



ALFRED-WEBER-INSTITUT FÜR WIRTSCHAFTSWISSENSCHAFTEN
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Upcoming Seminars

Monday, 14.11.2016

Departmental Seminar

17.15-18.15

AWI 00.010

Yarema Okhrin, Augsburg University

(invited by Christian Conrad)

"Tail Event Driven Network of SIFIs"

Wednesday, 16.11.2016

Internal Seminar

12.15-13.15

AWI 00.010

Andreas Reischmann

"Designing a Clearing House for the Assignment of
Children to Day Care Facilities in Heidelberg"

Thursday, 17.11.2016

Lecture Series: The End of Globalization?

18.00-19.30

Campus Bergheim

Hörsaal

Nita Rudra, Georgetown University

"The Unexpected Consequences of Globalization on
Developing Countries"

Departmental Seminar

Yarema Okhrin

"Tail Event Driven Network of SIFIs"

The interdependence, dynamics and riskiness of financial institutions are the key features frequently tackled in financial econometrics. We propose a Tail Event driven Network model which addresses these three aspects. More precisely our framework captures the risk propagation and dynamics in terms of a quantile (or expectile) autoregression involving network effects quantified through an adjacency matrix. The model is evaluated using the SIFIs (systemically important financial institutions) identified by the Financial Stability Board (FSB) as main players in the global financial system. In order to quantify systemic risk arising from the interplay of SIFIs one needs to study the joint conditional dependency structure. Given that certain members or companies are at risk one may then quantify how much another SIFI members is at stress. A network geometry based on adjacencies of joint tail events seems to be an appropriate analysis tool to study systemic risk. While modelling the SIFI returns we account for node specific, market wide covariates, and potential persistency of the returns. The dynamics of the tail events for the remaining components is explained by the network factor. The adjacency matrix is constructed based on tail event covariates. A centrality analysis of it identifies a rank of systemic importance of SIFIs and thus provides measures for the required level of additional loss absorbency. It is discovered indeed that the network effect, as a function of the tail probability, becomes more profound in stress situations.

* with Cathy Chen and Wolfgang Härdle

Internal Seminar

Andreas Reischmann

"Designing a Clearing House for the Assignment of Children to Day Care Facilities in Heidelberg"

Motivated by the day care assignment problem in Heidelberg, we consider a matching environment in which the facility side is heterogeneous. Some facilities, the private day care facilities, have strong preferences over children or their parents. And some facilities, the public day care facilities, are forced to choose among their applicants according to social criteria fixed by the city officials. In this environment, we look for a mechanism that is strategy proof for all children, stable for all children and private facilities, and Pareto efficient considering the children assigned to public facilities. The mechanism which we propose is a combination of the well known Deferred Acceptance and Sequential Dictatorship mechanisms. We further discuss solution approaches to the problem of incorporating siblings into this matching environment.

Lecture Series: The End of Globalization?

Nita Rudra

"The Unexpected Consequences of Globalization on Developing Countries"

Globalization is triggering a revenue crisis in developing economies. International trade taxes - once the primary source of government revenue in developing economies - have been drastically cut in response to trade liberalization. In this analysis, we anticipate that regime type is a major determinant of revenue-raising capacity after free trade policies have been adopted. Specifically, we argue that policymakers in weak democracies face far greater challenges than their authoritarian counterparts implementing domestic tax reforms crucial for counterbalancing revenue losses from trade liberalization. Both macro and micro-level evidence support our hypothesis. A key implication is that poor democracies may be caught in a low revenue trap post-liberalization, which directly impacts the supply of much needed public goods.

Talks and Research Visits

Anna Merkel has presented her paper "Bargaining with Heterogeneous Claims" (joint with Christoph Vanberg) at the ZEW Experimental Seminar on November 8.

Anna Merkel has presented her paper "Is fairness intuitive?" (joint with Johannes Lohse) at the IfW in Kiel on November 3.

Johannes Diederich presented the paper "To mitigate or not to mitigate? The price elasticity of pro-environmental behavior" (joint work with Timo Goeschl) at the 18th Annual Conference on Environmental Economics, Policy, and International Environmental Relations (ECOCEP), Prag, November 3.

Christian Conrad gave a talk on "Testing for an Omitted Long-Term Component in Multiplicative GARCH Models" in the *Quantitative Finance Seminar* at Kellogg School of Management, Northwestern University, October 07, at the Econometrics Seminar at Michigan State University, September 29, and at the 69th European Meeting of the Econometric Society, Geneva, August 22-26.

Christian Conrad presented the paper "Macroeconomic expectations and the time-varying stock-bond correlation: international evidence" at the Annual Conference of the Verein für Socialpolitik, Augsburg, September 4-7, 2016.

New Publications

Haang Jeung, **Christiane Schwieren** and Sabine C. Herpertz: "Rationality and self-interest as economic-exchange strategy in borderline personality disorder: Game theory, social preferences, and interpersonal behavior" has been accepted at the *Neuroscience and Biobehavioral Reviews*.

Miscellaneous

Florian Kauffeldt has successfully defended his doctoral thesis on "Strategic Interaction under Uncertainty" (supervisor Jürgen Eichberger), November 9.

**Editorial deadline for issue 25/2016 of the newsletter:
Wednesday, November 16, 2016, 12 p.m.
newsletter@awi.uni-heidelberg.de**

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please contact the address above.