



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

May 2015

SFB/TR 15 Seminars

Munich		
Date	Speaker (Institution)	Title
May 11	Alessandro Ispano (CREST Paris)	"Information Acquisition and the Value of Bad News".
May 5	Jean-Charles Rochet (Zurich)	"Bank Capital and Aggregate Credit"
May 12	Richard Holden (Sydney)	"Movers and Shakers"
Berlin		
Date	Speaker (Institution)	Title
April 13	Günter Strobl (Frankfurt School of Finance & Management)	Credit Ratings: Strategic Issuer Disclosure and Optimal Screening
April 20	Alexander Guembel (Toulouse School of Economics)	A Welfare Analysis of Fragmented Liquidity Markets
April 27	Dion Bongaerts (Rotterdam School of Management)	Private information about reputation
May 4	Thierry Focault (HEC Paris)	Corporate Strategy, Conformism, and the Stock Market
May 11	Stefan Ambec (Toulouse)	Welfare Division in the Commons
May 18	Achim Wambach (Uni Köln)	Procurement under public scrutiny: auctions versus negotiations
Bonn		
Date	Speaker (Institution)	Title
May 5	Stefan Voigt (Universität Hamburg)	The Economics of Emergency Constitutions
May 6	Jingfeng Lu (National University of Singapore)	Optimal Contest Design with Incomplete Information
May 6	George Mailath (University of Pennsylvania)	The Curse of Long Horizons
May 8	Tobias Klein (Tilburg University)	tba
May 13	Philipp Kircher (University of Edinburgh)	Efficient Competition through Cheap Talk: The Case of Competing Auctions
May 15	Jens Grosser (Florida State University)	tba
May 20	Paul Heidhues (ESMT Berlin)	tba
May 21	Andrew Schotter (New York University)	tba
May 22	Fabian Herweg (Universität Bayreuth)	tba

Mannheim		
Date	Speaker (Institution)	Title
April 14	Jose-Luis Moraga-Gonzalez (VU University Amsterdam)	Prices, Product Differentiation, and Heterogeneous Search Costs
April 21	Catherine Thomas (London School of Economics)	Information Frictions and Observable Experience
April 28	Katherine Emily Ho (Columbia University)	Insurer Competition in Health Care Markets
May 5	Miklós Koren (Central European University)	Bridges

Conferences Organized by SFB/TR15 Members

A4 (Schmidt)		
Name	Topic	Dates
Florian Englmaier	The Review of Economic Studies May Meetings – ReStud Tour 2015 , Munich	May 18-19
A7 (Strausz/Wolfstetter)		
Name	Topic	Dates
Roland Strausz	4th Berlin IO Day	March 13

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

A4 (Schmidt)		
Name	Topic	Dates
Joachim Winter	"Plan switching and inertia in Medicare Part D: Evidence from administrative data", Universität Zürich	February 17
Joachim Winter	"Plan switching and inertia in Medicare Part D: Evidence from administrative data", Universität Würzburg	April 14
Joachim Winter	"Can Survey Participation Alter Household Saving Behavior?", Ausschuss für Ökonometrie, Verein für Sozialpolitik, Rauschholzhausen	February 27
Joachim Winter	"Can Survey Participation Alter Household Saving Behavior?", Gesis, Mannheim	March 12
Joachim Winter	Schaeffer Center for Health Policy and Economics, University of Southern California, Los Angeles, CA	March 3-11
Joachim Winter	Interdisciplinary Center for Social Science, George Mason University, Arlington, VA	March 25 – April 1
Marco Schwarz (joint with Florian Englmaier and Matthias Fahn)	"Long-Term Employment Relations When Agents are Present-Biased", Colloquium on Personnel Economics (Vienna)	March 26

A7 (Strausz/Wolfstetter)		
Name	Topic	Dates
Martin Pollrich	Mediated Audits, Conference on Auctions, Competition, Regulation, and Public Policy, Lancaster	May 28
Elmar Wolfstetter	Research Visit, Korea University, Seoul	February 1-23
Elmar Wolfstetter	Research Visit, Korea University, Seoul	March 23 - April 6
Elmar Wolfstetter	Research Visit, University of Exeter	April 12-17
Elmar Wolfstetter	Licensing Innovations: The Case of the Inside Patent Holder, Korea University, Seoul	February 12
Elmar Wolfstetter	Optimal Bid Disclosure in License Auctions with Downstream Interaction, Workshop on Industrial Organization and Competition Policy, Beijing	March 21
Roland Strausz	Optimal Sales Contracts with Withdrawal Rights, Annual Meeting of the Committee for Industrial Economics	February 25-27
Roland Strausz	Ineffective feed-in subsidies and consumer taxation, Final Symposium of the CREW Project, Climate Policy in a reluctant World – Options for Unilateral Action and stronger Cooperation	March 23-24
Elmar Wolfstetter	Optimal Bid Disclosure in License Auctions, Seminar, University of Essex	April 15
A9 (Corneo)		
Name	Topic	Dates
Giacomo Corneo	Democratic Redistribution and Rule of the Majority, Umea School of Business and Economics (Sweden)	May 12
B5 (Eckel/Schnitzer)		
Name	Topic	Dates
Markus Nagler	"Weak Markets, Strong Teachers: Recession at Career Start and Teacher Effectiveness" (with Marc Piopiunik and Martin R. West) at the PEPG Colloquia Series at Harvard University	February 24
B8 (Adam)		
Name	Topic	Dates
Tim Adam	Corporate Finance Conference, Edinburgh	May 22
Tim Adam	FIRS Conference, Reykjavik.	May 25
C6 (Peitz/Stahl)		
Name	Topic	Dates
Konrad Stahl	University of Mannheim, organization of and participation in a workshop on "Legal Cartels"	March 12-13, 2014
Konrad Stahl	Research in Zurich, cooperation with Armin Schmutzler	March 16-20, 2014
Konrad Stahl	Université Libre de Bruxelles, cooperation with Patrick Legros and Matthias Hunold (Chief Economist's Team, DG Comp.) and CORE, Université Catholique de Louvain, talk on "Trust, Innovation and Competition"	March 30 – April 2, 2014

Konrad Stahl	Université I de Toulouse, participation in E-Commerce Conference, talk on "Market Transparency, Moral Hazard, and Adverse Selection"	April 3 – 4, 2014
Konrad Stahl	University of Vienna, cooperation with Philipp Schmidt-Dengler (University of Mannheim) and Christine Zulehner (University of Linz) on "Legal Cartels in Austria"	May 10 – 13, 2014
Konrad Stahl	Participation in CEPR Workshop in Industrial Organization, Athens, talk on "Market Transparency, Moral Hazard and Adverse Selection"	May 22 – 24, 2014
Konrad Stahl	Participation in MaCCI Summer Symposium on Competition Policy", cooperation with David Genesove (Hebrew University) and Michael Riordan (Columbia University)	June 23 – 27, 2014
Konrad Stahl	Participation in ESSET, Gerzensee, cooperation with Leonardo Felli (LSE) and Armin Schmutzler (University of Zurich)	June 30 – July 11, 2014
Konrad Stahl	University of Zurich, cooperation with Armin Schmutzler (University of Zurich)	August 25 – 27, 2014
Konrad Stahl	Breughel, Brussels and Catholic University Leuven, co-organization of and participation in a workshop on "Legal Cartels", talk on "Legal Cartels in Austria"	September 10 – 11, 2014
Konrad Stahl	Participation in ACE Conference Mannheim, chairing and discussing in a panel on "Effects-based analysis of exclusionary pricing practices – back to square one?"	December 5 – 6, 2014
Konrad Stahl	Universities of Florence and Siena, talks on "Strategic Backward Integration" and "Market Transparency, Moral Hazard and Adverse Selection"	December 9 – 11, 2014
Konrad Stahl	KIT Karlsruhe, talk on "Trust, Innovation and Competition"	January 8
Konrad Stahl	Annual Meeting of the Committee on Industrial Economics, Verein für Socialpolitik, Berlin, talk on "Trust, Innovation and Competition"	February 26 – 27
Konrad Stahl	Tel Aviv and Hebrew Universities, cooperation with Yossi Spiegel (Tel Aviv University), David Genesove and Shaul Lach (Hebrew University), talks on "Trust, Innovation and Competition"	March 2 – 14
Konrad Stahl	Columbia University, New York University, Northwestern University, University of Chicago, two talks on "Trust, Innovation and Competition", cooperation with Michael Riordan (Columbia University), Ali Hortascu and Chad Syverson (University of Chicago)	March 21 – April 2
Konrad Stahl	University of Constance, talk on "Trust, Innovation and Competition"	April 14 – 15
Konrad Stahl	Research at EIEF Rome, cooperation with Giacomo Calzolari (University of Bologna), Leonardo Felli (LSE) and Giancarlo Spagnolo University Tor Vergata)	May 3 - 7

New Discussion Papers

C2 (Harhoff)		
Name	Title	Number
Dietmar Harhoff, Sebastian Stoll	<p>Exploring the Opacity of the Patent System - Evidence from a Natural Experiment</p> <p>Abstract: One of the objectives of patent systems is to disclose information which other agents can build on in further inventions and in their decision-making. While some observers take it as given that real-world patent systems serve this objective, we argue in this article that patent systems are highly opaque and likely to be of limited value as a source of information. We use data from a natural experiment to explore this issue. Requests for accelerated examination used to be publicly observable at the European Patent Office (EPO). Starting in December 2001, the EPO started to treat these requests as confidential information. Using data on acceleration requests which were historically known only to the applicant and the EPO, and later provided to us, we test whether the change in the information regime impacted the actions of applicants and their rivals. We develop a theoretical model of acceleration requests and patent opposition to identify the extent to which the patent system is opaque. We confirm empirically that opposition and acceleration rates of high-value patents change significantly in most technological areas once acceleration requests become unobservable. We interpret these results as evidence that the system is highly opaque in many fields.</p> <p><i>JEL Classification:</i> K40, L00 <i>Keywords:</i> patent value; opacity; accelerated examination; patent opposition; European Patent Office (EPO)</p>	496

C6 (Peitz, Stahl)		
Name	Title	Number
Oleksandr Shcherbakov, Naoki Wakamori	<p>A simple way to identify the degree of collusion under proportional reduction</p> <p>Abstract: Proportional reduction is a common cartel practice, in which cartel members reduce their output by the same percentage. We develop a simple method to quantify this reduction relative to a benchmark market equilibrium scenario. Our measure is continuous, has a simple interpretation as the "degree of collusion" and nests the earlier models in the existing literature. More importantly, by exploiting firms ex post heterogeneity and optimality conditions, Corts (1999) critique can be addressed by estimating time-varying degree of industry monopolization from a short panel of firm-level observations. We illustrate the method in Monte-Carlo simulations and in application to the data from the Joint Executive Committee railroad cartel.</p> <p><i>JEL Classification:</i> D22, L41, C36 <i>Keywords:</i> Cartel, Proportional Reduction, Degree of collusion</p>	497

C8 (Falk)

Name	Title	Number
Thomas Deckers, Armin Falk, Fabian Kosse, Hannah Schildberg- Hörisch	<p data-bbox="405 356 1139 383">How Does Socio-Economic Status Shape a Child's Personality?</p> <p data-bbox="405 409 517 436">Abstract:</p> <p data-bbox="405 439 1291 846">We show that socio-economic status (SES) is a powerful predictor of many facets of a child's personality. The facets of personality we investigate encompass time preferences, risk preferences, and altruism, as well as crystallized and fluid IQ. We measure a family's SES by the mother's and father's average years of education and household income. Our results show that children from families with higher SES are more patient, tend to be more altruistic and less likely to be risk seeking, and score higher on IQ tests. We also discuss potential pathways through which SES could affect the formation of a child's personality by documenting that many dimensions of a child's environment differ systematically by SES: parenting style, quantity and quality of time parents spend with their children, the mother's IQ and economic preferences, a child's initial conditions at birth, and family structure. Finally, we use panel data to show that the relationship between SES and personality is fairly stable over time at age 7 to 10. Personality profiles that vary systematically with SES might offer an explanation for social immobility.</p> <p data-bbox="405 873 1291 958"><i>Keywords:</i> personality, human capital, risk preferences, time preferences, altruism, experiments with children, origins of preferences, social immobility, socio-economic status.</p> <p data-bbox="405 960 995 987"><i>JEL Classification:</i> C90, D64, D90, D81, J13, J24, J62.</p>	498

C9 (von Thadden)

Name	Topic	Number
Naoki Wakamori	<p data-bbox="405 1227 1155 1283">Portfolio Considerations in Differentiated Product Purchases: An Application to the Japanese Automobile Market</p> <p data-bbox="405 1310 517 1337">Abstract:</p> <p data-bbox="405 1339 1291 1637">Consumers often purchase more than one differentiated product, assembling a portfolio, which might potentially affect substitution patterns of demand and, as a consequence, oligopolistic firms' pricing strategies. To study such consumers' portfolio considerations, this paper develops and estimates a structural model that allows for flexible complementarities/substitutabilities, using Japanese household-level data on automobile purchases. My estimates suggest that complementarities arise when households purchase a combination of one small automobile and one minivan as their portfolio. Simulation results suggest that, due to such portfolio considerations, a policy proposal of repealing the current tax subsidies for small eco-friendly automobiles would not necessarily sharply decrease the demand.</p> <p data-bbox="405 1664 1259 1691"><i>Keywords:</i> Multiple Discrete Choices, Complementarities, Environmental Policy</p> <p data-bbox="405 1693 828 1720"><i>JEL Classification:</i> D43, L13, L62, Q58</p>	499

Publications

A4 (Schmidt)		
Name	Topic	Dates
Melanie Lührmann, Marta Serra-Garcia, Joachim Winter	"Teaching teenagers in finance: Does it work?" Journal of Banking and Finance, 54, 160-174.	2015
A7 (Strausz/Wolfstetter)		
Name	Topic	Dates
Elmar Wolfstetter (joint with Jun, Byoung Heon)	Auctions with imperfect commitment when the reserve may signal the cost to re-auction, <i>International Journal of Industrial Organization</i> , 40:11-21 http://dx.doi.org/10.1016/j.ijindorg.2015.02.007	2015
Roland Strausz (joint with Daniel Krähmer)	Ex post information rents in sequential screening, <i>Games and Economic Behavior</i> , 90:257-273 http://dx.doi.org/10.1016/j.geb.2015.03.003	2015

New/Leaving Staff

A9 (Corneo)		
Name		Dates
Frank Neher	Leaves SFB	
Guido Neidhöfer	Replaces Frank Neher taking over his tasks. Guido.neidhoefer@fu-berlin.de ; Phone: 030 838 60513	

Visitors

A4 (Schmidt)		
Name	Speaker (Institution)	Date
Alessandro Ispano	CREST, Paris	May 10-14

SFB/TR 15 speaker: Prof. Dr. Klaus M. Schmidt. Editorial: Tamilla Benkelberg, Ludwigstr. 28 RG, 80539 München. URL: <http://www.sfbtr15.de>, phone 089/2180-3405, fax 089/2180-3510, e-mail: sfb-tr15@vwl.lmu.de,