



ALFRED-WEBER-INSTITUT FÜR WIRTSCHAFTSWISSENSCHAFTEN  
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## AWI This Week

### **Monday, 7.5.12**

17.15-18.45

AWI 00.010

### **Departmental Seminar**

Gernot J. Müller, University of Bonn

"Exchange Rate Regimes and Fiscal Multipliers"

### **Wednesday, 9.5.12**

17.15-18.45

AWI 00.010

### **Departmental Workshop**

Alex Roomets, University of Heidelberg

"A Test of Sequential Nash Bargaining"

## Jour Fix

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

Gernot J. Müller

"Exchange Rate Regimes and Fiscal Multipliers"\*

Does the fiscal multiplier depend on the exchange rate regime and, if so, how strongly? In the first part of this paper we estimate a panel vector autoregression (VAR) model. We identify the effects of unanticipated government spending shocks in countries with fixed and floating exchange rates. Importantly, using a particular data set for OECD countries allows us to control for anticipated changes in government spending. In the second part, we interpret the evidence through the lens of a New Keynesian small open economy model. Three results stand out. First, while government spending multipliers are larger under fixed exchange rate regimes, the difference relative to floating exchange rates is smaller than what traditional Mundell-Fleming analysis suggests. Second, there is little evidence for the specific transmission channel which is at the heart of the Mundell-Fleming model. Third, the New Keynesian model provides a satisfactory account of the evidence.

\*with Benjamin Born and Falko Jüßen

### Departmental Workshop

Alex Roomets

"A Test of Sequential Nash Bargaining"

This is preliminary work presenting results of an experiment designed to test an implication of sequential Nash bargaining theory. Fundamentally the task is for two people to "split a pie." However, one of the people must share a set portion of his proceeds with a third party. Sequential Nash bargaining theory suggests that the shared portion should have no consequence on the initial split. \*Spoiler Alert\* We instead find strong evidence of a relationship between the two in an experimental setting. To find out exactly what kind of relationship, you'll have to come to the talk.

## Talks and Research Visits

**Andreas Lindenblatt** presented his paper "Price convergence in Europe - Evidence from european retail food prices" (with Switgard Feuerstein) at the annual GEP postgraduate conference, Nottingham, April, 26.

**Malte Faber** presented the paper "Schluss mit der Harmonie zwischen Wirtschaft und Ökologie? " at the Ressourceneffizienz-Kolloquium, Hochschule Pforzheim, April 17.

**Christoph Vanberg** gave a talk on "The Experimental Research in Political Science & Political Economy: Examples & Applications " at *CAGE: Competitive Advantage in the Global Economy*, Department of Economics, University of Warwick, April 17.

## Visitors

David Kelsey from the University of Exeter visited the AWI from April 24 until May 2 for doing research with Jürgen Eichberger. His research is concerned with choice under uncertainty and its applications in economics and finance.

**Editorial deadline for issue 9/2012 of the newsletter:  
Wednesday, May 9, 2012, 12 o'clock  
[newsletter@awi.uni-heidelberg.de](mailto:newsletter@awi.uni-heidelberg.de)**

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