



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. 12

December 2011

Congratulations on the good news to all of you! Have a wonderful Christmas time!



SFB/TR 15 Seminars

Berlin		
Date	Speaker (Institution)	Title
October 24	Peter Esó, Oxford University	"Persuasion and Stubbornness in a Dynamic Trading Game"
October 31	Benny Moldovanu, University of Bonn	"Bayesian and dominant strategy implementation revisited"
November 7	Luis Vasconcelos, University of Essex	"On the trade-off between efficiency in job assignment and turnover: The role of break up fees"
November 21	Fabian Herweg, LMU	"Price Discrimination in Input Markets: Quantity Discounts and Private Information" (joint work with Daniel Müller)
November 28	Jose Ramon Uriarte Ayo, Universidad del Pais Vasco	"Doubts and Equilibria"
Bonn		
Date	Speaker (Institution)	Title
November 8	Giulio Federico, Barcelona GSE	"Abusive incentive contracts: British Airways revisited"
November 22	Uwe Walz, University of Frankfurt	"Going Public - Going Private - The Corpora Governance of VC-Backed Firms"

Munich		
Date	Speaker (Institution)	Title
December 6	Peter Norman Sørensen, University of Copenhagen	"Regulation of Differentiated Stock Exchanges"
December 12	Christian Zehnder, University of Lausanne	"How Do Informal Agreements and Renegotiation Shape Contractual Reference Points?"
December 13	Dorothea Kübler, WZB Berlin	"Implementing quotas in university admissions: An experimental analysis"
December 19	Florian Scheuer, Stanford University	"tba"
December 20	Christian Hellwig, University of Toulouse	"tba"

Conferences Organized by SFB/TR15 Members

A2 (Konrad)		
Name	Topic	Dates
Kai Konrad, Ronnie Schöb, Benny Gey	Unraveling States? Mergers, Secessions and (De)centralisation, Strategic Aspects of Fighting in Alliances Social Science Research Center Berlin, Max Planck Institute of Tax Law and Public Finance and Freie Universität Berlin, Berlin	

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

A2 (Konrad)		
Name	Topic	Dates
Kai A. Konrad	Braucht Europa eine Transferunion?, Universität zu Köln, Germany	November 7
Kai A. Konrad	The Future European Economic Landscape, NHH-Norwegian School of Economics, Norway	November 17
A5 (Schweizer/von Hagen)		
Name	Topic	Dates
Jun Zhou	Conference on Empirical Legal Studies (CELS) 2011, Northwestern University, Deutschland	November 4-5
A8 (Rady)		
Name	Name	Name
Sven Rady, Nicolas Klein, Johannes Hörner	Helsinki Center of Economic Research (HECER), Finland (talk: "Strongly Symmetric Equilibria in Bandit Games")	November 4

B5 (Marin/Schnitzer)		
Name	Name	Name
Dalia Marin	Economics Department at Harvard University, United States	October 1, 2011 - April 1, 2012
C2 (Harhoff/Stahl)		
Name	Name	Name
Dietmar Harhoff	Johannes Kepler University / Linz, Austria (talk: "Deferred Patent Examination")	November 23

New Discussion Papers

A1 (Bester/Strausz)		
Name	Title	Number
Robert C. Schmidt, Roland Strausz	<p>The Timing of Climate Agreements under Multiple Externalities, November 2011</p> <p>Abstract: We study the potential of cooperation in global emission abatements with multiple externalities. Using a two-country model without side-payments, we identify the strategic effects under different timing regimes of cooperation. We obtain a positive complementarity effect of long-term cooperation in abatement on R&D levels that boosts potential benefit of long-term cooperation and a redistributive effect that destabilizes long-term cooperation when countries are asymmetric. We show that whether and what type of cooperation is sustainable, depends crucially on the kind rather than on the magnitude of asymmetries. <i>Keywords:</i> climate treaty; timing of cooperation; multiple externalities; long-term commitment <i>JEL Classification:</i> D62, F53, H23, Q55</p>	366

A8 (Rady)

Name	Title	Number
Martin Peitz, Sven Rady, Piers Trepper	<p data-bbox="517 477 1179 499">Experimentation in Two-Sided Markets, November 2011</p> <p data-bbox="517 528 1179 1070">Abstract: We study optimal experimentation by a monopolistic platform in a two-sided market framework. The platform provider faces uncertainty about the strength of the externality each side is exerting on the other. It maximizes the expected present value of its profit stream in a continuous-time infinite-horizon framework by setting participation fees or quantities on both sides. We show that a price-setting platform provider sets a fee lower than the myopically optimal level on at least one side of the market, and on both sides if the two externalities are of approximately equal strength. If the externality that one side exerts is sufficiently weaker than the externality it experiences, the optimal fee on this side exceeds the myopically optimal level. We obtain analogous results for expected prices when the platform provider chooses quantities. While the optimal policy does not admit closed-form representations in general, we identify special cases in which the undiscounted limit of the model can be solved in closed form.</p> <p data-bbox="517 1077 1179 1128"><i>Keywords:</i> Two-Sided Market, Network Effects, Monopoly Experimentation, Bayesian Learning, Optimal Control</p> <p data-bbox="517 1135 1179 1158"><i>JEL Classification:</i> D42, D83, L12</p>	365

B5 (Marin/Schnitzer)		
Name	Title	Number
Dalia Marin	<p>The Organization of European Multinationals, November 2011</p> <p>Abstract: Recent literature on international trade has established that the most productive firms become multinationals. But our data reveal a startling variation in productivity levels of foreign affiliates across the countries in Eastern Europe of the same European multinational parent firms suggesting that not all multinationals transplant their home productivity advantage to the new EU Member States and Emerging Europe. One candidate for this startling difference in productivity levels among foreign affiliates is the ability of European multinationals to transport their business model abroad. This paper examines the conditions under which European multinationals give autonomy to their subsidiaries and delegate authority to them. We also analyse the conditions under which European multinationals transplant their business model to Eastern Europe. We collect original and unique matched parent and affiliate data on the internal organization of 660 German and Austrian parent firms and 2200 of their subsidiaries in Eastern Europe including the former Soviet Union. We test the hypothesis that the ability of European multinationals to transplant their business model to foreign affiliates is determined by the organization of European multinationals on the one hand and the market environment their affiliate firms face in Eastern Europe on the other hand. We show that the business culture of parent firms accounts for about 50 percent of the variation of the organization of subsidiaries, while the market environment of subsidiaries contributes the rest.</p> <p><i>Keywords:</i> International Trade and Organizations, Multinational firm with internal hierarchies, Empirical test of the theory of the firm, Technology transfer to Eastern Europe, Organizational transfer across countries</p> <p><i>JEL Classification:</i> F, F23, D21, L22, O1</p>	367

Miscellaneous

SFB TR 15		
SFB TR 15	The renewal proposal for the SFB has been approved by the DFG.	
B5 (Marin/Schnitzer)		
Name	Speaker (Institution)	Date
Dalia Marin	Dalia Marin has been appointed as a Panel Member of the European Research Council (ERC)	

SFB/TR 15 Newsletter speaker: Prof. Urs Schweizer. editorial: Pamela Mertens, 53113 Bonn. URL: <http://www.sfbtr15.de>, phone 0228/73-7931, fax 0228/73-6884, e-mail: pmertens@uni-bonn.de, editorial deadline for SFB/TR 15 newsletter No. 1: Wednesday, January 4th, 2012