Upcoming Seminars

Monday, 19.12.2016   **Departmental Seminar**

17.15-18.15   Stefan Reichelstein, Stanford Graduate School of Business
AWI 00.010
                                (invited by Jürgen Eichberger)

                                "Relating Product Prices to Long-Run Marginal Cost: Evidence from Solar Photovoltaic Modules"

Tuesday, 20.12.2016   **Economics and Politics Seminar**

13.45-14.45   Kai Gehring, ETH Zürich
AWI 01.030   "Regional Resources and Democratic Secessionism"

Abstracts

Departmental Seminar

Stefan Reichelstein

"Relating Product Prices to Long-Run Marginal Cost: Evidence from Solar Photovoltaic Modules" (with Anshuman Sahoo)

A basic tenet of microeconomics is that for a competitive industry in equilibrium the market price of a product will be equal to its marginal cost. This paper develops a model framework and a corresponding empirical inference procedure for estimating longrun marginal cost in industries where production costs decline over time. In the context of the solar photovoltaic (PV) module industry, we rely primarily on firm-level financial accounting data to estimate the long-run marginal cost of PV modules for the years 2008-2013. During those years, the industry experienced both unprecedented price declines and significant expansions of manufacturing capacity. We compare the trajectory of average sales prices with the estimated long-run marginal costs in order to quantify the extent to which actual price declines were attributable to excess capacity as opposed to reductions in production costs. The trajectory of estimated product costs can then extrapolated to forecast the rate of future price declines for PV modules.

Economics and Politics Seminar

Kai Gehring

"Regional Resources and Democratic Secessionism" (with Stephan A. Schneider)

We show that economic concerns revolving around region-specific resources are crucial to understanding the success and failure of democratic secessionist movements. Based on a simple voting model, qualitative evidence from numerous countries indicates a clear relationship between the value of regional resources and the electoral success of the respective regionalist parties. We then make use of a natural experiment in the United Kingdom, where the discoveries of oil off the Scottish coast allow us to implement a difference-in-differences design with Scotland as the treatment group and Wales as a suitable counterfactual. Using election results at the constituency level over the period from 1945 to 2001, we document a significant positive effect on the vote share of the Scottish National Party of about 2 percentage points for an additional giant oil discovery. The causal interpretation of this effect is further supported by exploiting the exogenous change in oil prices in a triple-differences design.

Talks and Research Visits

Jörg Oechssler presented the paper "Imitation under Stress" (with Magdalena Buckert and Christiane Schwieren) at the XXII. Tax Day, organized by the Max Planck Institute for Tax Law and Public Finance, Munich, December 13-14.

Timo Goeschl presented his paper "Natural Hazards, Public Insurance, and Private Self-Insurance: Total Crowding Effects and Emergency Drinking Water"(with Shunsuke Managi), CEAR/MRIC Behavioral Insurance Workshop 2016, Munich, December 12-13.

Jonas Dovern presented his paper "Order Invariant Evaluation of Multivariate Density Forecasts" at the CMStatistics conference in Sevilla on December 10.

Andreas Fuchs presented the paper "Aid on Demand: African Leaders and the Geography of China's Foreign Assistance" (joint work with Axel Dreher, Roland Hodler, Bradley Parks, Paul A. Raschky, and Michael J. Tierney) at the EUDN Scientific Conference, University of Bonn, December 6-7.

A Peaceful Holiday Season and a Prosperous Start into 2017 to Everyone

Editorial deadline for issue 1/2017 of the newsletter:
Wednesday, January 4, 2017, 12 p.m.
newsletter@awi.uni-heidelberg.de

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