



Internal Seminars

TIME:

Wednesday, **January 20**, 12.15-13.15 h

PLACE:

Virtual seminar room

David Piazzolo

"Multilateral Bargaining with Private Information"

We study a three-person, finite horizon bargaining game with private information. A fixed proposer makes offers to two responders. If one (majority rule) or both (unanimity rule) vote yes, the game ends and payoffs are shared as per the proposal. If the first proposal fails, the game ends with an exogenously given "breakdown" probability. Otherwise, the proposer can make a second proposal. If this fails again, breakdown occurs for sure. In case of breakdown, the proposer's payoff is zero and each responder receives a privately known (positive) "breakdown value". Since breakdown values are relevant for round 2 voting behavior, the proposer's beliefs about a responder's breakdown value affects the proposals she makes in round 2. This induces a signaling game in round 1. We study Perfect Bayesian Equilibria under unanimity and majority rule, focusing on responders' voting strategies. Under unanimity rule, low breakdown value responders have an incentive to pool with high type responders in the sense that they reject round 1 offers because this causes the proposer to believe (more strongly) that they are high types. In contrast under majority rule, the threat of exclusion leads to an incentive to imitate low type responders' behavior. A consequence is that both high and low responder types are "cheaper" to buy under majority rule than under unanimity rule. Likewise, the probability of agreement in round 1 is larger under majority rule than under unanimity rule.

*with Christoph Vanberg

Talks and Research Visits

Christoph Vanberg presented the paper "Promises and Opportunity Costs" (with Arjun Sengupta) at the virtual Microeconomic Seminar, Department of Economics, Hamburg University, January 7.

Anca Balietti presented the paper "Lease splitting and dirty entrants: The Unintended Consequences of India's Environmental Clearance Process Reform" at the virtual ASSA/AEA 2021 annual conference, January 3-5.

Thomas Eife presented the paper "The General Equilibrium Effects of the Shale Revolution" at the virtual European Winter Meeting of the Econometric Society in Nottingham, December 14-16.

New Working Papers

Axel Dreher, Sarah Langlotz, Johannes Matzat, Anna Maria Mayda, Christopher Parsons: "Immigration, Political Ideologies and the Polarization of American Politics", *CEPR Discussion Paper 15587* (find paper [here](#)).

New Publications

Axel Dreher, Jenny Simon & Justin Valasek: "Optimal decision rules in multilateral aid funds", *Review of International Organizations* (find paper [here](#)).

Axel Dreher, Andreas Fuchs, Bradley C. Parks, Austin Strange, Michael J. Tierney: "Aid, China, and Growth: Evidence from a New Global Development Finance Dataset", *American Economic Journal: Economic Policy*, forthcoming, (find paper [here](#)).

Miscellaneous

The paper "African Leaders and the Geography of China's Foreign Assistance" (Axel Dreher, Andreas Fuchs, Roland Hodler, Bradley C. Parks, Paul A. Raschky, Michael J. Tierney, *Journal of Development Economics* 140: 44-71) has won the International Geneva (IG) Award 2020 (find further hints [here](#)).

Axel Dreher co-organizes a seminar series on the Political Economy of International Organization (PEIO), Monday, 11am EST, January 25 to March 29, 2021. (find further hints [here](#)).

Editorial deadline for issue 3/2021 of the newsletter:
Wednesday, January 20, 2021.
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