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AWI This Week

Monday, 11. 10. 10

Departmental Seminar

17.15-18.45

Joep Sonnemans

AWI 00.010

"Competition and Resource Scarcity on a Nonrenewable Resource Market: An Experiment"

Wednesday, 13.10.10

Internal Seminar

17.15-18.45

Thomas Eife

AWI 00.010

"Optimal Price Setting During a Currency Changeover"

Abstracts

Departmental Seminar

Joep Sonnemans

"Competition and Resource Scarcity on a Nonrenewable Resource Market:
An Experiment " *

This study investigates strategic behavior in nonrenewable resource markets by means of an experiment. Essential characteristics of nonrenewable resource markets are (a) the fact that long run production is limited by a private resource constraint and (b) the presence of competition from similar firms. From the firms' perspective, the private resource constraint makes the problem dynamic, whereas the presence of other firms creates a possibility for strategic oligopoly behavior. We experimentally examine the difference in behavior in three types of markets. In the first type of market, firms have enough resources left in order not to have to limit their production. In the second type of market, firms are somewhat constrained and in the third type of market the resource constraint is tightest. We hypothesize that the degree to which firms pay attention to either of the two aspects of the market is a function of the abundance of the resource. In particular, we hypothesize that strategic response behavior -where firms condition their production on the production of others- will be found more often in markets where usage of the resource is relatively unconstrained.

*with Roel van Veldhuizen

Internal Seminar

Thomas Eife

"Optimal Price Setting During a Currency Changeover"

We model firms' optimal price setting during a currency changeover. Both increasing and decreasing prices may be optimal depending on a firm's environment. For example, the higher the firm's pre-changeover monopoly mark-up, the more likely are price reductions. Also, a rival's decision to raise prices make price increases more likely. The model captures most of the price patterns we observed during the euro changeover in January 2002.

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

Andreas Roider presented his paper "Optimal Incentive Contracts under Moral Hazard When the Agent is Free to Leave" (joint with F. Englmaier and G. Mühlheusser) at the Annual Meeting of the Verein für Socialpolitik in Kiel, September 8-10, and at the GEABA Conference in Frankfurt, October 1.

Andrea Leuermann presented her paper "Intergenerational Transmission of Risk Preferences - A Revealed Preference Approach" (joint with Sarah Necker) at the 2010 Congress of the European Economic Association (EEA) in Glasgow, August 23-26, and at the Annual Congress of the Verein für Socialpolitik in Kiel, September 7-10.

Christian Conrad presented his paper "On the transmission of memory: inflation persistence and the Great Moderation" (joint with Simone Elmer and Menelaos Karanasos) at the Annual Meeting of the Verein für Socialpolitik in Kiel, September 9.

Jürgen Eichberger presented his paper "Case-Based Belief Formation under Ambiguity" (joint with Ani Guerdjikova) at the VfS 2010 conference in Kiel, September 7-10.

Johanna Kühnel presented her paper "Population Aging, the Composition of Government Spending, and Economic Growth (in an Heterogeneous Infinitely-Lived Agent Framework)" at the 25th Annual Congress of the European Economic Association (EEA) in Glasgow, August 23-26.

Andreas Roider presented his paper "The Role of Information in Performance Schemes: Evidence from a Field Experiment" (joint with F. Englmaier and U. Sunde) at the World Congress of the Econometric Society in Shanghai, August 17-21.

Jan Schnellenbach gave a talk on "Structural Change and the Institutions of Fiscal Federalism: A Comparative Study" at the International Institute of Public Finance, Uppsala, August 25.

Visitors

Johannes Breckenfelder, Stockholm School of Economics, stayed at the AWI for research on the project "Semiparametric mixed data sampling: an application to the ICAPM" with Christian Conrad, August 2-6.

New Working Papers

Christian Conrad and Thomas A. Eife: *Explaining Inflation Persistence by a Time-Varying Taylor Rule*. AWI Discussion Paper Series, No 504.

New Publications

Adam Dominiak's and Wendelin Schnedler's paper *Attitudes towards Uncertainty and Randomization: An Experimental Study* has been accepted for publication in *Economic Theory* (special issue in honor of Daniel Ellsberg), to appear in 2011.

Jan Schnellenbach: *A Tale of Two Federalisms: Long-Term Institutional Change in the United States and in Germany* (with Thomas Doering), forthcoming, Constitutional Political Economy.

Jan Schnellenbach: *Vertical and Horizontal Reciprocity in a Theory of Taxpayer Compliance*, in JAMES ALM, JORGE MARTINEZ-VAZQUEZ and BENNO TORGLER (eds.), *Developing Alternative Frameworks Explaining Tax Compliance*, London, Routledge, 2010.

Jürgen Eichberger, Simon Grant, David Kelsey, Gleb Koshevoy: *The α -MEU Model: A Comment*, *Journal of Economic Theory*, forthcoming, 2010.

Jürgen Eichberger, Ani Guerdjikova: *Case-Based Belief Formation under Ambiguity*, *Mathematical Social Sciences*, forthcoming, 2010.

Jürgen Eichberger, Simon Grant, David Kelsey: *Comparing Three Ways to Update Choquet Beliefs*, *Economics Letters* 107 (2), 91-94, 2010.

Miscellaneous

The Faculty of Business and Economics of the Macquarie University in Sydney, Australia, offers Industry based PhD scholarships and the International study program *Co-tuelle* for candidates already enrolled in a PhD. Please get further information from the link at PhD scholarship above or directly from Stefan Trueck, associate professor at the Department of Economics at the Macquarie University.

New and Leaving Staff

Christiane Hellmanzik received her PhD in Economics from Trinity College Dublin in summer 2010. During her time as a post-doctoral researcher at the Alfred-Weber-Institute she will continue her work on the determinants of creativity and more particularly on agglomeration, human capital spillovers, and migration.



Johannes Voget, a post-doc at the AWI, has accepted an offer for a W2-professorship at the University of Mannheim starting September 1. Congrats!

**Editorial deadline for issue 21/2010 of the newsletter:
Wednesday, October 13, 2010, 12 o'clock
newsletter@awi.uni-heidelberg.de**

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