



**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. 1

January 2012

### SFB/TR 15 Seminars

Berlin		
Date	Speaker (Institution)	Title
December 12	Dino Gerardi , Collegio Carlo Alberto	"The Role of Commitment in Bilateral Trade"
December 19	Jacob Goeree, Universität Zürich	"A Geometric Approach to Mechanism Design (with Alexey Kushnir)"
Bonn		
Date	Speaker (Institution)	Title
December 1	Erik Eyster, London School of Economics	"tba"
December 6	David Frankel, Iowa State University	"Optimal Bailouts"
December 12	Michael Waibel, University of Cambridge	"Are Arbitrators Political?"
December 12	Morton O. Ravn, University College London	"Fiscal Policy in an Expectations Driven Liquidity Trap"
December 22	Iouri Manovskii, University of Pennsylvania	"tba"
January 12	Gianluca Benigno, London School of Economics	"Financial Crisis and Macro-Prudential Policies"
Munich		
Date	Speaker (Institution)	Title
January 9	Rosa Ferrer, University Pompeu Fabra	"Performance Pay, Gender Inequality and Young Lawyers"
January 10	Paul Heidhues, ESMT Berlin	"The Market for Deceptive Products"
January 16	Daniel Müller, University of Bonn	"Price Discrimination in Input Markets: Quantity Discounts and Private Information"
January 17	Marie-Claire Villeval , University of Lyon	"tba"
January 23	Sotiris Georganas, Royal Holloway	"tba"
January 24	Jan Potters, University of Tilburg	"tba"
January 30	Sebastian Kranz, University of Cologne	"tba"
January 31	Carl Christian von Weizsäcker , MPI Bonn	"tba"

## Conferences Organized by SFB/TR15 Members

A2 (Konrad)		
Name	Topic	Dates
Kai A. Konrad, Hans-Theo Normann	Market Design and the Public Sector in Laboratory Experiments, Düsseldorf Institute for Competition Economics (DICE) and Max Planck Institute of Tax Law and Public Finance, Munich	
Kai A. Konrad, Werner Güth	ESI Mini Workshop on Experimental Economics, Max Planck Institute of Economics and Max Planck Institute of Tax Law and Public Finance, Jena	

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

A2 (Konrad)		
Name	Topic	Dates
Kai A. Konrad	Strategic Aspects of Fighting in an Alliance, Technische Universität Berlin, Germany	December 2 - 3, 2011
Changxia Ke	Are Rockets and Feathers Caused by Search or Informational Frictions?, Max Planck Institute of Economics, Germany	December 5 - 6, 2011
Kai A. Konrad	International Tax Competition, University of California, USA	December 8 - 9, 2011
Changxia Ke	Are Rockets and Feathers Caused by Search or Informational Frictions?, The Wang Yanan Institute for Studies in Economics (WISE) and the MOE Key Laboratory in Econometrics at Xiamen University, China	December 14 - 17, 2011
Changxia Ke	Are Rockets and Feathers Caused by Search or Informational Frictions?, Southwestern University of Finance and Economics, China	December 19 - 21, 2011
B5 (Eckel/Schnitzer)		
Name	Topic	Dates
Katrin Peters	Munich-Tübingen International Economics Workshop, ifo-Institute, Munich (talk: "Financial Frictions and the Missing Technology Adoption")	October 21 - 22, 2011
Iris Kesternich	Health Care Policy Health Economics Seminar at the Harvard University, November 21, 2011, Harvard University, Cambridge, USA (talk: "The effects of WWII on economic and health outcomes across Europe")	November 21, 2011
Iris Kesternich	Long-term effects of WWII on economic and health outcomes across Europe, Harvard Center for Population and Development Studies, USA	December 9, 2011

## New Discussion Papers

A5 (Krähmer/Schweizer)		
Name	Title	Number
	<p><b>Endogenous Lysine Strategy Profile and Cartel Duration: An Instrumental Variables Approach</b></p> <p><b>Abstract:</b>            Colluding firms often exchange private information and make transfers within the cartels based on the information. Estimating the impact of such collusive practices — known as the “lysine strategy profile(LSP)” — on cartel duration is difficult because of endogeneity and omitted variable bias. I use firms’ linguistic differences as an instrumental variable for the LSP in 135 cartels discovered by the European Commission since 1980. The incidence of the LSP is not significantly related to cartel duration. After correction for selectivity in the decision to use the LSP, statistical tests are consistent with a theoretic prediction that the LSP increases cartel duration.</p> <p><i>Keywords:</i> the lysine strategy profile, post-agreement information exchange, within-cartel transfers, monitoring, verification and promotion of compliance, cartel duration, endogenous covariates  <i>JEL Classification:</i> D43,K21,K42,L13</p>	369

B4 (Kräkel)		
Name	Title	Number
Petra Nieken, Abdolkarim Sadrieh, Nannan Zhou	<p><b>Overconfidence and Managers' Responsibility Hoarding, December 2011</b></p> <p><b>Abstract:</b> Overconfidence is a well-established behavioral phenomenon that involves an overestimation of own capabilities. We introduce a model, in which managers and agents exert effort in a joint production, after the manager decides on the allocation of the task. A rational manager tends to delegate the critical task to the agent more often than given by the efficient task allocation. In contrast, an overconfident manager is more likely to hoard responsibility, i.e. to delegate the critical task less often than a rational manager. In fact, a manager with a sufficiently high ability and a moderate degree of overconfidence increases the total welfare by hoarding responsibility and exerting more effort than a rational manager. Finally, we derive the conditions under which responsibility hoarding can persist in an organization, showing that the bias survives as long as the overconfidence manager can rationalize the observed output by underestimating the ability of the agent.</p> <p><i>Keywords:</i> organizational behavior, management performance, bounded rationality, behavioral bias <i>JEL Classification:</i> C72, D03, D82, M12, M54</p>	368

## Publications

A7 (Strausz/Wolfstetter)		
Name	Topic	Dates
Cédric Wasser	"Incomplete Information in Rent-seeking Contests", Economic Theory, forthcoming, Peer-reviewed: yes, Kind of outlet: Scientific journals	2012

## Miscellaneous

SFB/TR 15	
SFB/TR 15	This year's first internal SFB/TR 15 conference will be held in Mannheim from April 18-20. Registration deadline is January 31. Please visit our website <a href="http://www.sfbtr15.de">www.sfbtr15.de</a> in order to get more information.

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URL: <http://www.sfbtr15.de>, phone 0228/73-7931, fax 0228/73-6884, e-mail: [pmertens@uni-bonn.de](mailto:pmertens@uni-bonn.de), editorial deadline for SFB/TR 15 newsletter No. 2: Saturday, January 28<sup>th</sup>, 2012