



ALFRED-WEBER-INSTITUT FÜR WIRTSCHAFTSWISSENSCHAFTEN
BERGHEIMER STR. 58, 69115 HEIDELBERG, TEL. 06221/54-2941, FAX: 06221/54-3592
REDAKTION: FREYA SCHADT, EMAIL: NEWSLETTER@AWI.UNI-HEIDELBERG.DE

AWI This Week

Monday, 31. 5. 10

Departmental Seminar

17.15-18.45

Albrecht Ritschl, LSE

AWI 00.010

"Real Origins of the Great Depression: Monopoly Power, Unions and the American Business Cycle in the Interwar Period"

Wednesday, 2. 6. 10

Internal Seminar

17.15-18.45

Jürgen Eichberger

AWI 00.010

"Neo-additive Capacities and Updating"

Departmental Seminar

Albrecht Ritschl

"Real Origins of the Great Depression: Monopoly Power, Unions and the American Business Cycle in the Interwar Period"*

Most treatments of the Great Depression have focused on its onset and its aftermath. In contrast, we look at a broader timespan, including the 1919-21 recession and the roaring 1920s boom, as well as the onset of the Great Depression until 1931, and attempt to explain these phenomena in a unified framework. The model combines monopolistic product market competition with search frictions and bargaining in the labor market, allowing for both individual and collective wage bargaining. We attribute the extraordinary macroeconomic and financial volatility of this period to two factors: Shifts in the wage bargaining regime and in the degree of monopoly power in the economy. We identify three shifts in the legal environment for labor unions, coinciding with business cycle and stock market turning points in 1914/19, 1921 and 1929. A shift from individual to collective bargaining presents as a recession, involving a decline in output, increases in unemployment and real wages, and a decrease in asset values. We also detail the process by which landmark court decisions in favor of trade unions in the late 1920s, ensuing legislative efforts, and political pressure on firms to adopt the welfare capitalism model of high wages combined to improve the ability of workers to bargaining collectively beginning in 1929.

* with Monique Ebell

Internal Seminar

Jürgen Eichberger

"Neo-additive Capacities and Updating"*

This paper shows that, for CEU preferences, the axioms *consequentialism*, *state independence* and *conditional certainty equivalent consistency* under updating characterise a family of capacities, called *Generalised Neo-Additive Capacities (GNAC)*. This family contains as special cases among others neo-additive capacities as introduced by Chateauneuf, Eichberger, and Grant (2007), Hurwicz capacities, and ϵ -contaminations. Moreover, we will show that the convex version of a GNAC is the only capacity for which the core of the Full-Bayesian Updates of a capacity, introduced by Jaffray (1992), equals the set of Bayesian updates of the probability distributions in the core of the original capacity.

*with Simon Grant and Jean-Philippe Lefort

Jour Fixe

The AWI JOUR FIXE takes place at the Lounge on a weekly basis on Mondays from 16:30 till 17:15 (i.e., just before the departmental seminar). There you will have the opportunity to meet the speaker, enjoy a coffee, and exchange news and discuss research with other members of the AWI.

**Editorial deadline for issue 13/2010 of the newsletter:
Wednesday, June 2, 2010, 12 o'clock
newsletter@awi.uni-heidelberg.de**

If you would like to receive the newsletter by email,
please contact the address above.