paper 27/2005.

1.3 Scientific visits abroad:

Leena Kalliovirta

University of Oslo, 25.-27.7. 2005.

Ilkka Kiema

Research visit at Berkeley University, USA, 1.9. – 31.12.2005.

Erkki Koskela

Visits for research cooperation at Virginia Polytechnic Institute and State, Blacksburg, USA, 14.1-21.1., 11.4.-19.4., 16.5-24.5. and 8.12-15.2.2005.

Visits for research cooperation at University of Magdeburg, Germany, 6.3-12.3. and 30.10.-10.11.2005.

Markku Lanne

Research visit/cooperation at European University Institute, Florence, Italy, 5.9. – 31.12.2005.

Mikko Leppämäki

Research visit ECARES, Universite Libre de Bruxelles, Belgia 18.8. - 25.8. 2005

Topi Miettinen

Research visits at University College London, England, 1 month.

Toni Nordlund

Research visit at Harvard University, USA, 1.1. – 30.6.2005.

Pentti Saikkonen

Visit for research cooperation at European University Institute, Department of Economics, Florence Italy, 6.6. - 19.6. 2005.

Rune Stenbacka

Visits for research cooperation at Freiburg University, Germany 2 – 6.2, 21 – 25.9

Visits for research cooperation at Wissenschaftszentrum für Sozialforschung Berlin (WZB), Germany 4 – 11.4, 24-30.10.

Research visit at the Research Institute of Industrial Economics (Industriens Utredningsinstitut (IUI)), Stockholm, 14-16 December

Jouko Verho

Research visit at University College London, UK, 1.9. – 31.12.2005.

Tommi Vuorenmaa

Research visit at University of California, San Diego, USA, 1.1. – 31.8.2005.

1.4 Visits by foreign scholars to RUESG:

Host: Mikael Bask

- Anna Widerberg, Göteborg University, Sweden, during September – November 2005.

Host: Topi Miettinen

- Antonio Guarino, University College London, U.K., April 2005, 3 days, research visit.
- Professor Steffen Huck, University College London, U.K., April 2005, 4 days, research visit.
- Dr. Martin Bög, University College London, U.K, April 2005, 4 days, research visit.

Host: Rune Stenbacka

- Professor Thomas Gehrig, University of Freiburg, Germany. Research visit March and August (2 months).

1.5 Lectures, invited seminar talks and conference presentations:

Mikael Bask:

“9th International Conference on Macroeconomic Analysis and International Finance” in Rethymnon, Crete, Greece, May 26-28, 2005.

Presentation: Heterogeneous Beliefs in a Sticky-Price Foreign Exchange Model.

“10th Annual Workshop on Economic Heterogeneous Interacting Agents” in Colchester, England, United Kingdom, June 13-15, 2005.

Presentation: Announcement Effects on Exchange Rate Movements.

“12th Annual Global Finance Conference” in Dublin, Ireland, June 27-29, 2005.

Presentation: Chartism and Exchange Rate Volatility.

“9th World Congress of the Econometric Society” in London, England, United Kingdom, August 19-24, 2005. Participation.

“SUERF and Bank of Finland Joint Conference: Open Market Operations and the Financial Markets” in Helsinki, Finland, September 22-23, 2005. Participation.

“5th NoonToNoon Meeting on Statistical and Mathematical Applications in Finance” in Vaasa, Finland, December 8-9, 2005.

Presentation: The Stability and Volatility of Electricity Prices: An Illustration of (λ, σ) -Analysis.

Marja-Liisa Halko:

”Wage Distribution with a Two-sided Job Auction”, Meeting of RUESG support group, 23.3.2005, Helsinki, Finland.

"Wage Distribution with a Two-sided Job Auction", 2005 SAET conference on current trends in economics, Vigo, Spain.

"Demand for Coordination in Labour Market", XXVII Annual Meeting of Finnish Economists, February 2005, Marienhamn.

Helena Holopainen:

"Monitoring Ability, Allocation of Authority, and Choice of Business Strategy". Meeting of the RUESG support group, 23.3.2005.

"Monitoring Ability, Allocation of Authority, and Choice of Business Strategy". HECER Applied Microeconomics Seminar, 20.4.2005.

"Monitoring Ability, Allocation of Authority, and Choice of Business Strategy". 32nd Annual Conference of the European Association for Research in Industrial Economics, 1. - 4.9.2005, Faculty of Economics, University of Porto, Porto, Portugal.

"Board composition and CEO succession". FDPE Workshop on Microeconomics and Industrial Organization, 12. - 13.12.2005.

Mikael Juselius:

"Long-Run Relationships Between Labor and Capital: Indirect Evidence on the Elasticity of Substitution", 3rd Nordic Econometric Meeting, 26.5-28.5, Helsinki, Hanken.

"Tests for Cointegration and the Initial Condition" (in collaboration with Niklas Ahlgren), 3rd Nordic Econometric Meeting, 26.5-28.5, Helsinki, Hanken.

"Testing the New Keynesian Model", RUESG workshop, 13.10, Helsinki, Economicum.

"Testing the New Keynesian Phillips Curve on Finnish Data", RUESG workshop, 30.3, Helsinki, Kallvik. "Testing the New Keynesian Phillips Curve on Finnish Data", Department of Economics seminar (Hanken), 9.9, Sipoo, Nygård.

Leena Kalliovirta:

"Some Specification Tests Based on Quantile Residuals", RUESG workshop, 13.10.2005, Economicum, Helsinki, Finland.

Heikki Kauppi:

"Voting Rules and Budget Allocation in the Enlarged EU Government Institute for Economic Research", December 2005

"Predicting U.S. Recessions with Dynamic Binary Response Models", 3rd Nordic Econometric Meeting, Helsinki, May 2005

"Predicting U.S. Recessions with Dynamic Binary Response Models", Department of Statistics, University of Joensuu, March 2005

“Predicting U.S. Recessions with Dynamic Binary Response Models”, XXVII Annual Meeting of Finnish Economists, February 2005, Marienhamn.

Michal Kempa:

“Money Market Volatility – A Simulation Study”, RUESG workshop, 30.3.2005, Helsinki, Finland.

“Money Market Volatility – A Simulation Study”, SUERF and Bank of Finland Conference on "Open Market operations and the Financial Markets", 22-23 September 2005, Helsinki, Finland

Ilkka Kiema:

“Some Models of Innovation Without Intellectual Property Rights”, RUESG workshop, 30.3.2005, Helsinki, Finland.

Erkki Koskela:

“The Finnish Miracle: From Crisis to High Growth”, CESifo/MIT Book Project, CESifo, München, 1.2. 2005, Germany.

“Equilibrium Unemployment with Capital Investments Under Product and Labor Market Imperfection”, CESifo area conference on “Employment and Social Protection”, München, Germany 28.5.2005.

Discussant on the presentation Holzner-Meier-Werding: “Workfare, Monitoring and Efficiency Wages”, CESifo area conference on “Employment and Social Protection, München 27.5.2005.

“Royalty Reform and Illegal Reporting of Harvest Volumes under Alternative Penalty Schemes”, EAERE 2005 congress, Bremen, Germany 24.6.2005.

Discussant on presentation Carmen Arguedas : “Optimal Standard Setting under Asymmetric Information and Imperfect Enforcement, EAERE 2005 congress, Bremen, Germany, 24.6.2005

Discussant on presentation Bernard Sinclair-Desgagne: “Environmental Regulation and the Econ-Industry”, EAERE 2005 congress, Bremen, Germany 24.6.2005.

“Deforestation, Production Intensity and Land Use under Insecure Property Rights” EAERE 2005 Congress, Bremen Germany 26.6.2005.

Official discussant on presentation Vilen Lipatov “Tax Evasion Dynamics” , EERC workshop 9.7.2005 Kiev, Ukraine.

“Product Market Competition, Profit Sharing and Equilibrium Unemployment”, Seminar at the University of Magdeburg, 1.11.2005

Official discussant on presentation Sven Wehke “Tax Competition and Partial Coordination”, HECER workshop on Fiscal Federalism 19.11.2005, Helsinki

“The Finnish Miracle: From Crisis to High Growth”, Bank of Finland 16.6.2005.

Markku Lanne:

“The Effect of Transaction Costs on Exchange Rate Volatility: Daily and Intradaily Evidence”, XXVII Annual Meeting of Finnish Economists, February 2005, Marienhamn.

“Multivariate Generalized Orthogonal Factor GARCH Model”, 3rd Nordic Econometric Meeting, 26.5.2005, Helsinki.

“Multivariate Generalized Orthogonal Factor GARCH Model”, Econometric Society World Congress, 23.8.2005, London, UK.

“Multivariate Generalized Orthogonal Factor GARCH Model”, 12.10.2005, CORE, Université catholique de Louvain, Belgium.

“Why is it so Difficult to Uncover the Risk-Return Tradeoff in Stock Returns?”, 28.10.2005, Economics Department, European University Institute, Florence, Italy.

Topi Miettinen:

”Agreeing on Play When Players Are Prone To Guilt”, RUESG workshop, 30.3.2005, Helsinki, Finland.

"Promises and Lies - A Theory of Pre-play Negotiations", Zeuthen Workshop in Behavioral Economics, May 2005, Copenhagen.

"Promises and Lies - A Theory of Pre-play Negotiations", International Festival of Game Theory in Stony Brook, July 2005, Stony Brook University, Long Island.

"Promises and Lies - A Theory of Pre-play Negotiations", XXX Symposium, de Analisis Economico, Joulukuu 2005, Murcia, Spain.

"Political Parties and Network Formation", XXVII Annual Meeting of Finnish Economists, February 2005, Marienhamn.

Pentti Saikkonen:

A Multivariate Generalized Orthogonal Factor GARCH Model. European University Institute, Department of Economics, 10.6. 2005.

A Multivariate Generalized Orthogonal Factor GARCH Model. London School of Economics, Department of Economics, 30.6. 2005.

Stability of regime switching error correction models. Unit Root and Cointegration Testing Conference, 2005, University of Algarve, Faro, Portugal, 29.9. – 1.10. 2005

Rune Stenbacka:

Research Seminar “Two at the Top: Quality Differentiation in Markets with Switching Costs”, Göteborg University, 1 June.

Conference presentation “Two at the Top: Quality Differentiation in Markets with Switching Costs”, Nordic Workshop in Industrial Organization (NORIO V), Reykjavik, 2-4 June.

Conference presentation “Takeover Timing, Implementation Uncertainty and Embedded Divestment Options”, Econometric Society World Congress, London, 19-24 August.

Conference presentation “Two at the Top: Quality Differentiation in Markets with Switching Costs”, Center of Industrial Economics Workshop on Industrial Organization, Aarhus, 7-8 October

Research seminar “Product Market Competition, Profit Sharing and Equilibrium Unemployment” at Wissenschaftszentrum für Sozialforschung Berlin (WZB), Germany 24.10.

Research seminar “Two at the Top: Quality Differentiation in Markets with Switching Costs”, University of Stockholm, 17 November

Invited speaker at the conference: “The Pros and Cons of Price Discrimination” with the talk entitled “Price Discrimination, Competition and Antitrust”, Stockholm 18 November (organized by the Swedish Competition Authority)

Research seminar “Product Market Competition, Profit Sharing and Equilibrium Unemployment”, at the Research Institute of Industrial Economics (Industriens Utredningsinstitut (IUI)), Stockholm, 14.12.

Juuso Vanhala:

“Growth and Nonemployment: A Search Model with Vintage Human Capital”, RUESG workshop, 30.3.2005, Helsinki, Finland.

EALE/SOLE World Conference 2005, June 2005, San Francisco.

Timo Vesala:

“On Price Formation and Informational Asymmetry in Search Models”, Meeting of RUESG support group, 23.3.2005, Helsinki, Finland.

XXVII Annual Meeting of Finnish Economists, Marienhamn, February 2005.

Annual Congress of the European Economic Association (EEA), Amsterdam, August 2005

Annual Conference of the European Association for Research in Industrial Economics (EARIE), Porto, September 2005

European Winter Meeting of the Econometric Society, Istanbul, October 2005.

HECER Labour and Public Economics seminar, January 2005.

Bank of Finland's Economist Seminar, January 2005.

HECER Applied Microeconomics Seminar, October 2005.

Juha Virrankoski:

Intermediate Microeconomics Course, at Faculty of Agriculture and Forestry, University of Helsinki.

“Wage Distribution with a Two-Sided Job Auction”, 20th Annual Congress of the European Economic Association, Amsterdam, 2005.

“Wage Distribution with a Two-Sided Job Auction”, Society for Economic Dynamics Meeting, Budapest, 2005.

Tommi Vuorenmaa:

Noise and fluctuations in Econophysics and Finance (May 23-26, Austin TX, USA) presentation: “A Wavelet Analysis of Scaling Laws and Long-memory in Stock Market Volatility”.

Frontiers in Time Series analysis (Olbia-Sardinia, Italy, May 29-31), presentation “A Wavelet Analysis of Scaling Laws and Long-memory in Stock Market Volatility”.

Changing Structures and International Financial Markets and the Effects of Financial Decision Making (Venice, Italy, June 2-3).

Princeton-Chicago Conference on the Econometrics of High Frequency Financial Data (Bonita Springs, FL, USA, June 23-25).

1.6 Editorial Assignments, Referee Assignment in Scientific Journals and Other Publications:

Luis Alvarez

Journal of Economic Dynamics and Control (referee)

Journal on Control and Optimization (referee)

AMS -reviews (referee)

Bask Mikael

The Technical Analyst, Member of the Editorial Board, 2004 – present.

Applied Economics Quarterly (referee)

Global Finance Journal (referee)

Essi Eerola

American Economic Review (referee)

Markus Haavio

European Economic Review (referee)

Finnish Economic Papers. (referee)

Mikael Juselius

Finnish Economic Papers (referee)

Heikki Kauppi

Finnish Economic Papers (referee)

Ilkka Kiema

Philosophy of Science (referee)

Journal of Economic Behavior and Organization (referee)

British Journal for the Philosophy of Science (referee)

Erkki Koskela

CESifo Economic Studies (associate editor)

Journal of Public Economics (referee)

Journal of Economics (referee)

International Tax and Public Finance (referee)

European Journal of Political Economy (referee)

Resource & Energy Economics (referee)

Scottish Journal of Political Economics (referee)

Environmental and Resource Economics (referee)

FinanzArchiv (referee)

Journal of Public Economic Theory (referee)

International Journal of Biotechnology (referee)

Markku Lanne

Finnish Economic Papers (editor-in-chief)

Econometrica (referee)

Forest Science (referee)

Econometric Reviews (referee)

Journal of Applied Economics (referee)

Financial Review (referee)

Journal of Empirical Finance (referee)

Journal of Financial Econometrics (referee)

Scandinavian Journal of Economics (referee)

Journal of Econometrics (referee)

Economic Modelling (referee)

International Journal of Forecasting (referee)

Review of Economic Studies (referee)

Empirical Economics (referee)

Journal of Statistical Computation and Simulation (referee)

Mikko Leppämäki

Journal of Industrial Economics (referee)

European Economic Review (referee)

The Economic Journal (refree)

Scandinavian Journal of Economics (referee)

Kansantaloudellinen aikakauskirja (The Finnish Economic Journal) (editor)

Pentti Saikkonen

Econometric Theory (referee, co-editor)

Finnish Economic Papers (referee)

Journal of Econometrics (referee)

Econometrics Journal (referee)

Rune Stenbacka

European Economic Review (associate editor)

International Journal of Industrial Organization (associate editor)

Journal of Economic Behavior & Organization (associate editor)

Finnish Economic Papers (editor until August 2005, associate editor thereafter)

The Journal of the Economic Society of Finland (associate editor)

International Journal of Industrial Organization (referee)

Journal of Economic Behavior & Organization (referee)

European Economic Review (referee)

The B. E. Journals in Economic Analysis & Policy

The Journal of Industrial Economics

Journal of Economics

Southern Economic Journal

Timo Vesala

Labour Economics (referee)

Finnish Economic Papers

Journal of Economic Behavior and Organization

The Scandinavian Journal of Economics

Juha Virrankoski

Finnish Economic Papers (referee)

1.7 Positions of trust in scientific societies and other organizations

Erkki Koskela

Urban economics studies forum, University of Helsinki (a board member).

Economics education and research consortium (EERC), (an evaluator of the research projects, Moscow and Kiev).

Mikko Leppämäki

The Executive Committee of Finnish Society for Economic Research), 1.1. - 30.3.2005

Juuso Vanhala

Chairman, Finnish Society for Economic Research

1.8 Evaluation reports for positions

1.9 Examinations and pre-examinations of doctoral dissertations

Erkki Koskela

Evaluation of doctoral thesis by Artti Juutinen: "Biodiversity Conservation in Forestry: Essays on the Economics of Site Selection", 23.9. 2005, University of Oulu.

1.10 Other scientific activity

Erkki Koskela

Macroeconomic Theory lectures for Finnish Doctoral Programme in Economics (FDPE), spring term 2005.

Evaluations of applications for Osuuspankkiryhmän tutkimussäätiö, Yrjö Jahansson Foundation, Eemil Aaltonen foundation, Harvard university, University of Oxford, IZA, Wihuri foundation, Kordelin foundation, Finnish Cultural Foundation, Fortum foundation, The Finnish Work Fund, EERC Economics Education and Research Consortium, CESifo-conference volume.

Timo Vesala

Teaching assistant for Finnish Doctoral Programme in Economics (FDPE), Macroeconomic Theory, core course, fall term 2005

2. Other societal duties 2005

2.1 Expert duties and positions of trust

Erkki Koskela

- Institute of International Economic Law (KATT) (Board member)
- Academia European (member)
- Pellervo Economic Research Institute (Scientific Council) (chairman)
- CESifo Economic Studies (Associate Editor)
- the Board (and its Steering Committee) at HECER (chairman)
- CESifo and IZA (research fellow)
- Treasure of the Finnish Academy of Science and Letters

Markku Lanne

- workshop in Econometrics and Computational Economics, FPDE (Finnish Postgraduate Programme in Economics) (coordinator).
- the scientific council of the Research Foundation of the Cooperative Banks of Finland (member)

Rune Stenbacka

- The European Advisory Group for Competition Policy (EAGCP) at the European Commission (member)
- The Council of Competition Research in Sweden (appointed by the Swedish Government) (member)
- The International Selection Committee for the Yrjö Jahansson Award in Economics (member)
- The Board (and its Steering Committee) at HECER (member)

- The Department of Economics, Swedish School of Economics and Business Administration (vice-chairman)
- Member of the Programme Committee for the European Association for Research in Industrial Economics (EARIE2005) Annual Conference in Porto 2-5.9.
- Member of the Programme Committee for the Nordic Workshop in Industrial Organization (NORIO V) in Reykyavik 2-4.6

Juuso Vanhala

- Chairman, Finnish Society for Economic Research

2.2 Other activities:

Erkki Koskela

Organization of workshops and seminars: 1. workshop on Labor economics (Helsinki, 3.3.), 2. RUESG -seminars (Helsinki 29.4. and 11.11.); 3. HECER seminar on labour and public economics (Helsinki); 4. lectures: FPDE doctoral program: "Macro theory, finance policy and labor" (Spring 2005, 24 h); 5. Researcher of CESifo and IZA; 6. docent of economics at universities of Oulu and Turku; 7. treasure of the Finnish Academy of Science and Letters; 8, chairman of HECER (Helsinki Center of Economic Research) advisory board from 1st of January 2004.

Markku Lanne

Organization of the workshop on Financial econometrics (Helsinki, 17.8.2005).

Mikko Leppämäki

FDPE's "Microeconomics and Industrial Organization" – seminar group coordinator , 1.1. - 31.7.2005.

The Joint Finance Research Seminar organizer during the whole year

Rune Stenbacka

Organizer of the HECER research seminar series “Applied Economics” (all year)

Juuso Vanhala

Member of Steering Committee of the Economics Department of the University of Helsinki

3. Degrees attained:

The following RUESG members (or former members) attained doctor's or licentiate's degree during 2005.

Vesala, Timo, D.Soc.Sc. June 2005;

(supervisors: Honkapohja, Koskela, Stenbacka; examiners: Välimäki, Zenou)

Kiema, Ilkka, Lic.Soc.Sc, February 2005;
(supervisors: Honkapohja, Koskela, Stenbacka; examiners: Mustonen, Pohjola)

Seppälä, Timo, Lic.Soc.Sc. January 2005;
(supervisors: Honkapohja, Koskela; examiners: Kultti, Vartiainen)

Verho, Jouko, Lic.Soc.Sc, October 2005;
(supervisors: Koskela, Uusitalo; examiners: Ilmakunnas, Hämäläinen)