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AWI This Week

Monday, 17.11.14

Departmental Seminar

17.15-18.45

AWI 00.010

Christian Francq, Lille 3 University

"Estimating multivariate GARCH and Stochastic
Correlation models equation by equation"

Tuesday, 18.11.14

Economics & Politics Seminar

14.15-15.15

AWI 02.036

Luna Bellani, University of Konstanz

"Heterogeneous preferences and in-kind redistribution"

Departmental Seminar

Christian Francq

"Estimating multivariate GARCH and Stochastic Correlation models equation by equation"*

This paper investigates the estimation of a wide class of multivariate volatility models. Instead of estimating a m -multivariate volatility model, a much simpler and numerically efficient method consists in estimating m univariate GARCH-type equations in the first step, and a correlation matrix in the second step. Strong consistency and asymptotic normality of the first-step estimator are established in a very general framework, including Dynamic Conditional Correlation (DCC) models. For generalized constant conditional correlation models, we obtain the asymptotic properties of the two-step estimator. Comparisons with the global method, in which the model parameters are estimated in one step, are provided. Monte-Carlo experiments and an application to financial series illustrate the interest of the approach.

*with Jean-Michel Zakoian

Economics & Politics Seminar

Luna Bellani

"Heterogeneous preferences and in-kind redistribution"

This paper examines the impact of social classes' cleavages on in-kind redistribution. Our paper contributes to the previous literature in two ways: (i) we consider the provision of several public goods and (ii) agents not only differ in income, but also in their preferences over the various public goods provided. In this setting, both the distribution and size of public goods provision depend on the distance between those preferences. Our main result is that preference heterogeneity tends to decrease the size of the budget, while income inequality tends to increase it. An empirical investigation based on United States Census Bureau data confirms this theoretical finding.

Talks and Research Visits

Thomas Eife presented his paper on "Price Competition in an Inflationary Environment" (with Peter Dürsch) at the Workshop Experiments in Monetary Policy at the ENS in Lyon, November 5.

Miscellaneous

Jürgen Eichberger has been appointed Chairman of "Ausschuss für Unternehmens-
theorie und -politik im Verein für Socialpolitik".

**Editorial deadline for issue 27/2014 of the newsletter:
Wednesday, November 19, 2014, 12 o'clock
newsletter@awi.uni-heidelberg.de**

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