



SFB/TR 15 Seminars

Berlin

The winter semester (Oct. 13, 2008 - Feb. 14, 2009) begins. Two seminars will be presented on Mondays:

The WZB Economics and Politics Seminar Series: 3:30 - 5 p.m.

The SFB-Transregio 15 "GESY" Series: 5:15 - 6:30 p.m.

October

20	Manfred Stadler (University of Tübingen)	Exchange of Private Demand Information by Simultaneous Signaling
20	Thomas Gehrig (University of Freiburg)	tba
27	José Tavares (Universidade Nova de Lisboa)	The Good, The Bad, and the Different: Can Gender Quotas Raise the Quality of Politicians?

Mannheim

September

9	Matthias Döpke (UCLA)	The Baby Boom and World War II: A Macroeconomic Analysis
9	Heiko Karle (University of Mannheim)	Ownership and Control in Differentiated Product Markets
10	Melanie Arntz (ZEW Mannheim)	Reforming Consumer Directed Care in Germany: a Woodwork Effect?
16	Reint Gropp (Goethe Universität Frankfurt)	The effect of stock price fluctuations on corporate cash flow
16	Dongsoo Shin (University of Mannheim)	Granting an Exit Option to Conduct an Audit

22	Michal Kowalik (University of Mannheim)	Endogenizing the Scope of the Stigma of Failure
23	Elise Brezis (Bar Ilan University)	Population Dynamics and Economic Growth: Should we model differently poor and rich countries?
23	Felix Bierbrauer (MPI Bonn)	Optimal Democratic Mechanisms for Taxation and Public Good Provision
29	Mike Felgenhauer (University of Mannheim)	Informational and Monetary Lobbying
30	Georg Weizsäcker (LSE)	Do we follow others when we should? A simple test of rational expectations
30	Martin Peitz (University of Mannheim)	Selling Service Plans to Differentially Informed Customers
October		
1	Uta Ziegler (University of Rostock)	Cohort Changes in the Incidence of Care Need in West Germany between 1986 and 2005
6	Philip Jung (University of Mannheim)	The Optimal Contracting with limited Commitment and On The Job Search
7	Emir Kamenica (University of Chicago)	Bayesian Persuasion
7	Natalia Fabra (Universidad Carlos III de Madrid)	Investment Incentives and Auction Design in Electricity Markets
8	Patrick Puhani (University of Hannover)	tba
13	Ivan Jaccard (European Central Bank)	Asset Pricing, Habit Memory, and the Labor Market
14	Sebastian Kranz (University of Bonn)	tba
15	Christina Gathmann (Stanford University)	tba
21	Seppo Honkapohja (University of Helsinki)	Generalized Stochastic Gradient Learning
22	Stephan Klasen (University of Göttingen)	tba
27	Elisabeth Schulte (University of Mannheim)	Preselection and Expert Advice

28	John Thanassoulis (University of Oxford)	tba
29	Christian Kascha (Central Bank Norway)	tba

Munich

October

14	Werner Güth (Max Planck Institut Jena)	tba
21	Philipp Kircher (University of Pennsylvania)	tba
28	Helge Berger (FU Berlin)	tba

Internal Research Visits of SFB/TR 15 Members

A7 (Wolfstetter)

Paul Schweinzer (A3) visited project A7, September 2-7

A5 (Schweizer/von Hagen)

Johannes Münster (A2) visited project A5

Visitors

B3 (Hellwig)

Sergey Gelman, State University - Higher School of Economics (Russia),
August 4 - 10

C6 (Peitz/Stahl)

Tobias Klein, Tilburg University, August 19 – August 21

Armin Schmutzler, Universität Zürich, October 17 – October 18

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

A1 (Bester/Strausz)

Roland Strausz participated in a seminar at Universität Zürich, September 26

Roland Strausz, IX. Symposium zur Ökonomischen Analyse der Unternehmung, Universität Augsburg, September 29 - October 1

Roland Strausz, Impact of Regulation on Investment and Innovation Incentives, ZEW Mannheim, October 1-2

Tobias Langenberg, EARIE, Toulouse, "Product Durability in Markets with Consumer Lock-in", September 5

Claudia Salim, EARIE, Toulouse, "Platform Interconnection and Quality Incentives", September 6

Claudia Salim, Verein für Socialpolitik, Graz, "Optional Linear Access Prices in Vertical Relations", September 26

A4 (Rady/Schmidt)

Klaus Schmidt gave a plenary presentation "Die Rolle von Experimenten bei der Entwicklung ökonomischer Theorien".

Klaus Schmidt "Reputation and Contract Design" University Carlos III Madrid, October 30

Markus Reisinger "A Model of Vertical Oligopolistic Competition" (joint with Monika Schnitzer), Universität zu Köln, October 28

Sandra Ludwig "Sequential Production in teams" at the Verein für Socialpolitik meeting in Graz

Joachim Winter Forschungsaufenthalt, ICES, Georg Mason University, Arlington, VA. September 8 - September 16

Joachim Winter Forschungsaufenthalt, Department of Economics, University of California, Berkeley, September 28 - October 11

A5 (Schweizer/von Hagen)

Alexander Stremitzer, EARIE 2008, Toulouse, France (talk: "Standard Breach Remedies, Quality Thresholds and Cooperative Investments"), September 4 - 6

Alexander Stremitzer, Harvard/Stanford International Junior Faculty Conference, Stanford, USA (talk: "Opportunistic Termination"), October 17 - 18

Alexander Stremitzer, EEA 2008, Milan, Italy (talk: "Standard Breach Remedies, Quality Thresholds and Cooperative Investments."), August 27 - 31

Alexander Stremitzer, North American Summer Meeting 2008 - Econometric Society, Carnegie Mellon/ Pittsburg, USA (talk: "Standard Breach Remedies, Quality Thresholds, and Cooperative Investments"), June 19 - 22

Alexander Stremitzer, APET 08, Seoul, South Korea (talk: "Opportunistic Termination") June 27 - 29

Alexander Stremitzer, JITE 2008, Lübbenau (talk: "Erga Omnes Norms and the Enforcement of International Law") July 12 - 14

Alexander Stremitzer, EALE 2008, Haiffa, Israel (talk: "Plaintiffs exploiting Plaintiffs"), September 24 - 27

Alexander Stremitzer, APET 08, Seoul, South Korea (talk: "Standard Breach Remedies, Quality Thresholds, and Cooperative Investments"), June 27 - 29

Alexander Stremitzer, ESEM 2008, Milan, Italy (talk: "Plaintiffs exploiting Plaintiffs") August 27 - 31

A7 (Wolfstetter)

Elmar Wolfstetter visits Korea University (Department of Economics) August 28 - October 12; research topic: "Patent Licensing" with Prof. Kenji Yamamoto, Otaru University of Commerce, Japan, and Prof. Byoung Jun, Korea University); lectures "Prizes and Lemons", "Patent licensing: the private values case", and "Patent licensing: the common values case"

A8 (Heidhues/Rady)

Nicolas Klein presented his paper "Negatively Correlated Bandits" (joint with Sven Rady) at the EDGE Jamboree in Copenhagen on September, 6

Nicolas Klein presented his paper "Negatively Correlated Bandits" (joint with Sven Rady) at the University of Århus on September, 8

B3 (Hellwig)

Jos Jansen, EEA Congress, Milan, Italy (talk: "Share To Scare: Technology Sharing Incentives in the Absence of Intellectual Property Rights"), August 27 - 31

B6 (Maug)

Ernst Maug, Professorial Fellow at the University of New South Wales, Australia, Research Semester, July - December 2008

Ernst Maug presented his paper "How Do Executives Exercise Stock Options?" (joint with Daniel Klein), University of Melbourne, Australia, August 8

Ernst Maug presented his paper "How Do Executives Exercise Stock Options?" (joint with Daniel Klein), University of Queensland, Brisbane, Australia, September 9

Ernst Maug presented his paper "The optimal design of executive stock options: A loss-aversion approach" (joint with Oliver Spalt), University of New South Wales, Australia, September 25

Christoph Schneider presented his paper "Bankers on Boards of German Firms: What they do, what they are worth, and why they are (still) there" (joint with Ingolf Dittmann and Ernst Maug), Deutsche Bundesbank, Frankfurt, September 22

C2 (Harhoff/Stahl)

Kauffman-GRA Entrepreneurship Forum, Georgia Institute of Technology, "Enforcing Patent Rights: Implications for Entrepreneurship and the State of U.S. Patent Reform", October 7

Georgia Institute of Technology, Workshop Presentation, "Patent Databases and Identification of Patent Families in PATSTAT", October 8

"The Economics of Enforcement and Piracy," Vortrag bei der Sino-German IP Conference, on IP Enforcement: A Comparison of Chinese and German Experiences, Max Planck Institute for Intellectual Property, October 15

C5 (Kamecke/Röller)

Tomaso Duso, EARIE Conference, Toulouse, "On The Stability of Research Joint Ventures: Implications for Collusion" (with Enrico Pennings and Jo Seldeslachts), September 4-7.

C6 (Peitz/Stahl)

Martin Peitz, Seminar, Universidad Carlos III, Madrid, Spain, talk: "Selling Service Plans to Differentially Informed Customers", September 19.

Martin Peitz, ZEW-conference "Impact of Regulation on Investment and Innovation Incentives", Mannheim, talk: "Intermediation and Investment Incentives", October 1-2.

Martin Peitz, SFB-TR 15 Conference Frauenchiemsee, talk: "Selling Service Plans to Differentially Informed Customers", October 22-24.

Frank Rosar, SFB-TR 15 Conference Frauenchiemsee, talk: "First-Price Auctions, Seller Information and Commitment to Sell", October 22-24

Heiko Karle, SFB-TR 15 Conference Frauenchiemsee, talk: "Ownership and Control in Differentiated Product Markets", October 22-24

Konrad Stahl visits Giancarlo Spagnolo from October 29 till November 2 at the University of Rome "Tor Vergata" to work on "The Actual Structure of eBay's Feedback Mechanism and Early Evidence on the Effects of Recent Changes"

C9 (von Thadden)

Michal Kowalik: 02-03.10.2008. presentation of "How To Make the Banks Reveal Their Risks" WB-IMF Conference on Risk Analysis and Management, Washington

Conferences Organized by SFB/TR 15 Members

C5 (Kamecke/Röller)

16th WZB Conference on Markets and Politics

Deterrence in Competition Policy, October 17 – 18

A7 (Wolfstetter)

The 4th SFB/TR15 workshop for young researchers took place at Humboldt University on the 5th and 6th of September. Participants were Ludwig Ensthaler, Josse Delfgaauw, Thomas Giebe, Oliver Gürtler, Dirk Hofmann, Susanne Ohlendorf, Paul Schweinzer, and Klaas Staal.



New Discussion Papers

A1 (Bester/Strausz)

Roland Strausz, Dan Sasaki: Collusion and Durability,
SFB/TR 15 Discussion Paper No. 246

Abstract:

We develop a model to show that cartels that produce goods with lower durability are easier to sustain implicitly. This observation generates the following results: 1) implicit cartels have an incentive to produce goods with an inefficiently low level of durability; 2) a monopoly or explicit cartel is welfare superior to an implicit cartel; 3) welfare is non-monotonic in the number of firms; 4) a regulator may demand inefficiently high levels of durability to prevent collusion.

A5 (Schweizer/von Hagen)

Urs Schweizer: Breach Remedies, Performance Excuses, and Investment Incentives

SFB/TR 15 Discussion Paper No. 247

Abstract:

Contract law is usually perceived as a strict liability system. When a promisor fails to perform he is held liable even if he is without fault. If, however, an unusual contingency has arisen he may be excused from performing provided that he has taken reasonable precautions. For a setting with uncertain costs of and benefits from performance, it is shown that a fixed price contract is sufficient to generate efficient reliance and precautions incentives under the following legal regime. If the promisor has met the appropriate precaution standard then he is excused if performance fails to be profitable. Alternative regimes, in contrast, where he is excused if performance is inefficient or even is extremely costly distort investment incentives quite generally.

Alexander Stremitzer :Standard Breach Remedies, Quality Thresholds, and Cooperative Investments

SFB/TR 15 Discussion Paper No. 242

Abstract:

When investments are non-verifiable, inducing cooperative investments with simple contracts may not be as difficult as previously thought. Indeed, modeling 'expectation damages' close to legal practice, we show that the default remedy of contract law induces the first best. Yet, in order to lower informational requirements of courts, parties may opt for a 'specific performance' regime which grants the breached-against buyer an option to choose 'restitution' if the tender's value falls below some (exogenously given) quality threshold. In order to implement this regime, no more information needs to be verifiable than is implicitly assumed in Che and Hausch (1999).

A8 (Heidhues/Rady)

Nicolas Klein, Sven Rady:Negatively Correlated Bandits

SFB/TR 15 Discussion Paper No. 243

Abstract:

We analyze a two-player game of strategic experimentation with two-armed bandits. Each player has to decide in continuous time whether to use a safe arm with a known payoff or a risky arm whose likelihood of delivering payoffs is initially unknown. The quality of the risky arms is perfectly negatively correlated between players. In marked contrast to the case where both risky arms are of the same type, we find that learning will be complete in any Markov perfect equilibrium if the stakes exceed a certain threshold, and that all equilibria are in cutoff strategies. For low stakes, the equilibrium is unique, symmetric, and coincides with the planner's solution. For high stakes, the equilibrium is unique, symmetric, and tantamount to myopic behavior. For intermediate stakes, there is a continuum of equilibria.

B4 (Kräkel)

Matthias Kräkel, Anja Schöttner (Relative Performance Pay, Bonuses, and Job-Promotion Tournaments

SFB/TR 15 Discussion Paper No. 245

Abstract:

Several empirical studies have challenged tournament theory by pointing out that (1) there is considerable pay variation within hierarchy levels, (2) promotion premiums only in part explain hierarchical wage differences and (3) external recruitment is observable on nearly any hierarchy level. We explain these empirical puzzles by combining job-promotion tournaments with higher-level bonus payments in a two-tier hierarchy. Moreover, we show that under certain conditions the firm implements first-best effort on tier 2 although workers earn strictly positive rents. The reason is that the firm can use second-tier rents for creating incentives on tier 1. If workers are heterogeneous, the firm strictly improves the selection quality of a job-promotion tournament by employing a hybrid incentive scheme that includes bonus payments.

B5 (Marin/Schnitzer)

Christa Hainz: Bank Competition - When is it Good?

SFB/TR 15 Discussion Paper No. 244

Abstract:

The effects of bank competition and institutions on credit markets are usually studied separately although both factors are interdependent. We study the effect of bank competition on the choice of contracts (screening versus collateralized credit contract) and explicitly capture the impact of the institutional environment. Most importantly, we show that the effects of bank competition on collateralization, access to finance, and social welfare depend on the institutional environment. We predict that firms' access to credit increases in bank competition if institutions are weak but bank competition does not matter if they are well-developed.

Jarko Fidrmuc, Christa Hainz: Integrating with Their Feet: Cross-Border Lending at the German-Austrian Border

SFB/TR 15 Discussion Paper No. 248

Abstract:

The current economic policy discussion on financial integration in the European Union concentrates on cross-border mergers. We study the impact of cross-border lending in a theoretical model where banks acquire either hard or soft information on borrowing firms and predict that the closer firms are to the border the more likely banks are to offer them cross-border loans. This hypothesis is confirmed in the ifo Business Climate Survey that reports the perceptions of German firms on banks' lending behavior between 2003 and 2006. In contrast to the policy of harmonization, differences in bank regulations may provide incentives for cross-border lending. Thus, we show that financial integration may take place from the bottom up.

C5 (Kamecke/Röller)

Jo Seldeslachts, Tomaso Duso, Enrico Pennings: On the Stability of Research Joint Ventures: Implications for Collusion

SFB/TR 15 Discussion Paper No. 240

Abstract:

Though there is a body of theoretical literature on research joint ventures (RJV) participation facilitating collusion, empirical tests are rare. Even more so, there are few empirical tests on the general theme of collusion. This note tries to fill this gap by assuming a correspondence between the stability of research joint ventures and collusion. By using data from the US Nation Cooperation Research Act, we show that large RJVs in concentrated industries are more stable and hence more suspect to collusion.

Joseph Clougherty, Tomaso Duso The impact of horizontal mergers on rivals: Gains to being left outside a merger

SFB/TR 15 Discussion Paper No. 239

Abstract:

It is commonly perceived that firms do not want to be outsiders to a merger between competitor firms. We instead argue that it is beneficial to be a non-merging rival firm to a large horizontal merger. Using a sample of mergers with expert-identification of relevant rivals and the event-study methodology, we find rivals generally experience positive abnormal returns at the merger announcement date. Further, we find that the stock reaction of rivals to merger events is not sensitive to merger waves; hence, 'future acquisition probability' does not drive the positive abnormal returns of rivals. We then build a conceptual framework that encompasses the impact of merger events on both merging and rival firms in order to provide a schematic to elicit more information on merger type.

Publications

A1 (Bester/Strausz)

Daniel Krähmer and Roland Strausz, "Ex Post Private Information and Monopolistic Screening", forthcoming in The B.E. Journal of Theoretical Economics

A4 (Rady/Schmidt)

Klaus Schmidt, Ernst Fehr and Susanne Krehmelmer (2008), "Fairness and the Optimal Allocation of Ownership Rights", *Economic Journal*, Vol. 118 (August), 1262-84

B4 (Kräkel)

Oliver Gürtler (joint with Christian Grund (NA)) (2008): "The Effect of Reputation on Selling Prices in Auctions", *Jahrbücher für Nationalökonomie und Statistik*, forthcoming

B6 (Maug)

Ingolf Dittmann, Ernst Maug, and Christoph Schneider (2008): How Preussag became TUI: A Clinical Study of Institutional Blockholders and Restructuring in Europe, *Financial Management* 37 (3), 571-598

C5 (Kamecke/Röller)

J. Seldeslachts, J.A. Clougherty & P.P. Barros (forthcoming) Settle for Now but Block for Tomorrow: The Deterrence Effects of Merger Policy Tools, *Journal of Law and Economics*.

J.A. Clougherty & A. Zhang (forthcoming) Domestic Rivalry and Export Performance: Theory and Evidence from International Airline Markets, *Canadian Journal of Economics*.

New/Leaving Staff

A1 (Bester/Strausz)

Daniel Krähmer has left project A1 as of September 30 to take up a professorship at University of Bonn

Claudia Salim has joined project A1 as of August 4

A4 (Rady/Schmidt)

Ferdinand von Siemens has left Project Area A4 as of September 1 to take up a tenure-track Assistant Professorship at the University of Amsterdam.

Clemens König has joined Project A4

Miscellaneous

B6 (Maug)

The paper "Bankers on Boards of German Firms: What they do, what they are worth, and why they are (still) there" by Ernst Maug and Christoph Schneider (joint with Ingolf Dittmann) is finalist in the ECGI Corporate Governance Best Paper Competition

A4 (Rady/Schmidt)

Program of the 8th SFB conference in Frauenwörth.

Kiss, Aron, Berlin FU, A2, Coalition Politics and Accountability

Salim, Claudia, Berlin FU, A1, Platform interconnection and quality incentives

Gürtler, Oliver, Bonn, B4, Optimal Tournament Contracts for Heterogeneous Workers

Kräkel Mathias, Bonn, B4, Job-Promotion Tournaments and Bonuses

Kranz, Sebastian, Bonn, C8, Norms in a Partly Compliant Society

Ohlendorf, Susanne, Bonn, A5, Signaling as an Outside Option

Staal Klaas, Bonn, A5, Centralized and decentralized provision of public goods

Stremitzer, Alexander, Bonn, A5, Opportunistic Termination

Karle, Heiko, Mannheim, C6, Ownership and Control in Differentiated Product Markets

Kowalik, Michal, Mannheim, C9, Endogenizing the Scope and Stigma of Failure

Peitz, Martin, Mannheim, C6, Selling Service Plans to Differentially Informed Customers

Rosar, Frank, Mannheim, C6, First-Price Auctions, Seller Information and Commitment to Sell

von Thadden, Ernst-Ludwig, Mannheim, C9, Incentives for Unaware Agents

Burhop, Carsten, MPI Bonn, B3, Incentives and innovation: R&D management in Germany's high-tech industries during the Second Industrial Revolution

Gebhardt Georg München, A4, The Impact of the Internet on Retail

Competition: Evidence from Differences in Internet Access Induced by Cable-Technologies

Ludwig Sandra, München, A4, All at once or one after another? An experimental study on the order of moves within work teams

Reisinger, Markus, München, A4, Competitive Effects of Vertical Integration with Downstream Oligopsony and Oligopoly

Strassmair, Christina, München, A4, An experimental test of the deterrence hypothesis

Winter, Joachim, München, A4, Temptation and Self-Control in the Laboratory

Zöttl, Gregor, München, A4, Investment Decisions in Liberalized Electricity Markets

C8 (Falk/Heidhues)

The Gossen Price 2008 has been awarded to Prof. Armin Falk, faculty member of the Department of Economics at the University of Bonn and project leader of the SFB TR 15.

The Gossen Price, awarded once a year by the Verein für Socialpolitik, is deemed the most distinguished price in economics in German-speaking countries.

Big time congrats!