



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, 25. 1. 10 Departmental Seminar

17.15-18.45 Melanie Schienle, Humboldt-Universität zu Berlin

AWI 00.010 "Nonparametric Estimation of Individual Risk Behavior in Euler Equations"

Wednesday, 27. 1. 10 Internal Seminar

17.15-18.45 Wendelin Schnedler

AWI 00.010 "Implementing Desired Activities:
Identification and Organization Design"

Departmental Seminar

Melanie Schienle

"Nonparametric Estimation of Individual Risk Behavior in Euler Equations"*

We consider non- and semiparametric estimation of Euler equations associated with dynamic utility maximization. With standard time--additive utility, conditional mean equations yield Fredholm equations of the second kind with well--posed inverses in contrast to the standard parametric instrumental variable approach via GMM. We show that there exists a previously unrecognized identification problem for Euler equations, and propose solutions on how to handle it. With our suggested nonparametric estimation procedure the discount factor converges at parametric rate. The asymptotic distribution of the marginal utility function can be proven to be normal under weak assumptions although the driving factor consumption is nonstationary.

*with O. Linton and A. Lewbel

Internal Seminar

Wendelin Schnedler

"Implementing Desired Activities: Identification and Organization Design"

Often it is impossible to provide incentives such that a desired activity is implemented. However, there is no general theory to explain, what restricts implementability and when organization design can help to overcome this restriction. This paper characterizes which activities are implementable for a given signal structure and organization. It shows that any limitation is caused by an identification problem, i.e., one agent who has more than one way to produce the same observable outcome. The paper describes organizational designs that solve this problem, and provides conditions for such designs to exist. The findings apply to a wide range of existing models, allow to discuss implementability in these models, and uncover the underlying mechanisms behind various results (e.g. advocacy, specialization, individual and joint responsibility).

Talks and Research Visits

Hartmut Sangmeister gave a lecture on "Economic and social effects of the global financial crisis on Latin America" at the University of Mainz, on January 15.

Katja Hilser gave a lecture on "Social effects of the global financial crisis on Zambia" at the University of Mainz, on January 15.

Thomas Eife presented his paper "Do Menu Costs Make Prices Sticky?" at the ASSA conference in Atlanta, on January 5.

New Publications

Hartmut Sangmeister: *Soziale Indikatoren*, in: Dieter Nohlen und Rainer-Olaf Schultze (Hrsg.), *Lexikon der Politikwissenschaft*, Band 2, N-Z, 4. aktualisierte Auflage, München: Verlag C.H. Beck 2010, S.969-972.

**Editorial deadline for issue 4/2010 of the newsletter:
Wednesday, January 27, 2010, 12 o'clock
newsletter@awi.uni-heidelberg.de**

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please contact the address above.