



**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 2011

### SFB/TR 15 Seminars

<b>Bonn</b>		
<b>Date</b>	<b>Speaker (Institution)</b>	<b>Title</b>
April 7	Ron Siegel, Northwestern University	"Head Starts in Contest"
<b>Mannheim</b>		
<b>Date</b>	<b>Speaker (Institution)</b>	<b>Title</b>
February 8	Maria Bigoni, University of Bologna	"Fines, Leniency and Rewards in Antitrust: An Experiment"
February 10	Stefan Penczynski, London School of Economics	"Persuasion and Strategic Thinking"
February 11	Dana Sisak, University of St. Gallen	"Where Ignorance is Bliss, tis Folly to be Wise"
February 15	Gülseren Mutlu, City University of Hong Kong	"Optimal Compensation Schemes in a Repeated Monitoring Relationship"
February 22	Nora Szech, University of Bonn	"Tie-Breaks and Bid-Caps in All-Pay Auctions"
March 1	Howard Smith, Oxford University	"An Empirical Model of Two Stop Shopping "
March 8	Heski Bar-Isaac, NYU	"Heterogeneous Audiences and the Shape of Reputation"
March 15	Francine Lafontaine, University of Michigan	"Organizational Form and Performance: Evidence from the Hotel Industry"
March 22	Jan Brueckner, UC Irvine	"Subprime Mortgages and the Housing Bubble"
March 29	Helmut Bester, FU Berlin	"Investments and the Holdup Problem in a Matching Market"

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

<b>A2 (Konrad)</b>		
<b>Name</b>	<b>Topic</b>	<b>Dates</b>
Kai A. Konrad	Fiscal Federalism: A Guideline for Fiscal Policy?, KU Leuven , Brussels	March 4
<b>A5 (Schweizer/von Hagen)</b>		
<b>Name</b>	<b>Topic</b>	<b>Dates</b>
Klaas Staal (joint work with Marco Fantini)	71st International Atlantic Economic Conference in Athens, Greece (talk: Lisbon and the Coherence of Council Votes)	March 16-19
<b>B4 (Kräkel)</b>		
<b>Name</b>	<b>Topic</b>	<b>Dates</b>
Petra Nieken	Tournaments, Contests, and Relative Performance Evaluation, North Carolina State University, USA (talk: "Corporate Careers in the Shadow of Bankruptcy")	March 12
<b>C5 (Kamecke/Rölller)</b>		
<b>Name</b>	<b>Topic</b>	<b>Dates</b>
Volker Nocke	Mannheim Center for Competition and Innovation Meeting, Mannheim, Germany (talk: "Merger Policy with Merger Choice")	February 18
Volker Nocke	Merger Policy with Merger Choice, University of St. Gallen, Switzerland	March 31
<b>C6 (Peitz/Stahl)</b>		
<b>Name</b>	<b>Topic</b>	<b>Dates</b>
Konrad Stahl	Market Power in Vertically Related Markets, Ecole Polytechnique, France (talk: "Ownership and Control in Vertically Related Industries")	February 3 - 4
Konrad Stahl	Mannheim Center for Competition and Innovation Meeting, Mannheim, Germany (talk: "Ownership and Control in Vertically Related Industries")	February 18

Oleksandr Shcherbakov	Mannheim Center for Competition and Innovation Meeting, Mannheim, Germany (talk: "Dynamic Response to Environmental Regulation in the Electricity Industry")	February 18
Konrad Stahl	WZB Berlin (Germany), Host: Hendrik Röller (C5) and Roland Strausz (A1)	March 9 – 12

## New Discussion Papers

A5 (Schweizer/von Hagen)		
Name	Title	Number
Jun Zhou	<p>Evaluating Leniency and Modeling Cartel Durations: Time-Varying Policy Impacts and Sample Selection</p> <p><i>Abstract:</i></p> <p>The objective of this paper is to investigate the efficacy of the European Commission's leniency in destabilizing and deterring cartels. I discuss a dynamic model of cartel formation and dissolution to illustrate how changes in antitrust policies and market and macroeconomic conditions might affect cartel duration. Comparative statics results are then corroborated with empirical estimates of a hazard function adjusted to account for both the heterogeneity of cartels and the non proportional time dependence suggested by theory. Statistical tests are consistent with the theoretic predictions that following a more efficacious leniency program, the average duration of discovered cartels rises in the short run and falls in the long-run.</p> <p>Keywords: evaluation of antitrust policies, leniency, time-varying policy effects, sample selection bias, appropriateness of proportional hazard assumption</p> <p><i>JEL Classification:</i> D43, K21, K42, L13</p>	353

A7 (Wolfstetter)		
Name	Title	Number
Thomas Giebe (joint with Ludwig Ensthaler (NA))	<p>“How to allocate Research (and other) Subsidies”</p> <p><i>Abstract:</i> A budget-constrained buyer wants to purchase items from a shortlisted set. Items are differentiated by observable quality and sellers have private reserve prices for their items. The buyer's problem is to select a subset of maximal quality. Money does not enter the buyer's objective function, but only his constraints. Sellers quote prices strategically, inducing a knapsack game. We derive the Bayesian optimal mechanism for the buyer's problem. We find that simultaneous take-it-or-leave-it offers are optimal. Hence, somewhat surprisingly, ex-post competition is not required to implement optimality. Finally, we discuss the problem in a detail free setting.</p> <p><i>JEL classification:</i> D21, D44, D45, D82</p>	351
Thomas Giebe (joint with Paul Schweinzer (NA))	<p>“The efficient provision of public goods through non-distortionary tax contests”</p> <p><i>Abstract:</i> We use a simple balanced budget contest to collect taxes on a private good in order to finance a pure public good. We show that - with an appropriately chosen structure of winning probabilities - this contest can provide the public good efficiently and without distorting private consumption. We provide extensions to multiple public goods and private taxation sources, asymmetric preferences, and show the mechanism's robustness across these settings.</p> <p><i>JEL classification:</i> C7, D7</p>	352

**New/Leaving Staff**

<b>A4 (Rady/Schmidt)</b>		
<b>Name</b>	<b>Topic</b>	<b>Dates</b>
Florian Englmaier	has left project A4 to take up a professorship at the University of Konstanz.	January 1
<b>A7 (Wolfstetter)</b>		
<b>Name</b>	<b>Topic</b>	<b>Dates</b>
Thomas Giebe	has left project A7 to take up a guest professorship at Humboldt University for the summer semester.	March 31

**Publications**

<b>A5 (Schweizer/von Hagen)</b>		
<b>Name</b>	<b>Topic</b>	<b>Dates</b>
Klaas Staal (joint with Johannes Münster (A1))	How organizational structure can reduce rent-seeking, Public Choice.	forthcoming

**Miscellaneous**

<b>A4 (Rady/Schmidt)</b>		
<b>Name</b>		<b>Date</b>
Florian Englmaier, Georg Gebhardt, Klaus M. Schmidt	Workshop „Natural Experiments and Controlled Field Studies, Holzhausen (Ammersee). For more information, please visit: <a href="http://www.orgecon.vwl.uni-muenchen.de/workshops/natural_experiments/index.html">http://www.orgecon.vwl.uni-muenchen.de/workshops/natural_experiments/index.html</a>	June 17-June 19

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