



ALFRED-WEBER-INSTITUT FÜR WIRTSCHAFTSWISSENSCHAFTEN
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AWI This Week

Monday, 30.1.12

Departmental Seminar

17.15-18.45

Carsten Eckel, LMU München

AWI 00.010

"Multi-Product Firms at Home and Away: Cost- versus Quality-based Competence"

Wednesday, 1.2.12

Departmental Workshop

17.15-18.45

Andrea Leuermann, University of Heidelberg

AWI 00.010

"Reputational Herding in Financial Markets:
A Laboratory Experiment"

Jour Fixe

The AWI JOUR FIXE takes place at the Lounge on a weekly basis on Mondays from 16:30 till 17:15 (i.e., just before the departmental seminar). There you will have the opportunity to meet the speaker, enjoy a coffee, and exchange news and discuss research with other members of the AWI.

Departmental Seminar

Carsten Eckel

"Multi-Product Firms at Home and Away: Cost- versus Quality-based Competence"*

We develop a new model of multi-product firms which invest to improve both the quality of their individual products and of their brand. Because of flexible manufacturing, products closer to firms' core competence have lower costs, so they produce more of them, and also have higher incentives to invest in their quality. These two effects have opposite implications for the profile of prices. Mexican data provide robust confirmation of the model's key prediction: firms in differentiated-good sectors exhibit quality-based competence (prices fall with distance from core competence), but export sales of firms in non-differentiated-good sectors exhibit the opposite.

*with Leonardo Iacovone, Beata Javorcik and J. Peter Neary

Departmental Workshop

Andrea Leuermann

"Reputational Herding in Financial Markets: A Laboratory Experiment"*

We experimentally test whether the theoretical predictions by Dasgupta and Prat (2008) hold. Their model concludes that herd behavior by investors indeed exists if career concerns are incorporated into a sequential financial market model. In the experimental setting, career concerns are implemented by introducing wages for investors, which are set by subjects in the role of employers. The experimental results indicate that investors partly engage in imitation of predecessors. Furthermore, this imitation is well understood by the employers who adjust wages accordingly. Nevertheless, the underlying motives for imitative behavior cannot be traced back to the introduction of career concerns but rather to "irrational" imitation.

*with Andreas Roider

Talks and Research Visits

Andreas Fuchs presented his joint paper with Krishna Chaitanya Vadlamannati "The Needy Donor: An Empirical Analysis of India's Aid Motives" in the seminar series of the "Verein Freiburger Wirtschaftswissenschaftler e.V." at the University of Freiburg, January 18.

New Publications

Adam Dominiak, Peter Duersch, Jean-Philippe Lefort: *A dynamic Ellsberg urn experiment*, in *Games and Economic Behavior*, forthcoming.

Aurélien Baillon, Bram Driesen, Peter Wakker: *Relative concave utility for risk and ambiguity*, in the journal *Games and Economic Behavior*, forthcoming.

Christian Conrad and Thomas A. Eife (2012): *Explaining inflation-gap persistence by a time-varying Taylor rule*, in the *Journal of Macroeconomics*, forthcoming.

Miscellaneous

Dieter Ewrimann, Malte Faber, Thomas Petersen and Angelika Zahrnt published the article "Schluss mit der Harmonie! Warum das Nachhaltigkeitskonzept zur Umweltgefahr geworden ist." in *Die Zeit* No.5/2012: 27.

There will be no newsletter until the spring semester in April 2012.

**Editorial deadline for issue 5/2012 of the newsletter:
Wednesday, April 11, 2012, 12 o'clock
newsletter@awi.uni-heidelberg.de**

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