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AWI This Week

Monday, 21. 6. 10

Departmental Seminar

17.15-18.45

Burkhard Hehenkamp, University of Dortmund

AWI 00.010

"The Inefficiency of Market Transparency - A Model with
Endogenous Entry"

Wednesday, 23. 6. 10

Internal Seminar

17.15-18.45

Boris Wiesenfarth

AWI 00.010

"Applications of Pólya-processes to Technological
Competition and Coordination Games"

Departmental Seminar

Burkhard Hehenkamp

"The Inefficiency of Market Transparency - A Model with Endogenous Entry"*

Including the entry decision in a Bertrand model with imperfectly informed consumers, we introduce a trade-off at the level of social welfare. On the one hand, market transparency is beneficial when the number of firms is exogenously given. On the other, a higher degree of market transparency implies lower profits and hence makes it less attractive to enter the market in the first place. It turns out that the second effect generally dominates: too much market transparency has a detrimental effect on consumer surplus and social welfare.

* with Yiquan Gu

Internal Seminar

Boris Wiesenfarth

"Applications of Pólya-processes to Technological Competition and Coordination Games"

Due to their large flexibility, generalized Pólya urn schemes represent a useful tool when it comes to modeling dynamic economic problems. First of all a mathematical framework for the general model will be presented. Subsequently structural and asymptotic properties of the urn process will be summarized. In the following the model will be applied to two areas of economic theory. The first one is dynamic competition between competing technologies in markets with globally positive and negative feedback effects. Afterwards the focus will be on the selection of Nash equilibria in coordination games with a growing number of myopic agents. By means of boundedly rational decision rules it is possible to derive the corresponding transition functions of the urn process. The mathematical machinery we developed in the first section allows us to analyze the asymptotics of the associated urn process. The results of these limit considerations will then be interpreted with respect to their economic meaning. In the domain of technological competition we obtain an asymptotic market structure. In the domain of game theory we get the asymptotic strategy profile for a growing population of players. It is interesting to see how the behavior of individual agents shapes the dynamics of a whole economy.

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.

Talks and Research Visits

Julia Müller presented her paper "There's more to it than meets the eye - An Eye-tracking Experiment on the beauty contest game" (joint with Christiane Schwieren) at the third Maastricht Behavioral and Experimental Economics Symposium, June 11.

Lars P. Feld gave an invited plenary talk at the Conference of Cantonal Finance Ministers (Konferenz der Kantonalen Finanzdirektoren) entitled *Zur Zukunft des Finanzföderalismus (in der Schweiz)*, Fribourg (Switzerland), on May 21.

Lars P. Feld gave a talk on *The Rules of the Tax Competition Game* in the Workshop on Proper Resources and Autonomy in Budget Management' at the conference of the Council of Europe with the general title 'Democracy and Decentralization: Strengthening Democratic Institutions through Participation', held in St. Gallen (Switzerland), on May 5.

Lars P. Feld gave a talk on *Schwarzarbeit und Steuerhinterziehung: Abschreckung und soziale Normen* in the Brown Bag Seminar of the Instituts der deutschen Wirtschaft (IW) in Cologne, on April 23

Lars P. Feld gave a talk on *Shadow Economy, Tax Compliance and the Democratic Setting* in a Workshop organized by DIW Berlin and the Hans-Böckler-Foundation on 'Shadow Economy, Tax Policy, and the Labour Markets in an International Comparison: Options for Economic Policy' in Potsdam, on April 15.

Lars P. Feld participated in the Annual Meeting of the European Public Choice Society in Izmir (Turkey), from April 8–11, where he presented his papers on *Capital Structure Choice and Company Taxation: A Meta-Study*, *Municipal Debt in Switzerland: New Empirical Results* and *Tax Non-Compliance, Deterrence and Social Norms: Survey Evidence from Germany*, and discussed the paper by VANI BOROOAH, ANASTASIOS B. KATOS and ELENA KATOU, *Inter-Country Differences in Voter Satisfaction with the Democratic Process: A Study of Thirty-Nine Elections in Thirty-Three Countries*.

New Publications

Christian Almer's and Timo Goeschl's paper "The Political Economy of the Environmental Criminal Justice System: A Production Function Approach" has been accepted for publication in *Public Choice*.

Lars P. Feld, Peter M. Huber, Otmar Jung, Christian Welzel and Fabian Wittreck, eds., *Jahrbuch für direkte Demokratie, Band 1, 2009*, Nomos, Baden-Baden, April 2010.

Lars P. Feld, Marcel R. Savioz and Jan Schnellenbach, eds., *(Macro-) Economic Policy and Public Choice: Essays in Honor of Gebhard Kirchgässner*, Special Issue of *Public Choice*, forthcoming in 2010.

Anne van Aaken, Lars P. Feld and Stefan Voigt, Do Independent Prosecutors Deter Political Corruption? An Empirical Evaluation across Seventy-Eight Countries, *American Law and Economics Review* 12 (1), 2010, 204 – 244.

Lars P. Feld and Friedrich Schneider, Survey on the Shadow Economy and Undeclared Earnings in OECD Countries, *German Economic Review* 11 (2), 2010, 109 – 149.

Lars P. Feld and Christoph A. Schaltegger, The Political Economy of Fiscal Policy: Time Series Evidence for the Swiss Federal Level Since 1849, forthcoming in: *Public Choice* 2010.

Lars P. Feld and Thushyanthan Baskaran, Federalism, Budget Deficits and Public Debt: On the Reform of Germany's Fiscal Constitution, forthcoming in: *Review of Law and Economics* 2010.

Lars P. Feld, Marcel R. Savioz and Jan Schnellenbach, Gebhard Kirchgässner, 60 Years On, forthcoming in: *Public Choice* 2010.

Lars P. Feld, Das Volk und die Regierung: Einführung ins Thema und Diskussion aktueller Ideen, *Schweizer Monatshefte – Zeitschrift für Politik Wirtschaft Kultur* 976, March 2010, 42 – 44.

Wissenschaftlicher Beirat beim Bundesministerium der Finanzen, *Klimapolitik zwischen Emissionsvermeidung und Anpassung*, Gutachten, Schriftenreihe des Bundesministeriums der Finanzen, Band 83, Stollfuß Verlag, Bonn, January 2010.

**Editorial deadline for issue 16/2010 of the newsletter:
Wednesday, June 23, 2010, 12 o'clock
newsletter@awi.uni-heidelberg.de**

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