



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, 22.11.10

Departmental Seminar

17.15-18.45

Wolfgang Leininger, University of Dortmund (TU)

AWI 00.010

"Leveling the Lobbying Process: Effort Maximization in Asymmetric N-Person Contests"

Wednesday, 24.11.10

Departmental Workshop

17.15-18.45

Christian Conrad

AWI 00.010

"Negative Volatility Spillovers in Multivariate Garch Models"

Departmental Seminar

Wolfgang Leininger

"Leveling the Lobbying Process: Effort Maximization in Asymmetric N-Person Contests" *

We model the lobbying process between a politician and lobbyists as a contest game in which the politician can encourage or discourage specific lobbyists from participating in the process. This realistic extension of the established lobbying model has important implications: (i) The so called exclusion principle does not hold, instead there is (endogeneously induced) inclusion of lobbyists; (ii) the politician will optimally level the playing field by encouraging weak lobbyists to participate; (iii) at least three lobbyists will be active in equilibrium of the leveled lobbying game. Technically the model requires to solve a mathematical programming problem with equilibrium constraints.

* with Jörg Franke, Christian Kanzow, and Alexandra Schwartz

Departmental Workshop

Christian Conrad

"Negative Volatility Spillovers in Multivariate Garch Models"

This paper considers a formulation of the extended constant or time-varying conditional correlation GARCH model that allows for volatility feedback of either the positive or negative sign. In the previous literature, negative volatility spillovers were ruled out by the assumption that all the parameters of the model are nonnegative, which is a sufficient condition for ensuring the positive definiteness of the conditional covariance matrix. In order to allow for negative feedback, we show that the positive definiteness of the conditional covariance matrix can be guaranteed even if some of the parameters are negative. Thus, we extend the results of Nelson and Cao (1992) and Tsai and Chan (2008) to a multivariate setting. For the bivariate case of order one, we look into the consequences of adopting these less severe restrictions and find that the flexibility of the process is substantially increased. Our results are helpful for the model-builder, who can consider the unrestricted formulation as a tool for testing various economic theories.

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.

New Working Papers

Wendelin Schnedler: *Hidden Action, Identification, and Organization Design*, Discussion Paper Series No. 505, Department of Economics, University of Heidelberg, November 2010.

**Editorial deadline for issue 27/2010 of the newsletter:
Wednesday, November 24, 2010, 12 o'clock
newsletter@awi.uni-heidelberg.de**

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