



GESY

Governance and The Efficiency of Economic Systems

Newsletter

Sonderforschungsbereich Transregio 15 • A cooperation of: FU Berlin • HU Berlin • Universität Bonn • Universität Mannheim • ZEW Mannheim • LMU München

Newsletter No. 8

August 2010

SFB/TR 15 Seminars

Mannheim		
Date	Speaker (Institution)	Title
July 1	Catherine Tucker, MIT Sloan	"Social Networks, Advertising, and Privacy Controls"

Conferences Organized by SFB/TR15 Members

A2 (Konrad)		
Name	Topic	Dates
Kai A. Konrad	"Taxation and the Family", Max Planck Institute for Intellectual Property, Competition and Tax Law, Munich	July 8-9

External Research Visits, Lectures and Seminars of SFB/TR 15 Members

A2 (Konrad)		
Name	Topic	Dates
Florian Morath	"Taxation and Market Power", University of Siegen, Germany	July 14
A4 (Rady/Schmidt)		
Robert Ulbricht	Northwestern University (USA)	August 24- April 15, 2011
Klaus Schmidt	"Screening, Competition, and Job Design", World Congress of the Econometric Society in Shanghai, China	August 16 - 21
Sandra Ludwig	"Does Deceptive Advertising reduce Political Participation? Theory and Evidence", World Congress of the Econometric Society in Shanghai, China	August 16 - 21
Joachim Winter	"Temptation and commitment in the laboratory", World Congress of the Econometric Society in Shanghai, China	August 16 - 21

Joachim Winter	“A Comparison of Response Behavior in the HRS Main and Internet Surveys”, 4th MESS Workshop on Internet Surveys at Noordwijk, Netherlands	August 27 - 28
A5 (Schweizer/von Hagen)		
Klaas Staal (joint with Marco Fantini)	EPCS Meeting 2010 in Izmir (Turkey), “On the Coherence of Council Votes”	April 8 - 11
Klaas Staal (joint with Ernesto Crivelli)	SSES Meeting 2010 in Fribourg (Switzerland), Topic: “Nationalizations and Efficiency”	June 24 - 25
Klaas Staal (joint with Marco Fantini)	APET Meeting 2010 in Istanbul (Turkey), Topic: “On the Coherence of Council Votes”	June 25 - 27
A7 (Wolfstetter)		
Elmar Wolfstetter	Chinese Week, Humboldt University Berlin (talk: "Licensing a Common Value Innovation when Signaling Strength May Backfire")	July 22
Thomas Giebe	Chinese Week, Humboldt University Berlin (talk: "Speculative Partnership Dissolution with Auctions")	July 22
A8 (Heidhues/Rady)		
Sven Rady	Econometric Society World Congress 2010, Shanghai, China (talk: "Undiscounted Bandit Problems")	August 19
B3 (Hellwig)		
Susanne Prantl	“The Impact of Immigration on Natives' Wages: Impact Heterogeneity and Product Market Regulation”, University College London , U.K	April 15
B5 (Marin/Schnitzer)		
Iris Kesternich (joint with Claudia Buch, Monika Schnitzer and Alexander Lipponer)	KOF Research Seminar, ETH Zürich, Switzerland (talk: "Financial Constraints and the Margins of Foreign Direct Investment ")	July 5 - 8

Iris Kesternich	2010 IRDES WORKSHOP on Applied Health Economics and Policy Evaluation, Paris, France (talk: "What if everybody had a choice? Using hypothetical choice experiments to evaluate the demand for private health insurance")	June 23 - 25
Monika Schnitzer (joint with Yuriy Gorodnichenko)	Applied Micro and Organisation Seminar, Goethe University, Frankfurt/Main (talk: "Financial Constraints and Innovation: Why poor Countries don't catch up ")	June 30
Dalia Marin	"Do Multinationals Transplant their Business Model?", Bruegel, Brussels, Belgium	July 12
B6 (Maug)		
Ernst Maug	Copenhagen Business School, Denmark (talk: "Indexing Executive Compensation Contracts")	June 2
C2 (Harhoff/Stahl)		
Dietmar Harhoff	Policy Council, US Patent and Trademark Office, USA (talk: "Deferred Patent Examination")	July 20
Stefan Wagner	Academy of Management Annual Meeting, Montréal, Canada (talk: "Advantages of Using European Patent Data in the Identification of Patent Thickets")	August 7
Stefan Wagner	Academy of Management Annual Meeting, Montréal, Canada (talk: "How to Measure Patent Thickets — a Novel Approach ")	August 9
Stefan Wagner	Academy of Management Annual Meeting, Montréal, Canada (talk: "Incidence and Growth of Patent Thickets - The Impact of Technological Opportunities and Complexity")	August 10
Georg von Graevenitz	7th Conference on Applications of Social Network Analysis (ASNA), Zurich, Switzerland (talk: "Incidence and Growth of Patent Thickets - The Impact of Technological Opportunities and Complexity")	September 15 - 17

C5 (Kamecke/Röller)		
Tomaso Duso	EARIE Conference, Istanbul, Turkey (talk: "Research Networks as Collusive Tools: An Empirical Assessment")	September 2 - 4
C8 (Falk/Heidhues)		
Hannah Schildberg-Hörisch	"An experimental test of the deterrence hypothesis", Economic Science Association World Meeting 2010, Copenhagen, Denmark	July 8 - 11

New Discussion Papers

A4 (Rady/Schmidt)		
Name	Topic	Number
Florian Englmaier (joint with Gerd Muehlheusser and Andreas Roider)	<p>Optimal Incentive Contracts under Moral Hazard When the Agent is Free to Leave</p> <p><i>Abstract:</i> We characterize optimal incentive contracts in a moral hazard framework extended in two directions. First, after effort provision, the agent is free to leave and pursue some ex-post outside option. Second, the value of this outside option is increasing in effort, and hence endogenous. Optimal contracts may entail properties such as inducing first-best effort and surplus, or non-responsiveness with respect to changes in verifiable parameters. Moreover, while always socially inefficient, separation might occur in equilibrium. Except for the latter, these findings are robust to renegotiation. When the outside option is exogenous instead, the standard results obtain.</p> <p><i>JEL classification:</i> D86, D82, K31, M52</p>	329

Florian Englmaier (joint with Ales Filipi and Ravi Singh)	Incentives, Reputation and the Allocation of Authority <i>Abstract:</i> We address the question how much authority a principal should delegate to a manager with conflicting interests and uncertain ability in a context in which the manager has both compensation-based and reputational incentives. The optimal level of authority balances the value of the manager's decision-making expertise against the cost of ensuring that the manager uses his discretion productively. Reputational incentives reduce the necessary monetary incentives to discourage purely opportunistic behavior, but may cause the manager to pursue conservative courses of action to preserve his reputation. This undermines the benefits of delegating control, leading to decreased managerial authority and stronger monetary incentives. When the principal can commit to long-term contracts, she eliminates this conservative bias by rewarding a successful manager with greater future compensation and authority than would be optimal in a static setting. Early in the relationship the principal may delegate additional authority in order to screen for managers of high ability. <i>JEL classification:</i> D86, L14, L23, M52, M54	327
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A5 (Schweizer/von Hagen)

Name	Title	Number
Susanne Goldluecke, (joint with Sebastian Kranz (C8))	Infinitely Repeated Games with Public Monitoring and Monetary Transfers <i>Abstract:</i> In this paper, we study infinitely repeated games with imperfect public monitoring and the possibility of monetary transfers. We develop an efficient algorithm to compute the set of pure strategy public perfect equilibrium payoffs for each discount factor. We also show how all equilibrium payoffs can be implemented with a simple class of stationary equilibria that use stick-and-carrot punishments.	332

A7 (Wolfstetter)

Name	Title	Number
Cédric Wasser	Existence of a pure-strategy Bayesian Nash equilibrium in imperfectly discriminating contests <i>Abstract:</i> We consider a general class of imperfectly discriminating contests with privately informed players. We show that findings by Athey (2001) imply the existence of a Bayesian Nash equilibrium in monotone pure strategies. <i>JEL classification:</i> D72, D74, D82, C72	331

B4 (Kräkel)		
Name	Title	Number
Petra Nieken (joint with Johannes Berger)	<p>Heterogeneous Contestants and Effort Provision in Tournaments - an Empirical Investigation with Professional Sports Data</p> <p><i>Abstract:</i> We empirically investigate if tournaments between heterogeneous contestants are less intense. To test our hypotheses we use professional sports data from the TOYOTA Handball-Bundesliga, the major handball league in Germany. Using either differences in betting odds or rankings to measure ability differences, our results support standard tournament theory as we find a highly significant negative impact of the matchup's heterogeneity on joint team efforts. However, further analysis shows that this overall decrease in efforts is almost entirely driven by the reaction of the ex-ante favorite team.</p> <p><i>JEL classification:</i> J24, J33, J41, M52</p>	325

C8 (Falk/Heidhues)		
Name	Title	Number
Fabian Herweg	<p>Uncertain Demand, Consumer Loss Aversion, and Flat-Rate Tariffs</p> <p><i>Abstract:</i> The so called flat-rate bias is a well documented phenomenon caused by consumers' desire to be insured against fluctuations in their billing amounts. This paper shows that expectation-based loss aversion provides a formal explanation for this bias. We solve for the optimal two-part tariff when contracting with loss-averse consumers who are uncertain about their demand. The optimal tariff is a flat rate if marginal cost of production is low compared to a consumer's degree of loss aversion and if there is enough variation in the consumer's demand. Moreover, if consumers differ with respect to the degree of loss aversion, firms' optimal menu of tariffs typically comprises a flat-rate contract.</p> <p><i>JEL classification:</i> D11; D43; L11</p>	330

Dissertations and Habilitations

A8 (Heidhues/Rady)		
Name	Topic	Date
Nicolas Klein	Learning and Experimentation in Strategic Bandit Problems	July 1
Ludwig Ressner	Four Essays on Imperfect Competition: Strategic Information Acquisition, Product Choice under Government Regulation, and Forward Trading	July 1

Publications

A4 (Rady/Schmidt)		
Name	Topic	Dates
Florian Englmaier	"Commitment in R&D Tournaments via Strategic Delegation to Overoptimistic Managers", Managerial and Decision Economics, 12, Peer-reviewed: yes, Kind of outlet: Scientific journals	forthcoming
B3 (Hellwig)		
Name	Topic	Dates
Susanne Prantl	"The Impact of Firm Entry Regulation on Long-living Entrants", Small Business Economics, Peer-reviewed: yes, Kind of outlet: Scientific journals, Publisher: Springer	forthcoming
B5 (Marin/Schnitzer)		
Name	Topic	Dates
Monika Schnitzer (joint with Iris Kesternich (B5))	"Who is Afraid of Political Risk? Multinational Firms and their Choice of Capital Structure", Journal of International Economics	forthcoming
Monika Schnitzer (joint with Claudia Buch (NA), Christian Arndt (NA))	"FDI and Domestic Investment: An Industry Level View", Berkeley Electronic Journal of Economic Analysis and Policy, Topics	forthcoming
Dalia Marin	"Are Multinational Banks Different?", Economic Policy	forthcoming
Dalia Marin	published her article "Germany's Super Competitiveness - A Helping Hand from Eastern Europe" at VOXEU	June 20

C2 (Harhoff/Stahl)		
Name	Topic	Dates
Richard Weber (joint with Georg von Graevenitz (NA), Dietmar Harhoff (NA))	"The Effects of Entrepreneurship Education", Journal of Economic Behavior and Organization, Peer-reviewed: yes, Kind of outlet: Scientific journals	forthcoming
C5 (Kamecke/Röller)		
Name	Topic	Dates
Tomaso Duso (joint with Paolo Buccirossi (NA), Lorenzo Ciari (NA), Giancarlo Spagnolo (NA), Cristiana Vitale (A1))	"Measuring the Deterrence Effect of Competition Policy: The Competition Policy Indexes", Journal of Competition Law and Economics	forthcoming
C8 (Falk/Heidhues)		
Name	Topic	Dates
Hannah Schildberg-Hörisch	"Is the veil of ignorance only a concept about risk? An experiment", Journal of Public Economics, Peer-reviewed: yes, Kind of outlet: Scientific journals, Publisher:Elsevier, ISBN:0047-2727	forthcoming

New/Leaving Staff

A8 (Heidhues/Rady)		
Name	Topic	Dates
Nicolas Klein	is leaving project A8: Nicolas Klein has left Munich to take up a postdoc position at Benny Moldovanu's chair in Bonn	July 1

C2 (Harhoff/Stahl)		
Name	Topic	Dates
Elisabeth Müller	is leaving project C2 to take up a professorship for Innovation Management at the Frankfurt School of Finance & Management	September

Visitors

A2 (Konrad)		
Name	Topic	Date
Sebastian G. Kessing	University of Siegen (Germany)	July 26 - August 6
A4 (Rady/Schmidt)		
Name	Topic	Date
Jano Zabožnik	Queen's University (Canada)	June 27 - 29
Dirk Jenter	Stanford University (USA)	July 1 - 31
Wouter Dessein	Columbia Business School (USA)	July 7 - 10
A7 (Wolfstetter)		
Name	Topic	Date
Cuihong Fan	Shanghai University of Finance and Economics (China) : "Auctions and Signaling"	July 6 - August 14
B4 (Kräkel)		
Name	Topic	Date
Andrea Hammermann	RWTH Aachen (Germany)	July 19
Jenny Kragl	EBS Business School (Germany)	July 19 - 22

B5 (Marin / Schnitzer)		
Name	Topic	Date
Kalina Manova,	University of Stanford (USA): "Financial constraints and International Trade"	July 1 - 31

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