



### Call for Papers

Bank of Finland, CEPR and Philadelphia Fed jointly organize a two-day conference on

## Search Frictions and Aggregate Dynamics

18–19 October 2012 in Helsinki

Labour market search and matching models are used frequently in business cycle literature to study labour market dynamics and improve our understanding of the dynamics of output and employment in an inter-temporal decision framework. At the same time, many argue that the most recent financial crisis and the subsequent Great Recession highlight the need for mainstream DSGE models to incorporate more realistic capital market features. A lot of literature is available on the work that has already been undertaken on the incorporation of financial market frictions into standard DSGE models. This literature has highlighted the importance of alternative capital market frictions for macroeconomic dynamics. Similarly to modelling labour market as a search and matching process, introducing endogenous search frictions in the credit markets has the potential of improving our understanding on the dynamic interaction between macroeconomy and capital markets

In particular, continuing to build dynamic macro-models that allow for search and matching frictions in both labour and credit markets, possibly combined with the more conventional frictions like price and wage rigidity, would present a powerful set of propagation mechanisms for shaping macroeconomic dynamics. Welfare analysis of different shocks and policies as well as issues of optimal policies should benefit from the joint modelling of labour market and capital market frictions.

Original papers subject to high academic standards and preferably with important policy or practical implications are invited on the following topics, though not restricted to them:

- labour market search, wage setting and aggregate labour market outcomes
- search frictions and asset pricing
- Taylor rules, inflation dynamics and price level determinacy under labour market search frictions
- labour market search and investment decisions
- labour market search frictions, credit market frictions and capital allocation
- credit market search frictions, finance premia and investment dynamics

If you would like to submit a paper proposal, please upload a provisional draft with your reply form by visiting [www.cepr.org/YourProfile/Meetings](http://www.cepr.org/YourProfile/Meetings) and indicate whether or not you wish to present a paper or act as a discussant. You will also be asked to specify your funding requirements. If you do not have a profile please send your submission to Ms Rachel Aveyard ([raveyard@cepr.org](mailto:raveyard@cepr.org)).

The deadline for submissions is **31 May 2012**.

Papers accepted for the conference will be notified by 1 July 2012 by the Programme Committee. For further details on submitted papers please contact Minna Nyman ([minna.nyman@bof.fi](mailto:minna.nyman@bof.fi)) at the local organization.

Presenters and discussants from academic non-profit institutions without access to their own funding will have previously-agreed travel and accommodation costs met by the Bank of Finland. There will be no charge for participation

but other participants should expect to pay their own travel and accommodation costs. For additional information please contact Liisa Mannila ([liisa.mannila@bof.fi](mailto:liisa.mannila@bof.fi)).

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