



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. 5

May 2009

SFB/TR15 Seminars

Berlin		
Date	Speaker (Institution)	Title
May 4	Giancarlo Spagnolo, University of Rome & Stockholm School of Economics	tba
May 4	Anju Seth, VirginiaTech	"Managerial Motives and Value Creation in Domestic and Cross-Border Acquisitions: An Empirical Examination"
May 11	Felix Bierbrauer, Max Planck Institute	"Optimal Income Taxation and Public Good Provision in a Large Economy with Aggregate Uncertainty"
May 11	Colin Jennings, University of Strathclyde	"A Model of Political Agency with Emotional Voters"
May 18	Jernej Copic, UCLA	"Auctioning off the agenda in a legislature"
May 18	Nicolas Gravel, Université de la Méditerranée & IDEP-GREQAM	"Ranking radically uncertain and/or objectively ambiguous decisions"
May 25	Mattias Polborn, University of Illinois	"A political-economy model of taxation and government expenditures with differentiated candidates"
May 25	Marta Maras, Universitat Pompeu Fabra	"The Disposition Effect in the Venture Capital Decision-Making Process: An Experimental Approach"
Munich		
Date	Speaker (Institution)	Title
May 4	Lydia Mechtenberg, Technical University of Berlin	tba
May 5	Daniel Ferreira, London School of Economics	tba
May 11	Ivan Jaccard, European Central Bank	tba
May 12	Claude d'Aspremont, Center for Operations Research and Econometrics Louvain-la-Neuve	tba

May 18	Jawwad Noor , Boston University	tba
May 19	Dimitri Vayanos, London School of Economics	tba
May 25	Sander Onderstal, University of Amsterdam	tba
May 26	Patrick W. Schmitz , University of Cologne	tba

Bonn

Date	Speaker (Institution)	Title
May 06	Johannes Münster, FU Berlin	Information sharing in contests

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

A1 (Bester / Strausz)

Name	Topic	Dates
Roland Strausz	Université Cergy (Paris), Frankreich	April 30

A4 (Rady / Schmidt)

Name	Topic	Dates
Florian Englmaier	University of Cologne, Germany, ("Free Riding in the Field and in the Lab")	May 4
Florian Englmaier	University Paris Dauphine, France, ("Contracts, Firms, and Corporate Finance")	May 11
Sandra Ludwig	SFB Konferenz in Caputh, Germany , ("Does deceptive advertising reduce turnout? Theory and laboratory evidence")	May 13 - 15

A5 (Schweizer / von Hagen)

Name	Topic	Dates
Klaas Staal	European Public Choice Society 2009 Meeting, Athens, Greece (talk: "Nationalizations, bailouts and efficiency")	April 2 - 5

B3 (Hellwig)

Name	Topic	Dates
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Jos Jansen	Copenhagen Business School, Denmark, ("Competition Policy towards the Disclosure of Acquired Demand Information in Duopoly")	April 20
B4 (Kräkel)		
Name	Topic	Dates
Anja Schöttner	University of Stavanger, Norway, ("Multiple Inputs, Relational Employment Contracts, and the Theory of the Firm")	April 1
Petra Nieken	BaER-Lab Inaugural Workshop: Laboratory Experiments in Quantitative Corporate Governance Research, University of Paderborn (talk: "Risk Taking in Winner-Take-All Competition")	April 23 - 24
B5 (Marin / Schnitzer)		
Name	Topic	Dates
Iris Kesternich	Pacific RIM Conference, Western Economic Association International, Kyoto, Japan (talk: "Real versus financial barriers to multinational activity")	March 24 - 27
C2 (Harhoff / Stahl)		
Name	Topic	Dates
Elisabeth Müller	Frankfurt School of Finance and Management, Germany , ("To be financed or not... - The role of patents for venture capital financing")	April 29
Elisabeth Müller	World Social Science Forum, Bergen, Norway , ("The contribution of entrepreneurs from low skilled immigrant groups to innovative activity in the host country - evidence from Germany")	May 10 - 12
Elisabeth Müller	9th Conference of the SFB/TR 15, Berlin, Germany , ("Patent thickets, licensing and innovative performance")	May 13 - 15
Patrick Beschorner	American Law and Economics Association, USA . ("Paragraph IV Certification in the Hatch-Waxman Act: Preventing Anti-competitive Settlements in Patent Litigation")	May 15 - 16
Elisabeth Müller	University of Mainz, Germany , ("To be financed or not... - The role of patents for venture capital financing")	May 18
C5 (Kamecke / Röller)		

Name	Topic	Dates
Susanne Prantl	Max Planck Institute for Research on Collective Goods, Bonn (talk: "How does Entry Regulation Influence Entry into Self-employment and Occupational Mobility?")	March 11
Susanne Prantl	Competition Workshop organized by Netherlands Bureau for Economic Policy Analysis (CPB), CentER/TILEC of Tilburg University and Netherlands Ministry of Economic Affairs, The Hague, The Netherlands (talk: "How does Entry Regulation Influence Entry into Self-employment and Occupational Mobility?")	April 2
Tomaso Duso	9th SFB-Meeting, Caputh (talk: "Do Research Joint Ventures Networks lead to Product Market Collusion?")	May 13 - 15
Tomaso Duso	Institute of Advance Studies, IMT Lucca (Italy), Topic: Merger Analysis and Simulations (short lectures for PhD students)	May 27 - 29
C6 (Peitz / Stahl)		
Name	Topic	Dates
Konrad Stahl	Tel Aviv University (Israel), Host: Yossi Spiegel, Topic: Strategic Behaviour during the Business Cycle	April 19 - May 9
Konrad Stahl	Tel Aviv University, Israel, ("Certification and Exchange in Concentrated Markets")	April 22
Konrad Stahl	Ben Gurion University, Israel, ("Ownership and Control in Differentiated Product Markets")	April 30
Konrad Stahl	Bar Ilan University, Israel, ("Ownership and Control in Differentiated Product Markets")	May 4
Konrad Stahl	Hebrew University, Israel, ("Certification and Exchange in Concentrated Markets")	May 6
Konrad Stahl	ZEW, Mannheim, Germany, ("Certification and Exchange in Concentrated Markets")	May 14 - 16
Konrad Stahl	LSE (England), Host: Leonardo Felli, Topic: Upstream Supply Relationships in the Automotive Industry	May 26 - 30
Konrad Stahl	Oxford University, England, ("Certification and Exchange in Concentrated Markets")	May 27

New Discussion Papers

A1 (Bester/Strausz)		
Name	Title	Number
Claudia Salim	<p>Optional linear input prices in vertical relations</p> <p><i>Abstract:</i> This paper examines how the option of a regulated linear input price affects vertical contracting, where a monopolistic upstream supplier sequentially offers supply contracts to two symmetric downstream firms. We find that equilibrium contracts vary with production cost and regulated price level: If the regulated price is not too high, the option allows for price discrimination, but prevents foreclosure in the intermediary market. Indeed, if both cost and optional price are rather low, non-discriminatory input prices below cost may arise. Optional input prices are socially more desirable than a flat ban on price discrimination, as consumers benefit from more intense downstream competition.</p> <p><i>JEL classification:</i> D42, L11, L42</p>	258
A4 (Rady / Schmidt)		
Name	Title	Number
Joachim Winter (joint with Florian Heiss (NA), Daniel McFadden (NA))	<p>The demand for Medicare Part D prescription drug coverage: Evidence from four waves of the Retirement Perspectives Survey , NBER Aging Conference</p> <p><i>Abstract:</i> Medicare Part D provides prescription drug coverage through Medicare approved plans offered by private insurance companies and HMOs. In this paper, we study the role of current prescription drug use and health risks, related expectations, and subjective factors in the demand for prescription drug insurance. To characterize rational behavior in the complex Part D environment, we develop an intertemporal optimization model of enrollment decisions. We generally find that seniors' choices respond to the incentives provided by their own health status and the market environment as predicted by the optimization model. The proportion of individuals who do not attain the optimal choice is small, but the margin for error is also small since enrollment is transparently optimal for most eligible seniors. Further, there is also evidence that seniors over-react to some salient features of the choice situation, do not take full account of the future benefit and cost consequences of their decisions, or the expected net benefits and risk properties of alternative plans.</p>	

B3 (Hellwig)

Name	Title	Number
Jos Jansen	On Competition and the Strategic Management of Intellectual Property in Oligopoly, MPI Preprint nr. 2009/13, <i>Abstract:</i> An innovative firm chooses strategically whether to patent its process innovation or rely on secrecy. By doing so, the firm manages its rival's beliefs about the size of the innovation, and affects the incentives in the product market. Different measures of competitive pressure in the product market have different effects on the equilibrium patenting choices of an innovative firm with unknown costs and probabilistic patent validity. Increasing the number of firms (degree of product substitutability) gives a smaller (greater) patenting incentive. Switching from Bertrand to Cournot competition gives a smaller (greater) patenting incentive if patent protection is weak (strong). <i>JEL classification:</i> D82, L13, O31, O32	

C8 (Falk / Heidhues)

Name	Title	Number
Sebastian Kranz and Susanne Ohendorf	Renegotiation-Proof Relational Contracts with Side Payments <i>Abstract:</i> We study infinitely repeated two player games with perfect information, where each period consists of two stages: one in which the parties simultaneously choose an action and one in which they can transfer money to each other. We first derive simple conditions that allow a constructive characterization of all Pareto-optimal subgame perfect payoffs for all discount factors. Afterwards, we examine different concepts of renegotiation-proofness and extend the characterization to renegotiation-proof payoffs. <i>JEL classification:</i> C73, L14	259

Visitors**A1 (Bester / Strausz)**

Name	Topic	Dates
Dongsoo Shin	Santa Clara University (U.S.A)	April 22 - 24

A4 (Rady / Schmidt)

Name	Topic	Dates
Daniel McFadden	University of California, Berkley (USA),	April 2 - 9

C5 (Kamecke / Röller)

Name	Topic	Dates
Hannes Ulrich	ZEW Mannheim (Germany)	May 25 - 30

Jernej Copic	UCLA (USA), Topic: "Networks"	May 15 - 26
C6 (Peitz / Stahl)		
Name	Topic	Dates
Wioletta Dziuda	Northwestern University (United States)	April 19 - 26

Publications

A1 (Bester / Strausz)		
Name	Topic	Dates
Johannes Münster	"Group Contest Success Functions", Economic Theory, Peer-reviewed:yes, (2009)	forthcoming
B4 (Kräkel)		
Oliver Gürtler (joint with Matthias Kräkel (B4))	"Hostile takeover and costly merger control", Public Choice, Peer-reviewed:yes, Kind of outlet:Scientific journals, (2009)	forthcoming
Petra Nieken (joint with Dirk Sliwka (NA))	"Risk-Taking in Tournaments -Theory and Experimental Evidence", Journal of Economic Psychology , Peer-reviewed:yes, Kind of outlet:Scientific journals, (2009)	forthcoming
C5 (Kamecke / Röller)		
Susanne Prantl (joint with P. Aghion (NA), R. Blundell (NA), R. Griffith (NA), P. Howitt (A1))	"The Effects of Entry on Incumbent Innovation and Productivity", Review of Economics and Statistics, pp. 20-32, (2009)	forthcoming
Susanne Prantl (joint with M. Almus (NA), J. Egelin (NA), D. Engel (NA))	"Lending Decisions of Cooperative Banks, Private Credit Banks and Savings Banks: An Empirical Analysis of Subsidized Loans for Young and Small Firms", Journal of Applied Social Science Studies (Schmollers Jahrbuch - Zeitschrift für Wirtschafts- und Sozialwissenschaften), pp. 83-132, (2009)	forthcoming
Tomaso Duso (joint with Joe Clougherty (NA))	"The Impact of Horizontal Mergers on Rivals: Gains to Being Left Outside a Merger", Journal of Management Studies, (2009)	forthcoming
C8 (Falk / Heidhues)		
Armin Falk (joint with David Jaeger (NA), Thomas Dohmen (NA), David Huffman (NA), Uwe Sunde (A1))	"Direct Evidence on Risk Attitudes and Migration", Review of Economics and Statistics, Peer-reviewed:yes, Kind of outlet:Scientific journals, (2009)	forthcoming
Armin Falk (joint with Bernd Weber (NA), Antonio Rangel (NA), Matthias Wibral (NA))	"The medial prefrontal cortex exhibits money illusion", PNAS, March, (2009)	forthcoming
Armin Falk (joint with Thomas Dohmen (NA), David Huffman (NA), Uwe Sunde (NA))	"Homo Reciprocans: Survey Evidence on Behavioral Outcomes", Economic Journal, March, 592-612, (2009)	forthcoming

Armin Falk (joint with Thomas Dohmen (NA), David Huffman (NA), Uwe Sunde (NA))	"Are Risk Aversion and Impatience Related to Cognitive Ability?", AER, Peer-reviewed:yes, Kind of outlet:Scientific journals, (2009)	forthcoming
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New / Leaving Staff

A2 (Konrad)		
Name	Topic	Dates
Johannes Münster	has left project A2.	April 1
A1 (Bester / Strausz)		
Name	Topic	Dates
Johannes Münster	has joined project A1.	April 1
C8 (Falk/Heidhues)		
Dr. Hannah Schildberg-Hörisch	has joined project C8, hannahhoerisch@yahoo.com , full time, EA	May 1

Miscellaneous

C8 (Falk/Heidhues)		
Name	Topic	Dates
Armin Falk	has been elected as a member of the "wissenschaftlicher Beirat" of the Federal Ministry of Economics and Technology	February