

# WESTERN FINANCE ASSOCIATION

## PROGRAM

### 14th ANNUAL CONFERENCE of the WESTERN FINANCE ASSOCIATION

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Ramada Inn, Fisherman's Wharf  
San Francisco, California 94133



June 21-23, 1979

**PROGRAM**

**14th ANNUAL CONFERENCE  
of the  
WESTERN FINANCE ASSOCIATION**

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## WESTERN FINANCE ASSOCIATION

.....a professional society administered in the western part of the United States and Canada for academicians and practitioners with a scholarly interest in the development and application of theory in finance.

Its purposes are (1) to serve as a focal point for communication between members, (2) to seek to improve teaching and scholarship, and (3) to provide for the dissemination of information, including the holding of meetings and the support of publications.

Membership in the Association is open to individuals from both the academic and professional community (\$15 per year) and to institutions (\$100 per year) who have an interest in furthering its purposes. Membership includes a subscription to the *Journal of Financial and Quantitative Analysis*, which is published by the Graduate School of Business Administration at the University of Washington in conjunction with the Western Finance Association. For libraries and non-member institutions subscription rates are \$25 per year. All rates outside the United States and Canada are \$1 higher.

Correspondence regarding membership and subscription should be addressed to:

Subscription Manager, JFOA  
University of Washington, DJ-10  
Seattle, Washington 98195

Any checks should be made payable to the JFOA. However, correspondence regarding the other aspects of the Association should be addressed to:

Professor D. Stuart Bancroft  
Secretary Treasurer, WFA  
School of Business Administration  
Pacific Lutheran University  
Tacoma, Washington 98447  
Phone: 206-531-6900 (ext. 251)

A Call for Papers and Participants to the 1980 Conference of The Western Finance Association appears on the program's final page.

## WESTERN FINANCE ASSOCIATION

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GUILFORD C. BABCOCK  
University of Southern California

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MARK RUBENSTEIN  
University of California at Berkeley  
DAVID F. RUSH  
University of Colorado  
HANS R. STOLL  
University of Pennsylvania  
SEHA M. TINIC  
University of Alberta

## REGISTRATION INFORMATION

All meetings will be held in the Ramada Inn. **Hotel Reservations should be mailed to:**

Ramada Inn  
Fisherman's Wharf  
590 Bay Street  
San Francisco, CA 94133

Use the enclosed reservation card to obtain convention rates.

On-site registration will be located in the hotel's lower lobby during the Conference, beginning 4:00 p.m., Wednesday, June 20.

## PRE-REGISTRATION

To facilitate registration in San Francisco, you may find it convenient to pre-register. Pre-registration will save time and congestion as a name tag and other convention materials will be immediately available on your arrival at the Registration Desk in the hotel. So also will admission be assured to some functions, such as the Association's Annual Meeting and Luncheon and our dinner in honor of J. Fred Weston, for which capacity limitations may be encountered.

**Pre-registration materials should be completed and mailed to:**

Fees and meal prices for the Conference are as follows:

Registration	\$20.00
Annual Meeting and Luncheon, Thursday noon, @ \$7.50	_____
Dinner in Honor of J. Fred Weston, Friday evening, @ \$14.00	_____
Total	=====

**Presidents of the Western  
Finance Association  
1965-1979**

1965-66	KENNETH L. TREFFTZS	University of Southern California
1966-67	EDWARD REED	University of Oregon
1967-68	ROBERT CARR	Fresno State College
1968-69	BURTON KOLB	University of Colorado
1969-70	LESTER STRICKLER	Oregon State University
1970-71	HAROLD STEVENSON	Arizona State University
1971-72	W. SCOTT BAUMAN	University of Oregon
1972-73	DAVID EITEMAN	University of California, at Los Angeles
1973-74	JAMES WERT	University of Arizona
1974-75	GEORGE KAUFMAN	University of Oregon
1975-76	JOHN HERZOG	Simon Fraser University
1976-77	A. BLAINE HUNTSMAN	University of Utah
1977-78	DAVID PYLE	University of California, at Berkeley
1978-79	GUILFORD C. BABCOCK	University of Southern California

**Institutional Members  
of the  
Western Finance Association  
1978-79**

Bank of America	Huntsman Chemical and Oil Corporation
Faculty of Business University of Calgary	College of Business Administration Loyola Marymount University
First Security Corporation	Mattel, Inc.
Gifford Fong Associates	
California State College, Bakersfield	Security Pacific National Bank
School of Business Administration University of California at Berkeley	Graduate School of Business Administration, University of Southern California
University of California at Los Angeles	University of Utah Wells Fargo Bank

**Local Arrangements**

Local arrangements are handled for the Association by Surendra K. Mansinghka, San Francisco State University and for the Ramada Inn by Marsha Sheingold.

**PROGRAM OVERVIEW**

<b>Wednesday, June 20</b>	Arrive in San Francisco
4:00-8:00 P.M.	Registration/Information Ramada Inn (590 Bay Street), Lower Lobby.
4:30 P.M.	Executive Committee Suite 138
6:00-8:00 P.M.	No-host Cocktail Party, Leland Stanford Room.
<b>Thursday, June 21</b>	
8:30-12:20 P.M.	Concurrent Sessions
12:30- 2:20 P.M.	Annual Meeting and Luncheon of WFA, Nils H. Hakansson, Distinguished Speaker
2:30-6:20 P.M.	Concurrent Sessions
<b>Friday, June 22</b>	
8:30-12:20 P.M.	Concurrent Sessions
12:40- 2:20 P.M.	Presidential Session, Guilford C. Babcock, Chairman Eugene F. Fama, Robert R. Glauber, Barr Rosenberg, William F. Sharpe, Speakers.
2:40- 4:30 P.M.	Concurrent Sessions
4:40- 6:30 P.M.	Session in Honor of J. Fred Weston
6:40- 7:45 P.M.	Reception in Honor of J. Fred Weston
8:00-10:15 P.M.	Dinner in Honor of J. Fred Weston
<b>Saturday, June 23</b>	
8:30-10:20 A.M.	Concurrent Sessions
10:40-12:20 P.M.	Coffee, Danish, Discussion and Critique of Meetings by Officers and Members of the Association

**PROGRAM DETAIL  
THURSDAY, JUNE 21, 1979**

**8:30-10:20 a.m. -- BEHAVIOR OF SECURITIES PRICES**

Charles Crocker Room  
 Chairman: SEHA M. TINIC University of Alberta  
 Investor Diversity and Market Behavior  
 STEPHEN FIGLEWSKI New York University  
 Determinants of the Cost of Equity Capital and Systematic  
 Risk of Electric Utilities  
 J. K. DIETRICH University of Arizona  
 D. G. HECKERMAN University of Arizona  
 Empirical Tests of the Capital Asset Pricing Model When  
 Beta Is Nonstationary  
 ROGER P. BEY University of Missouri-Columbia  
 ALI JAHANKHANI University of Illinois at  
 Urbana-Champaign  
 Discussants: GERSHON MANDELKER University of Pittsburgh  
 ROGER G. CLARKE Brigham Young University  
 FRANK J. FABOZZI Hopstra University

**8:30-10:20 a.m. -- FINANCIAL INSTITUTIONS**

Mark Hopkins Room  
 Chairman: SHERMAN J. MAISEL University of California at Berkeley  
 Bank Holding Company Diversification  
 JOHN H. BOYD Northwestern University  
 GERALD HANWECK Federal Reserve Board  
 Bank Holding Companies, *De Novo* Banks, and Bank Performance  
 DONALD R. FRASER Texas A & M University  
 Capital Investment in Commercial Banking: Regulatory  
 Influence Vs. Market Influence  
 VINCENT P. APILADO Arizona State University  
 STANLEY D. SMITH Emory University  
 Competition and Cooperation in International Banking Regulation  
 DEBORAH L. ALLEN Office, Comptroller of the Currency  
 IAN H. GIDDY Columbia University  
 Discussants: ROGER LISTER Federal Reserve Bank of Dallas  
 BRIAN M. NEUBERGER San Diego State University  
 JOHN R. LINDVALL California Polytechnic  
 State University  
 PAUL SCHNITZEL California State University at  
 Los Angeles

**8:30-10:20 a.m. -- MANAGERIAL FINANCE**  
Suite 138

Chairman: ROBERT C. HIGGINS University of Washington  
 The Role of the Payback Period in the Theory and Application  
 of Duration to Capital Budgeting  
 CALVIN M. BOARDMAN University of Utah  
 STEPHEN E. CELEC Florida State University  
 WALTER E. REINHART Florida State University  
 Empirical Tests of Alternative Hypotheses of Corporate  
 Capital Structure Decisions  
 W. BRADFORD CORNELL University of Southern  
 California  
 J. KIMBALL DIETRICH University of Arizona  
 Debt Maturity, Market Imperfections and Firm Valuation  
 THOMAS HO New York University  
 RONALD SINGER New York University  
 Discussants: THOMAS H. MCINISH University of Delaware at Newark  
 JOSEPH VINSO University of  
 Southern California  
 JEANNE WENDEL Miami University, Ohio

**8:30-10:20 a.m. -- INCENTIVE SIGNALING MODELS AND RATIONAL EXPECTATIONS**

Leland Stanford Room  
 Chairman: ALAN KRAUS University of British Columbia  
 An Exploration of Non-Dissipative Dividend-Signaling Structures  
 SUDIPTO BHATTACHARYA University of Chicago  
 Optimal Investment Financing Decisions and the Value of Confidentiality  
 TIM S. CAMPBELL University of Utah  
 Agency Problems and Financial Signalling  
 ROBERT A. HAUGEN University of Wisconsin  
 LEMMA W. SENBET University of Wisconsin  
 Prices as Signals of Preferences and Endowments  
 GORDON SICK University of British Columbia  
 ALAN KRAUS University of British Columbia  
 Discussants: GEORGE M. FEIGER Stanford University  
 STEPHEN A. ROSS Yale University  
 AVNER KALAY New York University  
 RICHARD CASTANIAS University of Washington

**10:30-12:20 a.m. -- MANAGERIAL FINANCE**

Charles Crocker Room  
 Chairman: WILLIAM F. SHARPE Stanford University  
 A Branch and Bound Algorithm for Capital  
 Budgeting Under Uncertainty  
 JAMES GAHLON University of Minnesota  
 ARTHUR HILL University of Minnesota  
 ROGER STOVER University of Minnesota  
 Financial Consequences of Mergers: A Critical  
 Examination of the Diversification Effect  
 GHON S. RHEE University of Pittsburgh  
 The Determination of Rates of Return Generating Process  
 for Merging Firms: Alternative Switching Regression  
 Approaches  
 F. C. JEN SUNY at Buffalo  
 CHENG-FEW LEE University of Illinois at  
 Urbana-Champaign  
 R. A. SCHICK Canisius College  
 Discussants: CLEMENT G. KROUSE University of California  
 at Los Angeles  
 SURENDRA K. MANSINGHKA San Francisco  
 State University  
 JAMES L. BICKSLER Rutgers University

**10:30-12:20 a.m. -- BEHAVIOR OF SECURITIES PRICES**

Mark Hopkins Room  
 Chairman: ROBERT R. GRAUER Simon Fraser University  
 Autocorrelation, Investment Horizon and Efficient Frontier  
 Composition  
 JOHN E. GILSTER, JR. University of Illinois at  
 Urbana-Champaign  
 Adaptive Expectations, Time Series Models, and Analyst  
 Forecast Revision  
 MICHAEL S. ROZEFF University of Iowa  
 Market Efficiency and the Impact of Brokerage  
 Research on Stock Prices  
 M. DESMOND FITZGERALD New York University  
 Discussants: RONALD W. MASULIS University of California  
 at Los Angeles  
 WILLIAM L. KRACAW University of Utah  
 ROBERT N. FUHRMAN Wells Fargo Investment Advisors

10:30-12:20 a.m. — **BOND MARKETS**  
Suite 138  
Chairman: GIFFORD H. FONG Gifford Fong Associates  
A Note on Duration and Systematic Risks for Bonds  
GORDON S. ROBERTS Dalhousie University  
The Interrelationship of Bond Risk Measures  
and Performance  
GORDON J. ALEXANDER University of Minnesota  
Numerically Evaluating the Quality of Newly Issued State  
Bonds  
RICHARD B. EDELMAN University of Hawaii  
Discussants: CALVIN M. BOARDMAN University of Utah  
JOHN R. LINDVALL California Polytechnic  
State University  
GERALD F. PLATT San Francisco State University

10:30-12:20 a.m. — **STRUCTURE OF SECURITIES MARKETS: FORUM  
ON THE EVOLVING NATIONAL MARKET SYSTEM**  
Leland Stanford Room  
Chairman: DONALD E. FARRAR University of Utah  
Panelists: JAMES W. FULLER New York Stock Exchange, Inc.  
CHARLES J. HENRY Pacific Stock Exchange, Inc.  
LAWRENCE E. NERHEIM Bank of America, NT & SA  
HARVEY A. ROWEN Merrill Lynch, Pierce, Fenner  
& Smith, Inc.

12:30-2:20 p.m. — **WESTERN FINANCE ASSOCIATION LUNCHEON  
AND ANNUAL MEETING OF THE ASSOCIATION**  
Bay Street Bar and Grill, Ramada Inn  
Distinguished Speaker:  
The Fantastic World of Finance: Progress and the Free Lunch  
NILS H. HAKANSSON University of California  
at Berkeley

2:30-4:20 p.m. — **THEORY OF FINANCE**  
Charles Crocker Room  
Chairman: RICHARD ROLL University of California  
at Los Angeles  
Human Capital and the Financial Capital Market  
JOSEPH LIBERMAN Illinois Institute of Technology  
Risk Tolerance and Higher Derivatives of Utility  
DAVID W. GLENN University of Utah  
ROBERT W. SMITH University of Utah  
Tobin's "Q" Ratio and Market Structure  
ERIC B. LINDENBERG American Telephone and  
Telegraph Company  
STEPHEN A. ROSS Yale University  
Discussants: BULENT GULTEKIN Dartmouth College  
RICHARD ROGALSKI Dartmouth College  
TIM S. CAMPBELL University of Utah

2:30-4:20 p.m. — **REAL ESTATE**  
Mark Hopkins Room  
Chairman: ROBERT EDELSTEIN University of Southern  
California  
Inflation and Housing Prices  
LEWIS J. SPELLMAN University of Texas at Austin  
Discount Points and Housing Prices Revisited  
PETER F. COLWELL University of Illinois at  
Urbana-Champaign  
KARL L. GUNTERMANN Texas Technological University  
C. F. SIRMANS University of Georgia  
Rational Pricing of Alternative Mortgage Instruments  
MICHAEL R. ASAY Federal Reserve System

**REAL ESTATE (Cont.)**  
Discussants: AUSTIN J. JAFFEE University of Oregon  
RICHARD T. PRATT University of Utah  
STEPHEN R. SEARS University of Illinois at  
Urbana-Champaign  
MIKE E. MILES University of North Carolina

2:30-4:20 p.m. — **CAPITAL STRUCTURE**  
Suite 138  
Chairman: R. RICHARDSON PETTIT University of Houston  
The Relevance of the Lease-or-Buy Decision  
C. A. BATLIN University of Michigan  
The Determinants of Intra-Industry Capital Structure  
GAILEN L. HITE Ohio State University  
HALBERT S. KERR Washington State University  
On Corporate Debt Capacity  
MARIUS J. L. JONKHART Erasmus University, Rotterdam  
Discussants: E. HAN KIM University of Chicago  
HERNAN H. G. ETCHETO Valores Industriales, S. A., Mexico  
DAVID W. GLENN University of Utah

2:30-4:20 p.m. — **TAXES AND CORPORATE FINANCIAL POLICY**  
Leland Stanford Room  
Chairman: MICHAEL J. BRENNAN University of British Columbia  
Optimal Capital Structure Under Corporate  
and Personal Taxation  
HARRY DE ANGELO University of Washington  
RONALD W. MASULIS University of California  
at Los Angeles  
Corporate and Personal Taxes: Optimal Financial  
Policy and the Pricing of Financial Assets  
PATRICK HESS University of Chicago  
The Effect of Personal Taxes and Dividends on  
Capital Asset Prices: Theory and Empirical Evidence  
ROBERT LITZENBERGER Stanford University  
KRISHNA RAMASWAMY Bell Laboratories  
Discussants: SUDIPTO BHATTACHARYA University of Chicago  
STEPHEN M. SCHAEFER Stanford University  
GARY SCHLARBAUM Purdue University

4:30-6:20 p.m. — **INTERNATIONAL FINANCE**  
Charles Crocker Room  
Chairman: IAN H. GIDDY Columbia University  
On Some Parity Conditions Encountered Frequently in  
International Economics  
RICHARD ROLL University of California  
at Los Angeles  
BRUNO SOLNIK CESA, France  
The Determination of the Spot and Forward Exchange  
Rates in an Institutional Framework: The Case of  
Uninsured Depositors  
LAURIE S. GOODMAN New York University  
Foreign Exchange Risk in the International Enterprise  
PIETER M. VERBOOM Erasmus University, Rotterdam  
Discussants: W. BRADFORD CORNELL University of Southern California  
California  
DAVID K. EITEMAN University of California  
at Los Angeles  
ALAN C. SHAPIRO University of Southern California

4:30-6:20 p.m. — **RISK AND CONTINGENT CLAIMS**

Mark Hopkins Room  
 Chairman: STEPHEN A. ROSS Yale University  
**The Valuation of Pension Plan Liabilities**  
 PHELIM P. BOYLE University of British Columbia  
 Implications of Arbitrage Pricing Theory for  
 Portfolio Selection  
 ANDREW T. RUDD Cornell University  
 Mutual Fund Insurance and Compound Put Options  
 MARY ANN GATTO Bell Laboratories  
 ROBERT GESKE University of California  
 at Los Angeles  
 ROBERT H. LITZENBERGER Stanford University  
 HOWARD B. SOSIN Bell Laboratories  
 Discussants: DAVID H. DOWNES University of California  
 at Berkeley  
 E. HAN KIM University of Chicago  
 ROGER G. CLARKE Brigham Young University

4:30-6:20 p.m. — **CAPITAL STRUCTURE**

Suite 138  
 Chairman: JOHN P. SHELTON University of California  
 at Los Angeles  
 Divisional Cost of Capital Based on the Capital  
 Asset Pricing Model  
 RUSSELL J. FULLER Washington State University  
 HALBERT S. KERR Washington State University  
 Cash Flow, EBIT and Corporate Debt Capacity  
 JAMES MC N. STANCILL University of Southern California  
 The Effects of Complex Capital Structure on the  
 Market Values of Firms  
 THOMAS J. FRECKA University of Illinois  
 Discussants: DAVID RUSH University of Colorado  
 BULENT GULTEKIN Dartmouth College  
 BENJAMIN TRYKOWSKI California State University  
 at Los Angeles

4:30-6:20 p.m. — **ISSUES IN RESIDENTIAL REAL ESTATE**

Leland Stanford Room  
 Chairman: LAWRENCE D. JONES University of British Columbia  
 Inflation and Consumer Housing Choice  
 WILLIAM BRUEGGEMAN Southern Methodist University  
 The Residential Property Tax Progresses  
 ROBERT EDELSTEIN University of Southern California  
 and University of Pennsylvania  
 Determining the Bias in Estimates of the Income Elasticity of the  
 Demand for Housing for Low Income Households  
 JAMES FOLLAIN Federal Home Loan Bank  
 of San Francisco  
 A Hedonic Index for Housing Services  
 CHARLES NOLAND The RAND Corporation  
 Discussants: GEORGE G. KAUFMAN University of Oregon  
 LAWRENCE SMITH University of Toronto

**FRIDAY, JUNE 22, 1979**

8:30-10:20 a.m. — **MONEY MARKETS**

Charles Crocker Room  
 Chairman: GEORGE KAUFMAN University of Oregon  
**Bid Behavior and the Determination of U. K. Treasury Bill Rates**  
 ANTHONY SAUNDERS New York University  
 CHARLES WARD City of London Polytechnic,  
 England  
**The U. S. Treasury Bill Futures Market and Hypotheses  
 Regarding the Term Structure of Interest Rates**  
 DAVID J. BROPHY University of Michigan  
 BRIAN C. CHOW Saginaw Valley State College  
**The Structure of International Dollar Denominated Interest Rates**  
 JOSEPH E. FINNERTY University of Massachusetts  
 THOMAS SCHNEEWEIS University of Massachusetts  
**The Forward Exchange Rate as a Predictor of the Future  
 Spot-Rate: Empirical Evidence on the Guilder/Dollar  
 Exchange Rate over the period 1974-78**  
 W. M. v.d. BERGH Nijenrode Business School  
 J. H. W. GOSLINGS Elsevier-N.D.U. N.V.  
 and Erasmus University,  
 Rotterdam  
 PIETER M. VERBOOM Erasmus University, Rotterdam

Discussants: CHARLES R. WOLFE Columbia University  
 GEORGE MORGAN Office, Comptroller of  
 the Currency  
 JEFFREY L. SKELTON University of California  
 at Berkeley  
 RICHARD ROLL University of California  
 at Los Angeles

8:30-10:20 a.m. — **MARKET EFFICIENCY**

Mark Hopkins Room  
 Chairman: CHENG-FEW LEE University of Illinois at  
 Urbana-Champaign  
**A Look into the Efficiency of Markets**  
 S. C. HILLMER University of Kansas  
 P. L. YU University of Kansas  
**Admissible Uncertainty in the Intertemporal Asset Pricing Model**  
 GEORGE M. CONSTANTINIDES Carnegie-Mellon University  
**An Alternative Test of the Capital Asset Pricing Model**  
 PAO L. CHENG Simon Fraser University  
 ROBERT R. GRAUER Simon Fraser University  
 Discussants: ARTHUR L. SCHWARTZ, JR. California Polytechnic  
 State University  
 JAMES L. BICKSLER Rutgers University  
 DAVID MAYERS University of California  
 at Los Angeles

8:30-10:20 a.m. — **FINANCIAL EDUCATION IN THE 1980's**

Suite 138  
 Chairman: EDWARD A. DYL University of Wyoming  
**Financial Education--Is the Case Method Enough?**  
 EUGENE M. LERNER Northwestern University

**Teaching Portfolio Management with the Case Method**  
 ROBERT VANDELL University of Virginia

**The Money and Capital Markets Course in the Business  
 School Curriculum**  
 JAMES C. VAN HORNE Stanford University

**Techniques for Hedging Financial Risk--Why Aren't You  
 Teaching Them in the Corporation Finance Course?**  
 RICHARD L. SANDOR ContiFinancial



8:30-10:20 a.m. — **EMPIRICAL STUDIES RELATING TO THE STRUCTURE OF SECURITIES MARKETS**

Leland Stanford Room  
Chairman: DAVID K. EITEMAN University of California  
at Los Angeles

Price Movements, Overnights and Over Weekends  
GEORGE OLDFIELD Cornell University  
RICHARD ROGALSKI Dartmouth College

The Impact of Stabilizer Trading in a Simulated  
Auction Exchange

KALMAN J. COHEN Duke University  
STEVEN F. MAIER Duke University  
ROBERT A. SCHWARTZ New York University  
DAVID K. WHITECOMB Rutgers University

Continuous Vs. Intermittent Trading on Auction Markets  
SEYMOUR SMIDT Cornell University

Discussants: HANS R. STOLL University of Pennsylvania  
ALAN KRAUS University of British  
Columbia

THOMAS E. COPELAND University of California  
at Los Angeles

10:30-12:20 a.m. — **WORKING CAPITAL MANAGEMENT**

Charles Crocker Room  
Chairman: KEITH V. SMITH University of California  
at Los Angeles

The Design of a Cash Concentration System  
NED C. HILL Indiana University  
BERNELL K. STONE Georgia Institute of Technology

Cash Management with Nonstationary Cash Flows  
EDWARD A. DYLL University of Wyoming  
WILLIAM J. SAWAYA Brigham Young University

Some Empirical Evidence on the Properties of Daily

Cash Flows and Implications for Cash Management Models  
GARY W. EMERY Washington University,  
St. Louis

The Effects of Liquidity Management on Security Valuation  
J. WILLIAM PETTY Texas Tech University  
MICHAEL D. JOEHNK Texas Tech University  
SAMUEL C. HADAWAY Texas Tech University

Discussants: SCOTT H. WILLIAMSON University of Illinois at  
Chicago Circle  
DILUP MEHTA Georgia State University

10:30-12:20 a.m. — **CAPITAL STRUCTURE**

Mark Hopkins Room  
Chairman: GEORGE N. ENGLER California State University  
at Los Angeles

On Priority Claims as a Safety Covenant Against Future  
Increases of the Leverage Ratio  
MARIUS J. L. JONKHART Erasmus University,  
Rotterdam

Equity and Convertible Debt: A Study of Causality  
ALAN W. FRANKLE State University of New York,  
Albany  
UNGI LIM State University of New York,  
Albany

The Economic Determinants of Security Returns  
ADAM K. GEHR, JR. University of Missouri-Columbia

Discussants: MACLYN L. CLOUSE University of Denver  
RICHARD BOOKSTABER Brigham Young University  
E. BRUCE FREDRIKSON Syracuse University

10:30-12:20 a.m. — **FINANCIAL INTERMEDIATION**

Suite 138  
Chairman: THOMAS F. CARGILL University of Nevada  
Theory of Lending  
RAYMOND CHIANG University of Florida

Information Production, Market Signalling and  
the Theory of Financial Intermediation

WILLIAM L. KRACAW University of Utah  
TIM S. CAMPBELL University of Utah

The Intertemporal Dependence of Bank Portfolio Decisions  
GEORGE MORGAN Office, Comptroller  
of the Currency

The Main Fault with Traditional Research on Banking Competition  
DALE K. OSBORNE Federal Reserve Bank of Dallas

Discussants: JEANNE WENDEL Miami University, Ohio  
DONALD B. CRANE California State University  
at Fullerton

R. RICHARDSON PETTIT University of Houston  
EDWARD A. NELSON California State University  
at Los Angeles

HUGH W. LONG Tulane University

10:30-12:20 a.m. — **STOCHASTIC MODELS IN FINANCE**

Leland Stanford Room  
Chairman: JONATHAN E. INGERSOLL, JR. University of Chicago  
Optimal Dealer Pricing Under Transactions  
and Return Uncertainty

THOMAS HO New York University  
HANS R. STOLL University of Pennsylvania

General Equilibrium in a Continuous Time  
Financial Model  
E. PHILIP JONES, JR. University of Pennsylvania

Some Stronger Measures of Risk Aversion in the  
Small and in the Large with Applications

Discussants: STEPHEN A. ROSS Yale University  
SEHA M. TINIC University of Alberta  
SUDIPTO BHATTACHARYA University of Chicago  
CHENG-FEW LEE University of Illinois at  
Urbana-Champaign

12:40-2:20 p.m. — **PRESIDENTIAL SESSION ON THE TEACHING OF THEORY IN MASTER LEVEL FINANCE CURRICULA**

Leland Stanford Room  
Chairman: GUILFORD C. BABCOCK University of Southern  
California

Panelists: EUGENE F. FAMA University of Chicago  
ROBERT R. GLAUBER Harvard University  
BARR ROSENBERG University of California  
at Berkeley  
WILLIAM F. SHARPE Stanford University

2:40-4:30 p.m. — **INFLATION AND SECURITIES RETURNS**

Charles Crocker Room  
Chairman: EUGENE F. FAMA University of Chicago

Portfolio Selection in an Inflationary Environment:  
A Proposed Method of "Real" Parameter Estimation  
JOANNE HILL University of Massachusetts  
JOSEPH LIRO University of Massachusetts

Inflation and the Structure of Capital Market Rates  
SULEMAN A. MOOSA University of Illinois at  
Chicago Circle

An Empirical Investigation of the Association Between  
Common Stock Returns and Uncertain Inflation  
ROBERT A. OLSEN California State University

The Impact of Inflation on the Price Earnings

Ratio of Common Shares  
E. BRUCE FREDRIKSON Syracuse University  
MOON K. KIM Syracuse University

Discussants: ROBERT DAIGLER          Memphis State University  
                  JOHN P. SHELTON          University of California  
  at Los Angeles  
                  WINSTON T. LIN          State University of New York  
  at Buffalo  
                  KUNG H. CHEN          University of Nebraska

2:40-4:30 p.m. — **OPTION PRICING**

Mark Hopkins Room  
Chairman: HANS R. STOLL          University of Pennsylvania  
Stock Price Distributions, Heteroscedasticity and  
the Compound Option Model  
                  JAMES D. MACBETH          University of Texas at Dallas  
                  LARRY J. MERVILLE          University of Texas at Dallas  
Discretely Adjusted Option Hedges  
                  PHELIM P. BOYLE          University of British Columbia  
                  DAVID EMANUEL          New York University  
                  BOON YOUNG CHEW          University of British Columbia  
Empirical Properties of the Black Scholes Formula Under  
Ideal Conditions  
                  MIHIR BHATTACHARYA          University of California  
  at Berkeley  
Discussants: ROBERT GESKE          University of California  
  at Los Angeles  
                  RICHARD BOOKSTABER          Brigham Young University  
                  HOWARD B. SOSIN          Bell Laboratories and  
  Columbia University

2:40-4:30 p.m. — **FINANCIAL INSTITUTIONS**

Suite 138  
Chairman: J. FRED WESTON          University of California  
  at Los Angeles  
Portfolio Risk and Expected Return in Recent U. S. Bank  
Failures: A Theoretical and Empirical Analysis  
                  HERBERT L. JENSEN          Concordia University  
                  PETER S. ROSE          Texas A & M University  
On Bank Structure and Checking Account Prices  
                  JEANNE WENDEL          Miami University, Ohio  
                  DALE K. OSBORNE          Federal Reserve Bank of Dallas  
Effects on Households in Different Economic Circumstances  
of Contemporary Inflation and Interest-Rate Ceilings  
                  EDWARD J. KANE          Ohio State University  
Discussants: DENNIS DRAPER          University of Southern California  
                  PAUL SCHNITZEL          California State University  
  at Los Angeles  
                  STEPHEN D. NADAULD          Brigham Young University

2:40-4:30 p.m. — **OUTLOOK FOR MONETARY POLICY**

Leland Stanford Room  
Chairman: MAURICE MANN          Warburg Paribus, Becker Group,  
  San Francisco  
Panelists: HON. DANIEL BRILL          U. S. Treasury Department  
                  WALTER HOADLEY          Bank of America  
                  SHERMAN J. MAISEL          University of California  
  at Berkeley

4:40-6:30 p.m. — **SESSION IN HONOR OF J. FRED WESTON**

Leland Stanford Room  
Co-Chairmen: EDWARD I. ALTMAN          New York University  
                  ROBERT AUBEY          University of Wisconsin  
Capital Asset Pricing Theory: A Short Synthesis  
                  CLEMENT KROUSE          University of California  
  at Los Angeles  
The Long-Term Exchange Rate Relationship to Purchasing  
Power and Parity: A Multiple Currency Test  
                  ROBERT AUBEY          University of Wisconsin  
Some Further Thoughts on Optimal Capital Structure  
and Personal Taxation  
                  HARRY DE ANGELO          University of Washington

The Multi-Firm Debt Instrument as a Risk-Reducing  
and Fund-Raising Mechanism  
                  EDWARD I. ALTMAN          New York University  
Administered Price Inflation: Some Further Evidence  
                  MANAK C. GUPTA          Temple University  
The Trading of Common Stocks by Trust Departments of  
Commercial Banks and the Efficient Market Theory  
                  RANDOLPH WESTERFIELD          University of Pennsylvania

6:40-7:45 p.m. — **RECEPTION IN HONOR OF J. FRED WESTON,  
HOSTED BY DREYDEN PRESS, HOLT  
RINEHART AND WINSTON, INC.  
Lower Lobby**

8:00-10:15 p.m. — **DINNER IN HONOR OF J. FRED WESTON**  
Leland Stanford Room

**SATURDAY, JUNE 23, 1979**

8:30-10:20 a.m. — **INFORMATION AND SECURITIES PRICES**  
 Charles Crocker Room  
 Chairman: **W. BRADFORD CORNELL** University of Southern California  
 Signalling, Informational Content, and the Reluctance to Cut Dividends  
**AVNER KALAY** New York University  
 The Adjustment of Stock Prices to Unanticipated Dividend Changes  
**ROBERT W. KOLB** University of Florida  
 An Optional Trading Price Strategy for Imperfectly Informed Investors  
**THOMAS J. COOK** University of Iowa  
 Trading Opportunities, Liquidity and the Value of Required Disclosure  
**FREDERIC B. SHIPLEY II** Oakland University  
 Discussants: **BENJAMIN TRYKOWSKI** California State University at Los Angeles  
**BRIAN M. NEUBERGER** San Diego State University  
**RICHARD ROGALSKI** Dartmouth College  
**JOSEPH M. MESSINA** San Francisco State University

8:30-10:20 a.m. — **FINANCIAL INSTITUTIONS**  
 Mark Hopkins Room  
 Chairman: **RICHARD C. ASPINWALL** Chase Manhattan Bank  
 Commercial Bank Service Packages, Portfolio Behavior, and Financial Management Strategies: Findings of a National Survey and Its Implications  
**KENNETH D. RIENER** Texas A & M University  
**PETER S. ROSE** Texas A & M University  
 Establishing On-Site Bank Examination Priorities: An Early-Warning System Using Accounting and Market Information  
**RICHARD H. PETTWAY** University of Florida  
**JOSEPH F. SINKEY, JR.** University of Georgia  
 Regulation of the Money Order Industry  
**CHARLES P. HARPER** University of Houston  
**PAUL M. HORVITZ** University of Houston  
 Discussants: **DONALD B. CRANE** California State University at Fullerton  
**THOMAS HAVRILESKY** Duke University  
**JANDHYALA L. SHARMA** National Credit Union Administration

8:30-10:20 a.m. — **FINANCIAL INNOVATION: SECURITIES AND MARKETS**  
 Leland Stanford Room  
 Chairman: **SEYMOUR SMIDT** Cornell University  
 Commodity Futures, Hedging and Capital Market Equilibrium  
**HANS R. STOLL** University of Pennsylvania  
 A New Role for Options  
**ROGER F. MURRAY** Columbia University, emeritus  
 The Security Market Plane  
**WILLIAM L. FOUSE** Wells Fargo Investment Advisors  
 Discussants: **FREDERICK L. A. GRAUER** Columbia University  
**MENACHEM BRENNER** University of California at Berkeley and Hebrew University, Jerusalem  
**KRISHNA RAMASWAMI** Bell Laboratories

10:40-12:20 a.m. — **CLOSING SESSION**  
 Leland Stanford Room  
 Coffee, Danish, Discussion and Critique  
 Informal meeting of WFA Officers with Membership

**PARTICIPANTS**

ALEXANDER, Gordon J. .... 4  
 ALLEN, Deborah L. .... 2  
 ALTMAN, Edward I. .... 10,11  
 APILADO, Vincent P. .... 2  
 ASAY, Michael R. .... 4  
 ASPINWALL, Richard C. .... 12  
 AUBEY, Robert ..... 10  
 BABCOCK, Guilford C. .... 9  
 BATLIN, C. A. .... 5  
 BERGH, W. M. v.d. .... 7  
 BEY, Roger P. .... 2  
 BHATTACHARYA, Mihir ..... 10  
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 BICKSLER, James L. .... 3, 7  
 BOARDMAN, Calvin M. .... 2, 4,  
 BOOKSTABER, Richard ..... 8,10  
 BOYD, John H. .... 2  
 BOYLE, Phelim P. .... 6,10  
 BRENNAN, Michael J. .... 5  
 BRENNER, Menachem ..... 12  
 BRILL, Hon. Daniel ..... 10  
 BROPHY, David J. .... 7  
 BRUEGGEMAN, William ..... 6  
 CAMPBELL, Tim S. .... 3, 4, 9  
 CARGILL, Thomas F. .... 8  
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 CHIANG, Raymond ..... 8  
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 CLARKE, Roger G. .... 2, 6  
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 DIETRICH, J. Kimball ..... 2  
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SPELLMAN, Lewis J. ....	4

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WESTON, J. Fred ....	10, 11
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YU, P. L. ....	7

**CALL FOR PAPERS AND PARTICIPANTS**  
1980 Annual Meetings of the Western Finance Association

June 19-21, 1980  
San Diego Hilton, Mission Bay, California

The Annual Meetings of the Western Finance Association will be held on June 19-21 at the San Diego Hilton, Mission Bay. Members and friends of the Association are invited to submit papers for presentation at the meetings. Suggested topics include:

Theory of Finance	Real Estate Finance
Efficient Capital Markets, Theory and Evidence	Risk Management and Insurance
Financial Intermediation, Theory and Evidence	International Finance
Financial Institutions, Structure and Regulation	Monetary Policy and Practice
Financial Markets, Structure and Regulation	Mergers and Acquisitions
Investments and Portfolio Analysis	Multinational Finance
Behavior of Securities Prices:	Managerial Finance:
- Equity securities	--Corporate Financial Planning
- Fixed income securities	--Corporate Financial Policies
- Options and other securities	--In the Not-for-Profit sector
- Inflation and securities returns	--In Regulated Environments
	--In an Inflationary Environment
	Content and Teaching of Finance Courses

This list should not be considered exhaustive. Papers on other topics of interest to members of the Association are solicited and will be considered.

**Submission of Papers**

Four copies of either the completed paper or a five-page abstract, stating the problem, method, data, and implications of findings, should be sent to the Program Chairman no later than **November 15, 1979**. The papers will be reviewed by the Committee and the authors will be advised of their decision during December 1979.

To maintain objectivity in selection identification of authors should be deleted from submitted manuscripts. A separate cover sheet should be attached to provide the following information:

- |  |   |
|--|---|
| 1. Name  | 4. Title of Paper   |
| 2. Position  | 5. Categorization of Paper Topic (as above)               |
| 3. Affiliation, mailing address and telephone number | 6. Willingness to serve as Discussant or session Chairman |

**Other Participants**

Other persons who are willing to serve as Chairmen or Discussants also are invited to submit the same information. In lieu of items 4 and 5, you should indicate your field(s) of interest in finance.

All papers and communications pertaining to participation on the program should be sent by **November 15, 1979** to:

**Charles A. D'Ambrosio**  
Graduate School of Business Administration  
University of Washington  
Seattle, Washington 98195