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Upcoming Seminars

Monday, 16.10.2017

Departmental Seminar

13.30-14.30

AWI 00.010

Paul Heidhues, DICE

(invited by Jörg Oechssler)

"Browsing versus studying offers"

Tuesday, 17.10.2017

Economics and Politics Seminar

13.45-14.45

AWI 01.030

Layna Mosley, University of North Carolina at Chapel Hill

"Sovereign Debt, the Global Economy and Democracy:
Evidence from Primary Capital Markets"

Departmental Seminar

Paul Heidhues

"Browsing versus studying offers"*

We introduce a simple model of a market in which consumers must make tradeoffs between "browsing" more products superficially, and "studying" fewer products in detail. Each firm chooses two price components, a headline price and an additional price, and specifies conditions under which a consumer can avoid the additional price. Each consumer can either fully understand the offer of one firm (studying), or look at only the headline prices of two firms (browsing). In equilibrium, high-value consumers browse and pay the additional price, but low-value consumers study to avoid the additional price. Although high-value consumers pay higher total prices, the average price consumers pay is decreasing in the share of high-value consumers. This result is consistent with evidence that a number of essential products are more expensive in lower-income neighborhoods, and our model also helps explain why entry into such neighborhoods does not solve the problem. More importantly, our framework generates a novel and powerful competition-policy-based argument for regulating the additional price or other secondary product features. In contrast to existing arguments that such regulations may be ineffective or even distortionary, we show that they have a multiplier effect: because consumers do not need to worry about the regulated feature, they do more browsing, enhancing competition. In many situations, the increase in competition also increases efficiency, but we identify a class of situations in which there is a tradeoff between competition and efficiency.

*with Johannes Johnen and Botond Koszegi

Economics and Politics Seminar

Layna Mosley

"Sovereign Debt, the Global Economy and Democracy: Evidence from Primary Capital Markets"

This research (jointly with Cameron Ballard-Rosa, UNC; and Rachel Wellhausen, UT Austin) explores the capacity of governments to issue sovereign bonds in international capital markets. We call attention to global capital cycles: sentiment in international markets influences the extent to which investors take domestic political institutions and interests into account when pricing debt and, at the extreme, when rationing credit. While a large body of scholarship suggests that domestic political conditions, such as the type of the governing regime, affect governments' access to capital, we posit that the effect of such institutions is conditional. When global markets are flush, investors are risk tolerant and less sensitive to domestically-generated variation in political risk. We test this conditional claim with new data on government bond issues in primary capital markets -- the point at which variation in access to financing is most apparent, and the point at which governments' cost of market access matter most. Our data uniquely catalogs the timing, amount, and price of new international bond issues for the population of national government borrowers (except the United States), from 1990 to 2015. By demonstrating the conditional role of political

institutions at the moment when states initially sell debt, we demonstrate the global financial conditions are important determinants -- often more so than domestic institutions and economic outcomes -- of market access. As such, we highlight the role of systemic factors -- under-appreciated in much "open economy politics" research -- in determining access to capital markets.

Talks and Research Visits

Valentin Lang presented his paper: "Room for Discretion? Biased Decision-Making in International Financial Institutions" at the Transformations in Global Economic Governance (GEG) Conference at the University of Cambridge, September 28-29, 2017, and in an internal seminar at the Radboud University Nijmegen, October 2, 2017 (invited by Prof. Eelke de Jong).

Axel Dreher presented his paper The Political Economy of International Finance Corporation Lending (joint with Katharina Richert) at the Workshop Transformations in Global Economic Governance at the University of Cambridge, September 28-29.

Jonas Dovern presented his paper "Anchoring Inflation Expectations in Unconventional Times: Micro Evidence for the Euro Area" at the ECB conference "Understanding Inflation: Lessons from the Past, Lessons for the Future?" in Frankfurt, September 21-22.

Jonas Dovern presented his paper "Order Invariant Evaluation of Multivariate Density Forecasts" at the Workshop on Forecasting at the Deutsche Bundesbank in Frankfurt (8-9 September) and at the Inaugural Conference of the HeiKaMEtrics Network on Financial Econometrics in Heidelberg, September 14-15.

Valentin Lang presented his paper "The Distribution of Gains from Globalization" (joint with Marina Tavares) at the Annual Conference of the Poverty Reduction, Equity, and Growth Network (PEGNet) at ETH Zurich, September 11-12.

At the *Annual Conference of the Verein für Socialpolitik* in Wien, September 3-6. The following papers were presented: **Christian Conrad**: "On the Economic Determinants of Optimal Stock-Bond Portfolios: International Evidence"; **Jonas Dovern**: "The Effect of Recessions on Potential Output Estimates: Size, Timing, and Determinants"; **Zeno Enders**: "Heterogeneous consumers, segmented asset markets, and the real effects of monetary policy"; **Valentin Lang**: "Room for Discretion? Biased Decision-Making in International Financial Institutions"; **Franziska K. Lembcke**: "From Licensing to Certification: An Analysis of Germany's Liberalization of the Crafts and Trade Sector" (joint with Christina Gathmann).

Marcel Preuß presented the paper "Heterogeneous Fairness Views" at the 2017 *European meeting of the Economic Science Association*, Vienna, September 6-9. He presented his paper "Consumer Search with and without Tracking" at the *Stony Brook International Conference on Game Theory* in New York, July 21 - 25, at an invited *ENTER-Seminar* at Tilburg University, September 28, and at the *Annual Conference of the European Association for Research in Industrial Economics (EARIE)* in Maastricht, August 31-September 2, where he also received the *Young Economists' Essay Award* for his paper.

Onno Kleen attended the SoFiE Financial Econometrics Summer School 2017 at Kellogg: The Econometrics of Derivatives Markets, Chicago, July 24-28.

New Publications

Eugenio Proto, Aldo Rustichini and Andis Sofianos: "Intelligence, Personality and Gains from Cooperation in Repeated Interactions" has been accepted by the *Journal of Political Economy*.

Minasyan, Anna, Peter Nunnenkamp, Katharina Richert (2017) "Does Aid Effectiveness Depend on the Quality of Donors?", *World Development* (100): 16-30.

Andreas Fuchs and Katharina Richert: "Development Minister Characteristics and Aid Giving", *European Journal of Political Economy*, forthcoming.

Christina Davis, Andreas Fuchs and Kristina Johnson: "State Control and the Effects of Foreign Relations on Bilateral Trade", *Journal of Conflict Resolution*, forthcoming.

Jürgen Eichberger and Ani Guerdjikova: "Do Markets Prove Pessimists Right?" ([find details](#)), *International Economic Review*, forthcoming, 2017.

Valentin Lang's paper "Room for Discretion? Biased Decision-Making in International Financial Institutions" (joint with Andrea Presbitero) was accepted for publication in the *Journal of Development Economics*. ([find details](#)).

Florian Diekert and Tore Schweder: "Disentangling Effects of Policy Reform and Environmental Changes in the Norwegian Coastal Fishery for Cod", in *Land Economics* 93(4), November 2017. ([find details](#)).

Almira Enders and Zeno Enders: "Second-round effects after oil price shocks: Evidence for the euro area and Germany", *Economics Letters* 159C (2017), 208-213.

Van den Broek, K., Bolderdijk, J. W., & Steg, L. (2017). Individual differences in values determine the relative persuasiveness of biospheric, economic and combined appeals. *Journal of Environmental Psychology*, 53, 145-156.

Thomas Petersen and Malte Faber published their Paper "Unbehagen am Kapitalismus. Karl Marx und Thomas Piketty" in FAZ-net on September 23, 2017. ([find details](#)).

E.A. Arens, P. Zeier, C. Schwieren, H. Huisgen, S. Barnow (2017): "The perils of aiming too high: Discrepancy between goals and performance in individuals with depressive symptoms", *Journal of Behavior Therapy and Experimental Psychiatry* In Press, Accepted Manuscript, Available online 22 July 2017.

New and Leaving Staff

Jan Christopher Kops (room 01.026) joined the AWI to work at the Chair of Jürgen Eichberger. Before he stayed at the University of Cologne as a PostDoc. He received his PhD in Economics from Frankfurt University and his Diploma in Math from the University of Mainz. His research interests are in the fields of decision theory and behavioral economics. He currently works on decision making under uncertainty and individual choice via social influence.



Andis Sofianos (room 01.006) joined the AWI as a post-doctoral fellow at the chair of Economic Theory II (Jörg Oechssler). Previously, he worked as a teaching fellow in the Economics Department at the University of Warwick. He has completed his PhD at the University of Warwick where he also obtained an MSc in Economics and Psychological Science and a BSc in Economics. His research interests are within the broad field of Experimental Economics where he studies the impact of individual characteristics, like personality traits and intelligence, on strategic interactions and the labour market. His current work is focused on trusting and cooperative behaviours.



Liza Charroin (room 00.004) joined the AWI as a Postdoc at the chair of public finance (Christoph Vanberg). Previously, she was a PhD student at the Ecole Normale Supérieure in Lyon, France. She worked on social and economic networks with a game theoretic and an experimental approach. During her doctoral studies, she visited the Goethe University in Frankfurt. Her research interests are in the field of behavioral and experimental economics, game theory and group decisions.



Tillmann Eymess (Bergheimer Str. 20, room 322) joined the Research Center for Environmental Economics as a PhD student in the NATCOOP project under supervision of Florian Diekert. He studied Economics in Bachelor and Master at the University of Hannover and was a participant of the Advanced Studies Program at the Institute for the World Economy in Kiel. His research interest is in Development and Environmental Economics as well as Social Networks with previous experience in field research.



Zain Chaudhry (room 01.019b) is a PhD candidate at the Chair of International and Development Politics under the supervision of Prof. Dr. Axel Dreher. His research interests lie in public policy, governance and behavioural and experimental economics. He holds a Masters in Economics from Tilburg University. He has worked with Acemoglu and Khwaja at the Centre for Economic Research (EPoD, Harvard affiliate) on improving governance using lab and field experiments, Rathelot and Le Barbanchon at CREST, France on labour policy as well as the Government of Pakistan on improving public sector recruitment.



Hannes Rau, Ph.D. student at the AWI, joined Jürgen Eichberger's Chair as of September 20.

Florian Kauffeldt left Jürgen Eichberger's Chair and started working at KPMG as Assistant Manager Global Transfer Pricing Services as of October 2017.

Lorenz Hartmann left Jürgen Eichberger's Chair and is back working on his doctoral thesis in Exeter, UK under the supervision of David Kelsey.

Jonas Hedlund left the AWI as of August 2017 and started working as an assistant professor at the University of Texas at Dallas, Department of Economics.

Andreas Reischmann left Jörg Oechssler's Chair as of August 2017, and accepted a position at SAP.

Miscellaneous

Since August 2017 and until the end of December, Peter Dürsch holds a temporary professorship at the Chair of Volker Nocke (Microeconomics) in Mannheim.

**Editorial deadline for issue 22/2017 of the newsletter:
Wednesday, October 18, 2017, 12 p.m.
newsletter@awi.uni-heidelberg.de**

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