GESY Newsletter

Governance and The Efficiency of Economic Systems

Newsletter No. 9   September 2010

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

A1 (Bester/Strausz)

Name	Topic	Dates
Johannes Münster	NUS, Singapore (talk: "Information acquisition in conflicts")	August 15
Johannes Münster	Econometric Society World Congress, Shanghai Jiao Tong University/Shanghai, China (talk: "Information Sharing in Contests")	August 17 - 21
Dirk Hofmann	Econometric Society World Congress, Shanghai Jiao Tong University/Shanghai, China (talk: "Bilateral Search with Horizontal Heterogeneity")	August 17 - 21
Helmut Bester	Econometric Society World Congress, Shanghai Jiao Tong University/Shanghai, China (talk: "Investments and the Hold-Up Problem in a Matching Market")	August 17 - 21
Dirk Hofmann	Annual Congress of the European Economic Association, University of Glasgow, Great Britain (talk: "Bilateral Search with Horizontal Heterogeneity")	August 23 - 26

A2 (Konrad)

Name	Topic	Dates
Kai A. Konrad	"Love and Taxes - and Matching Institutions", Max Planck Institute of Economics, Germany	August 11 - 12

C8 (Falk/Heidhues)

Name	Topic	Dates
Hannah Schildberg-Hörisch	Econometric Society World Congress, Shanghai Jiao Tong University/Shanghai, China (talk: "An experimental test of the deterrence hypothesis")	August 17 - 21
Sebastian Kranz	Yale University, USA, Host: Larry Samuelson, Topic: "Infinitely Repeated Games with Public Monitoring and Monetary Transfers" (with Susanne Goldluecke)	September 8

New Discussion Papers

A8 (Heidhues/Rady)		
Name	**Title**	**Number**
Nicolas Klein	Strategic Learning in Teams *Abstract*: This paper analyzes a two‑player game of strategic experimentation with three‑armed exponential bandits in continuous time. Players face replica bandits, with one arm that is safe in that it generates a known payoff, whereas the likelihood of the risky arms' yielding a positive payoff is initially unknown. It is common knowledge that the types of the two risky arms are perfectly negatively correlated. I show that the efficient policy is incentive-compatible if, and only if, the stakes are high enough. Moreover, learning will be complete in any Markov perfect equilibrium with continuous value functions if, and only if, the stakes exceed a certain threshold. Keywords: Strategic Experimentation, Three‑Armed Bandit, Exponential Distribution, Poisson Process, Bayesian Learning, Markov Perfect Equilibrium. JEL Classification Numbers: C73, D83, O32	333

New/Leaving Staff

C8 (Falk/Heidhues)		
Name	**Topic**	**Dates**
Sebastian Kranz	takes temporary leave from the SFB	September 1, 2010 - June 30, 2011

Publications

B5 (Marin/Schnitzer)		
Name	**Topic**	**Dates**
Iris Kesternich and Monika Schnitzer	"Who is Afraid of Political Risk: Multinational Firms and their Choice of Capital Structure": Journal of International Economics	forthcoming