



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. 4

April

2015

SFB/TR 15 Seminars

Bonn		
Date	Speaker (Institution)	Title
10.04.2015	Bertil Tungodden (Norwegian School of Economics)	tba
15.04.2015	Willemien Kets (Kellogg School of Management)	tba
17.04.2015	Deborah Ann Cobb-Clark (University of Melbourne)	tba
22.04.2015	Jan Eeckhout (Universität Pompeu Fabra)	tba
24.04.2015	Miriam Gensowski (University of Copenhagen)	tba
29.04.2015	Meg Meyer (Oxford University)	tba
Mannheim		
Date	Speaker (Institution)	Title
March 24	Sergey Stepanov (Higher School of Economics, Moscow)	Biased Performance Evaluation in A Model of Career Concerns: Incentives versus Ex-Post Efficiency

Conferences Organized by SFB/TR15 Members

A2 (Konrad)		
Name	Topic	Dates
Kai A. Konrad	XIV Tax Day, Max Planck Institute for Tax Law and Public Finance, Munich	March 3-4

	Where	Dates
20th Internal Conference of the SFB TR 15	Bonn	April 22-24
11th Young Researchers Workshop in Bonn	Bonn	April 24-25

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

A2 (Konrad)		
Name	Topic	Dates
Nadja Dwenger	Improving Tax Collection by Public Shaming - Evidence from Administrative Tax Data, Public Economics Seminar at Harvard University	March 24
Nadja Dwenger	Research stay at Harvard University	Jan – May 2015
A4 (Schmidt)		
Name	Topic	Dates
Schmidt, Klaus	"Auctions vs Negotiation – The Effects of Inefficient Renegotiation", talk at a conference on Behavioral Industrial Organization, Bad Homburg	March 5
Schmidt, Klaus	"Auctions vs Negotiation – The Effects of Inefficient Renegotiation", seminar presentation at University College London	March 24
Fahn, Matthias	"Teamwork as a Self-Disciplining Device" (joint with Hendrik Hakenes), Universität der Bundeswehr, München	March 3
Fahn, Matthias	"The Upside of Implicit Downsizing Costs", UC San Diego	March 16
B8 (Adam)		
Name	Topic	Dates
Adam, Tim	"Hold-Up and the Use of Performance Sensitive Debt" European Winter Finance Summit in Schladming	March 16-17
Galkiewicz, Dominika	"Manager Characteristics and Credit Derivative Use by U.S. Corporate Bond Funds" in the finance seminar at the Auckland University of Technology/New Zealand	February 25
C8 (Falk)		
Name	Topic	Dates
Hannah Schildberg-Hörisch	Reducing overconfidence, German Network of Young Microeconometricians: Topics in Health & Human Capital Formation, University of Mannheim	March, 27-28
Matthias Wibrál	How Malleable Are Choice Brackets? The Case of Myopic Loss Aversion, CUNEF Madrid	January 26
Matthias Wibrál	How Malleable Are Choice Brackets? The Case of Myopic Loss Aversion; University of Massachusetts Amherst	February 3
Matthias Wibrál	How Malleable Are Choice Brackets? The Case of Myopic Loss Aversion, University of Glasgow	February 19
Matthias Wibrál	How Malleable Are Choice Brackets? The Case of Myopic Loss Aversion, Maastricht University	March 4
Armin Falk	Spring School in Behavioral Economics, San Diego	March 11
Armin Falk	Patience and the Wealth of Nations, Caltech Seminar	March 19
Armin Falk	Neuroeconomics Colloquium, NYU	March 24

New Discussion Papers

C6 (Peitz)		
Name	Title	Number
Fabio Antoniou, Raffaele Fiocco, Dongyu Guo	<p>Asymmetric price adjustments: A supply side approach</p> <p>Abstract:</p> <p>Using a model of dynamic price competition, this paper provides an explanation from the supply side for the well-established observation that retail prices adjust faster when input costs rise than when they fall. The opportunity of profitable storing for the next period induces competitive firms to immediately increase their prices in anticipation of higher future input costs. This relaxes competition and firms earn positive profits. Conversely, when input costs are expected to decline, firms adjust their prices only after a cost reduction materializes, and the firms' incentives for price undercutting lead to the standard Bertrand outcome.</p> <p><i>Keywords:</i> Asymmetric price adjustments, Bertrand-Edgeworth competition, Storage, Gasoline market. JEL Classification: D4, L1.</p>	493
B8 (Adam)		
Name	Title	Number
Galkiewicz, Dominika Paula	<p>Loss Potential and Disclosures Related to Credit Derivatives – A Cross-Country Comparison of Corporate Bond Funds under U.S. and German Regulation</p> <p>Abstract:</p> <p>This study analyzes the loss potential arising from investments into CDS for a sample of large U.S. and German mutual funds. Further, it investigates whether the comments funds make on CDS use in periodic fund reports are consistent with the disclosed CDS holdings. For several funds in the U.S., the potential losses arising from selling CDS protection are almost as high as net assets, while in Germany, this potential can be even higher. Regarding the information funds provide to investors about their use of CDS, the results of the study suggest that comments on CDS contained in periodic reports are often unspecific and sometimes misleading. Thus, investors might have to analyze portfolio holdings in order to learn about the true investment behavior of funds. For instance, in Germany, funds that use more short than long CDS often state that they only use long CDS for hedging purposes. Based on the results, it seems advisable that regulators in both countries tighten rules restricting the speculative use of derivatives by funds to a reasonable level, as well as implement more standardized disclosure policies.</p> <p><i>Keywords:</i> Mutual funds, leverage, derivative, credit default swaps, disclosure JEL-Classification: G11, G15, G23, G28</p>	494

Gałkiewicz, Dominika Paula	<p>Manager Characteristics and Credit Derivative Use by U.S. Corporate Bond Funds</p> <p>Abstract:</p> <p>This study provides a comprehensive overview of the use of credit default swaps by U.S. corporate bond funds and analyzes in detail whether certain characteristics of managers, in addition to the fundamentals of a fund, determine how they use these credit derivatives. Results suggest that a manager's education, age, experience, and skill are positively correlated with a fund's CDS holdings. In particular, managers holding a master's degree or educated at prestigious universities prefer using CDS. However, funds with older, more experienced managers or those keeping higher assets under their management are more likely to take on credit risk via selling CDS protection. Younger managers or managers that were educated at prestigious universities rather tend to buy CDS protection possibly due to differing concerns about their careers. If considering the Heckman correction for self-selection of funds into CDS use, the aforementioned findings remain stable.</p> <p><i>Keywords:</i> Manager, manager characteristic, mutual fund, derivative use, credit default swap <i>JEL Classification:</i> G23, G28</p>	495
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Miscellaneous

B8 (Adam)		
Name	Topic	Dates
Dominika Gałkiewicz	Dissertation on "Regulation, Leverage and Derivative Use by Mutual Funds"	March 23, 2015

New/Leaving Staff

B8 (Adam)		
Name	Topic	Dates
Dominika Gałkiewicz	Leaves SFB and takes up a professorship at the University of Applied Sciences Kufstein, Austria	April 1

Visitors

A4 (Schmidt)		
Name	Speaker (Institution)	Date
Antonio Rosato	University of Technology Sydney	April 9-14
Ivan Balbuzanov	University of California, Berkeley	April 19 - 23
B7 (Marin)		
Name	Speaker (Institution)	Date
Johannes Boehm	Sciences Po, France, presentation "The Impact of Contract Enforcement Costs on Outsourcing and Aggregate Productivity".	April 13

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