



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. 5

Mai 2010

SFB/TR 15 Seminars

Berlin		
Date	Speaker (Institution)	Title
April 19	Tymon Tatur , Bonn University	"Evolution with Endogenous Experimentation Rates"
April 26	Eugen Kovac, Bonn University	"tba"
April 26	Igor Sloev, HU Berlin,	"Equilibrium Structure in Vertical Separation Games"
May 3	Martin Cripps, University College London	"Common Learning and Time Dependence (joint with Jeff Ely, George Mailath and Larry Samuelson)"
May 10	Kjell Nyborg, University of Zurich	"Bank bailout menus"
May 17	Jose Moraga Gonzales , University of Groningen	"tba"
May 31	Mark Armstrong , University College London	"tba"
Mannheim		
Date	Speaker (Institution)	Title
May 4	Hendrik Hakenes, IFM, Leibniz Universität Hannover	"The Birth and Burst of Asset Price Bubbles"
May 11	Frederic Koessler, Paris School of Economics	"When does strategic information disclosure lead to perfect consumer information?"
May 18	Otto Toivanen, Helsinki School of Economics	"Cartels Uncovered"
Munich		
Date	Speaker (Institution)	Title
May 3	Hans-Theo Norman, University of Frankfurt	"Signaling in Deterministic and Stochastic Settings"
May 4	Axel Ockenfels, University of Cologne	"Similarity and Social Preferences: A Procedural Priming Study"
May 11	David Levine, Washington University	"Randomly Lived Impulsive Selves"
May 17	Mark LeQuément, University of Bonn	"optimal persuasion and rhetorical moderation"
May 18	Roberta Dessi, Toulouse Sciences Economiques,	"tba"
May 31	Andras Niedermeyer, University of Mannheim	"Fee Setting Intermediaries: On Real Estate Agents, Stock Brokers, and Auction Houses"

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

A2 (Konrad)		
Name	Topic	Dates
Florian Morath	UC Irvine (USA)	April 15 - May 15
A4 (Rady/Schmidt)		
Name	Topic	Dates
Florian Englmaier	Moral Hazard, One-Sided Commitment, and Endogenous Outside Options, University of Frankfurt, Germany	May 12
Joachim Winter	Differences in subjective well-being across people and over time, Gallup European Summit, Brussels, Belgium	May 18
Joachim Winter	Regulation of private health insurance markets: Lessons from enrollment, plan type choice, and adverse selection in Medicare Part D, Universität Gießen , Germany	May 19
Joachim Winter	Brown University (USA), Host: Stefan Hoderlein	May 28 - June 1
A5 (Schweizer/von Hagen)		
Name	Topic	Dates
Urs Schweizer	"Damages for breach of duty in corporate disclosure", talk, Université de Lausanne, Switzerland	April 29
A7 (Wolfstetter)		
Name	Topic	Dates
Cédric Wasser	"Rent-seeking Contests under Symmetric and Asymmetric Information", University of Cologne, Germany	May 10
A8 (Heidhues/Rady)		
Name	Topic	Dates
Sven Rady (joint work with Paul Heidhues and Philipp Strack, Bonn)	"Strategic Experimentation with Private Payoffs" Yale University, USA	April 1
B3 (Hellwig)		
Name	Topic	Dates

Jos Jansen	6th ACLE Competition & Regulation Meeting "Information, Communication and Competition", University of Amsterdam, Netherlands (talk: "Too Much Information Sharing? Welfare Effects of Disclosing Acquired Cost Information (with Juan José Ganuza) ")	April 22
B4 (Kräkel)		
Name	Topic	Dates
Matthias Kräkel	Goethe Universität Frankfurt (talk: "Shutdown Contests in Multi-Plant Firms and Governmental Intervention")	April 21
Matthias Kräkel	Sitzung des Ausschusses für Unternehmenstheorie und -politik im Verein für Socialpolitik (talk: "Competitive Careers as a Way to Mediocracy")	April 23
C2 (Harhoff/Stahl)		
Name	Topic	Dates
Carolin Häussler	Georgia Institute of Technology (Atlanta/USA),	March 8 - 12
Elisabeth Müller	Boston University (USA), Host: Iain Cockburn and Megan MacGarvie , Topic: Research stay at Boston University to work together with Iain Cockburn and Megan MacGarvie	April 11 - June 11
Dietmar Harhoff	Separating Patent Wheat from Chaff: Would the U.S. Benefit from Adopting a Patent Post-Grant Review?, Law and Economics Lunch Seminar at Stanford Law School, USA	April 29
Carolin Häussler	Information-Sharing in Academia and the Industry: A Comparative Study, Knowledge in Organizations Conference , Ascona, Switzerland	May 30 - June 3
C6 (Peitz/Stahl)		
Name	Topic	Dates
Konrad Stahl	Recanati School of Business, Tel Aviv University, Israel (talk: "Trust and Investment: An Empirical Assessment")	March 3
Konrad Stahl	Berglas School of Economics, Tel Aviv University, Israel (talk: "Certification as an Inspection versus a Signalling Device")	March 14
Konrad Stahl	CORE, Universite Catholique de Louvain, Belgium (talk: "Ownership and Control in Differentiated Product Markets")	March 15 - May 15
Andras Niedermayer	Career Concerns and Career Choice, University of Melbourne, Australia	April 23 - January 23
Andras Niedermayer	Fee Setting Intermediaries: On Real Estate Agents, Stock Brokers, and Auction Houses, University of New South Wales, Sydney, Australia	May 8
Andras Niedermayer	International Industrial Organization Conference, University of British Columbia, Vancouver, Canada (talk: "Intermediation, Search and Double Auctions")	May 15

Konrad Stahl	Humboldt University Berlin (Germany), Host: Hendrik Röller, Topic: Cash Flow Rights and Control in Vertically Related Industries	May 16 - 19
Andras Niedermayer	International Industrial Organization Conference, University of British Columbia, Vancouver, Canada (talk: "Career Concerns and Career Choice")	May 16
Konrad Stahl	University Tor Vergata, Rome (Italy), Host: Giancarlo Spagnolo, Topic: Reputation Building in eBay Trades	May 22 - 26

C8 (Falk/Heidhues)

Name	Topic	Dates
Paul Heidhues	University of Arizona, USA (talk: "Short Course: Behavioral Industrial Organization")	February 10 - 11
Paul Heidhues	Regular Prices and Sales, UC Berkely, USA	March 2
Paul Heidhues	Regular Prices and Sales, ITAM, Mexico	March 19
Paul Heidhues	Regular Prices and Sales, UC San Diego, USA	March 31
Paul Heidhues	Regular Prices and Sales, UT Texas (Murray S. Johnson Conference), USA	April 17

Internal Research Visits by SFB/TR 15 Members

A1 (Konrad)

Name	Topic	Dates
Johannes Münster	visited project: A2	March 16 - 19

New Discussion Papers

A1 (Bester/Strausz)

Name	Title	Number
Dongsoo Shin, Roland Strausz	<p>Hierarchical Structures and Dynamic Incentives</p> <p><i>Abstract:</i> We study the optimal hierarchical structure of an organization under limited commitment. The organization cannot make a long term commitment to wages and output levels, while it can commit to its hierarchical structure. We show that the optimal hierarchical structure is horizontal when it is highly likely that the employees are efficient or inefficient.</p> <p>By contrast, when such likelihood is intermediate or output does not expand very fast over time, the optimal hierarchical structure is vertical - with a vertical hierarchy, the organization can mitigate dynamic incentive problems linked to limited commitment.</p> <p>JEL Classification: D82, D86</p>	318

A2 (Konrad)

Name	Title	Number
Florian Morath (joint with Johannes Münster (A1))	<p data-bbox="520 414 884 443">Information acquisition in conflicts</p> <p data-bbox="520 472 1168 880"><i>Abstract:</i> This paper considers incentives for information acquisition ahead of conflicts. First, we characterize the (unique) equilibrium of the all-pay auction between two players with one-sided asymmetric information where one player has private information about his valuation. Then, we use our results to study information acquisition prior to an all-pay auction. If the decision to acquire information is observable, but not the information received, one-sided asymmetric information can occur endogenously in equilibrium. Moreover, the cut-off values of the cost of information that determine equilibrium information acquisition are higher than in the first best. Thus, information acquisition is excessive. In contrast, with open or covert information acquisition, the equilibrium cut-off values are as in the first best.</p> <p data-bbox="520 887 938 909">JEL classification: D72; D74; D82; D83</p>	314

B5 (Marin/Schnitzer)

Name	Title	Number
Thorsten Hansen	<p data-bbox="520 1057 1158 1115">Innovation and the International Firm Structure: Theory and Evidence from German Firm-Level Data</p> <p data-bbox="520 1144 1161 1473"><i>Abstract:</i> This paper studies the impact of innovation on the organizational structure. The theoretical framework predicts that a larger parental pool of knowledge raises the probability of offshoring. This holds in a national as well as an international context. However, when the producer loses territorial protection, the changeover from non-integration to integration is delayed. Employing data on German firms investing in Eastern Europe finds empirical evidence for the theoretical predictions. The results are robust to different measurements and an instrumental variable regression.</p> <p data-bbox="520 1447 1094 1469">JEL classification: D23; D51; F23; L14; L21; L22; L23</p>	315

Thorsten Hansen	<p>Tariff Rates, Offshoring and Productivity: Evidence from German and Austrian Firm-Level Data</p> <p><i>Abstract:</i> This paper studies the impact of trade liberalization in terms of tariff cuts within the Eastern European enlargement on German and Austrian firm productivity. Unique matching of data from 1994 to 2003 suggests that tariff reductions raise parent firm productivity significantly. A ten percentage point decrease in tariff rates can lead to total factor productivity gains of up to 2 percent. The data allow distinction between three types of tariffs: output, intra-firm and input tariff rates. The size of the results strongly depends on the type of tariff and country analyzed. JEL classification: F12; F13; F23; L22; L23; O14</p>	316
Thorsten Hansen	<p>Exports and Productivity: An Empirical Analysis of German and Austrian Firm-Level Performance</p> <p><i>Abstract:</i> This paper studies the relationship between export activities and firm-level productivity. Unique matching of German and Austrian micro data from 1994 to 2003 suggests that exporters are more productive by around 40 percent compared with non-exporters. Moreover, beside other analysis techniques, instrumental variable estimations suggest that exporting causes a rise in firm-level productivity. That is, the annual average growth rate of an exporting firm's productivity is between about 1 and 1.5 percent higher than that of non-exporters. It allows the conclusion that, against other findings of existing studies, both directions hold: more productive firms self-select themselves into export markets and being active in foreign markets boosts firm-level productivity. JEL classification: D24; F13; F23; L22; L23; O47</p>	317

B6 (Maug)

Name	Title	Number
Christoph Schneider (joint with Oliver Spalt (NA))	<p>Acquisitions as Lotteries</p> <p><i>Abstract:</i> This paper analyzes takeover announcements for public US targets from 1986 to 2008. Consistent with the hypothesis that gambling attitudes matter for takeover decisions, we find that the offer price premium is higher in acquisitions where the target's stock has characteristics similar to those of lottery tickets (high skewness, high volatility, and low price). We also find that in these lottery acquisitions both acquiror announcement returns and expected synergies from the deal are lower, while target returns are higher. The patterns we document are stronger in companies where managers are more entrenched, where the disciplining force of product market competition is lower, where recent acquiror performance has been poor, during economic downturns, and for acquirors headquartered in areas in which local gambling propensity is higher. Overall, our results suggest that corporate acquisitions are influenced by gambling attitudes.</p> <p>JEL classification: G34, G14, G39</p>	

C6 (Peitz/Stahl)

Name	Title	Number
Heiko Karle, Martin Peitz	<p>Pricing and Information Disclosure in Markets with Loss-Averse Consumers</p> <p><i>Abstract:</i></p> <p><i>Abstract:</i> We develop a theory of imperfect competition with loss-averse consumers. All consumers are fully informed about match value and price at the time they make their purchasing decision. However, a share of consumers are initially uncertain about their tastes and form a reference point consisting of an expected match value and an expected price distribution, while other consumers are perfectly informed all the time. We derive pricing implications in duopoly with asymmetric firms. In particular, we show that a market may exhibit more price variation the larger the share of uninformed, loss-averse consumers. We also derive implications for firm strategy and public policy concerning firms' incentives to inform consumers about their match value prior to forming their reference point.</p> <p>JEL Classification: D83, L13, L41, M37</p>	312

Jeanne Hagenbach	Centralizing Information in Networks	313
	<p><i>Abstract:</i> In the dynamic game we analyze, players are the members of a fixed network. Everyone is initially endowed with an information item that he is the only player to hold. Players are offered a finite number of periods to centralize the initially dispersed items in the hands of any one member of the network. In every period, each agent strategically chooses whether or not to transmit the items he holds to his neighbors in the network. The sooner all the items are gathered by any individual, the better it is for the group of players as a whole. Besides, the agent who first centralizes all the items is offered an additional reward that he keeps for himself. In this framework where information transmission is strategic and physically restricted, we provide a necessary and sufficient condition for a group to pool information items in every equilibrium. This condition is independent of the network structure. The architecture of links however affects the time needed before items are centralized in equilibrium. JEL Classification: D83, C72, L22</p>	

Publications

A4 (Rady/Schmidt)		
Name	Topic	Dates
Florian Englmaier (joint with Ales Filipi (NA), Ravi Singh (NA))	"Incentives, Reputation and the Allocation of Authority", Journal of Economic Behavior and Organization, Scientific journals	forthcoming
Joachim Winter (joint with Nicolas Sauter (NA))	"Do investors respond to tax reform? Evidence from a natural experiment in Germany", Economics Letters, Scientific journals	forthcoming

New/Leaving Staff

A4 (Rady/Schmidt)		
Name	Topic	Dates
Christina Strassmair	leaves project A4 and starts a job outside academia.	May 1

Visitors

A2 (Konrad)		
Name	Speaker (Institution)	Date
Bruno S. Frey	University of Zurich (Switzerland)	April 19 - 24
Carl Christian von Weizsaecker	Max Planck Institute for Research on Collective Goods (Germany)	April 20 - 21

Miscellaneous

A1 (Bester/Strausz)		
Name	Topic	Date
Helmut Bester, Claudia Salim, Johannes Muenster	11th internal conference of the SFB/TR 15 "Industrial Organisation and Market Governance" Berlin, May 19 - 21, 2010 For more information please visit our website: http://www.sfbtr15.de/	May 19 – 21
C6 (Peitz/Stahl)		
Name	Topic	Date
Johannes Koenen	This year's joint summer school of the Collaborative Research Center SFB/TR 15 Governance and the Efficiency of Economic Systems and the Graduate School of Economic and Social Sciences, University of Mannheim, will take place at the idyllic Bronnbach Monastery and will be taught by Professors Uri Gneezy (UC San Diego) and Eyal Winter (Hebrew University of Jerusalem), two leading researchers in their fields. Fore more information please click on the following website: http://cdse.uni-mannheim.de/2010summer	August 13 – 21
	Dear SFB TR15 members, it is with great pleasure to announce that the 500th article written by a SFB member has been registered on the SFB website. Congratulation on that! For detailed information regarding the publications, please have a look at the SFB TR15 website. http://www.sfbtr15.de/60.html	

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