



ALFRED-WEBER-INSTITUT FÜR WIRTSCHAFTSWISSENSCHAFTEN  
BERGHEIMER STR. 58, 69115 HEIDELBERG, TEL. 06221/54-2941  
REDAKTION: FREYA SCHADT, EMAIL: NEWSLETTER@AWI.UNI-HEIDELBERG.DE

---

## Upcoming Seminars

### **Monday, 25.4.2016**

#### **Departmental Seminar**

17.15-18.15

AWI 00.010

Damian S. Damianov, University of Durham

(invited by Jürgen Eichberger)

"Asymmetric endogenous prize contests"

### **Wednesday, 27.4.2016**

#### **Economics and Politics Seminar**

12.15-13.15

AWI 00.010

Jonathan Rodden, Stanford University

"The Loser's Bonus: Political Geography and Minority  
Party Representation"

### **Thursday, 28.4.2016**

#### **HeiKaMEtrics Seminar**

11.30-13.00

Karlsruhe, KIT,  
Building 20.14,  
room 103.1

Nikolaus Hautsch, University of Vienna

"Revisiting the Stealth Trading Hypothesis – Does  
Time-Varying Liquidity Explain the Size Effect?"

### Departmental Seminar

Damian S. Damianov

"Asymmetric endogenous prize contests"\*

We consider contests in which two opponents with different initial strengths have the option to make spot allocations to enhance their performance. We allow the prize to depend on total performance in the contest and consider the respective cases in which efforts are productive and destructive of prize value. When the contest success function takes a logit form, and marginal cost is increasing in effort, we show that a Nash equilibrium exists and is unique both in productive and destructive endogenous prize contests. In equilibrium, the underdog expends more resources to win the prize, but still his or her probability of winning remains below that of the favorite. In a productive contest, the underdog behaves more aggressively and wins the prize more often in comparison to a fixed value contest. Thus, the degree of competitive balance afforded by a contest depends upon the (fixed or endogenous) prize nature of the contest. These results have implications for the understanding of a variety of phenomena in which the value of the prize is endogenous, including (asymmetric) armed conflict, litigation, sports contests, R&D races, and labor tournaments.

\*with Shane Sanders and Anil Yildizparlak

### Economics and Politics Seminar

Jonathan Rodden

"The Loser's Bonus: Political Geography and Minority Party Representation"

In a majoritarian system where support for two parties is geographically clustered, the minority party is better off with a system of smaller winner-take-all districts than with a polity-wide winner-take-all system. We use automated districting simulations of U.S. states to measure the magnitude of this "loser's bonus" in each state. We demonstrate that deep patterns of U.S. political geography with origins in the 19th century can explain the fact that Republicans benefit from the loser's bonus in much of the Northeast and West Coast, while the Democrats benefit elsewhere. On balance, the loser's bonus is beneficial to the Republicans, and the size of U.S. Congressional districts relative to urban clusters of Democrats is ideal for the representation of Republicans in Congress. Our results have implications not only for policy debates and patterns of representation in the United States, but also in other industrialized federations with two tiers of representation.

## Talks and Research Visits

**Hans Diefenbacher** gave a lecture on "L'Indice National du Bien-être: Une mesure pour redéfinir le progrès", Académie d'Agriculture de France, Paris, April 13.

**Andreas Fuchs** presented his paper "Towards a Harmonious World? The Effects of Chinese Economic Activities on Individual Attitudes towards China in Latin America" (joint work with Lutz Brückner and Vera Z. Eichenauer) at the *Annual Meeting of the European Public Choice Society* (EPCS), University of Freiburg, Germany, March 30-April 2, and at the Seminar of the Department of Political Science, National University of Singapore, March 3.

**Vera Eichenauer** presented her paper "Towards a Harmonious World? The Effects of Chinese Economic Activities on Individual Attitudes towards China in Latin America" at the Spring Meeting of Young Economists in Lisbon on March 31; and she presented her work on earmarked aid to international organizations at a workshop organized by the French Development Agency AFD in Paris on March 24.

**Andreas Fuchs** presented his paper "Aid on Demand: African Leaders and the Geography of China's Foreign Assistance" (joint work with Axel Dreher, Roland Hodler, Bradley Parks, Paul Raschky and Michael J. Tierney) at the CSAE Conference 2016: Economic Development in Africa, University of Oxford, UK, March 20-22.

**Axel Dreher** presented his paper "Aid and growth. New evidence using an excludable instrument", at Monash University, March 17.

**Marta Curto** presented the paper "Party discipline and government spending: Theory and evidence" (joint with G. Zudenkova) at the XXIII Encuentro de Economía Pública in Vigo, February 4-5.

**Andreas Fuchs** made a research visit to the National University of Singapore in the framework of the project "From Emerging Markets to Rising Powers? Power Shift in International Economic Governance" funded by the Ministry of Education of Singapore, February 21-March 5.

## New Publications

Hans Diefenbacher/Benjamin Held/Dorothee Rodenhäuser/Roland Zieschank: Aktualisierung und methodische Überarbeitung des Nationalen Wohlfahrtsindex 2.0 für Deutschland 1991 – 2012. Dessau: Umweltbundesamt ([Texte 29/2016](#)) URL.

Hans Diefenbacher/Thorsten Moos/Magnus Schlette (eds.): Das Recht im Blick der Anderen. Tübingen: Mohr Siebeck.

## Miscellaneous

Vera Eichenauer has been appointed to the *Board of the Academia Engelberg foundation* and to the *Board of the European Association of Young Economists (EAYE)*.

Editorial deadline for issue 7/2016 of the newsletter:  
Wednesday, April 27, 2016, 12 p.m.  
[newsletter@awi.uni-heidelberg.de](mailto:newsletter@awi.uni-heidelberg.de)

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