Newsletter 15/2014

ALFRED-WEBER-INSTITUT

AWI This Week

Monday, 16.6.14	**Departmental Seminar**
16.00-17.30	Burkhard Schipper, UC Davis
AWI 00.010	"Strategic Teaching and Learning in Games"

Tuesday, 17.6.14	**Economics & Politics Seminar**
14.15-15.45	Martin Steinwand , Stony Brook University
AWI 02.036	"Who Joins and Who Fights? An endogenous network analysis of civil wars"

Wednesday, 18.6.14	**Internal Seminar**
12.15-13.15	Zeno Enders, University of Heidelberg
AWI 00.010	"Global Banking, Trade, and the International Transmission of the Great Recess"

Wednesday, 18.6.14	**Macro & Econometrics Seminar**
17.00-18.00	Jörg Rieger, University of Heidelberg
AWI 00.030	"Financial Regulation and Transmission of Financial Shocks"

Departmental Seminar

Burkhard Schipper, UC Davis

"Strategic Teaching and Learning in Games"

It is known that there are uncoupled learning heuristics leading to Nash equilibrium in all finite games. Why should players use such learning heuristics and where could they come from? We show that there is no uncoupled learning heuristic leading to Nash equilibrium in all finite games that a player has an incentive to adopt, that would be evolutionary stable or that "could learn itself". Rather, a player has an incentive to strategically teach such a learning opponent in order secure at least the Stackelberg leader payoff. The impossibility result remains intact when we restrict to the classes of generic games, two-player games, potential games, games with strategic complements or 2 x 2 games, in which learning is usually "nice". More generally, it also applies to uncoupled learning heuristics leading to correlated equilibria, rationalizability, iterated admissibility, or minimal curb sets. A possibility result restricted to "strategically trivial" games fails if some generic games outside this class are considered as well.

Economics & Politics Seminar

Martin Steinwand

"Who Joins and Who Fights? An endogenous network analysis of civil wars"

Civil wars are frequently analyzed as dyadic interactions between a government and a single rebel organization. In contrast, empirically we observe that up to two thirds of all civil conflicts are fought by multiple actors. In addition, civil wars with multiple actors are also the most intense and longest observed conflicts. While many studies have highlighted this empirical finding, few authors fully integrate a n-actor approach in their theoretical and empirical models. This paper tackles this gap by presenting a game-theoretic and empirical model that integrates the choice of joining rebel alliances and the decision to fight. We analyze geo-coded event data from the UCDP-GED project on conflict in Africa, covering 1979-2012.

Internal Seminar

Zeno Enders

"Global Banking, Trade, and the International Transmission of the Great Recession"*

The global financial crisis of 2007-2009 spread through different channels from its origin in the United States to large parts of the world. In this paper we explore the financial and the trade channels in a unified framework and quantify their relative importance for this transmission. Specifically, we employ a DSGE model of an open economy with an internationally operating banking sector. We investigate the transmission of the crisis via the collapse of export demand and through losses in the value of cross-border asset holdings. Calibrated to German and UK data, the model predicts up to 80% of the observed maximum decline in real output.

The trade channel turns out to be responsible for around two thirds of this movement, while the financial channel explains the remaining third. The transmission via the financial channel, however, triggers a longer-lasting recession relative to the trade channel, thereby prolonging the crisis in the receiving countries

*with Alexandra Peter

Talks and Research Visits

Christine Binzel presented her paper "Does the Arrival of a Formal Financial Institution Alter Informal Sharing Arrangements? Experimental Evidence from Village India" (joint with Erica Field and Rohini Pande) at the DENeB Seminar at DIW Berlin, June 5.

Axel Dreher took part at the European Research Workshop in International Trade (ERWIT), CEPR and Erasmus School of Economics, Oslo, Norway. June 4-6.

Zeno Enders discussed a paper by R. Kollmann, M. Ratto, W. Roeger, J. in't Veld, and L. Vogel at the 45th Konstanz Seminar on Monetary Theory and Policy on Reichenau Island, June 3-6.

Axel Dreher presented the paper "Geopolitics, Aid and Growth" at *The Future of Political Economics*, Walter-Eucken-Institute, Freiburg, Germany, May 29-31.

Axel Dreher presented the paper "Weapons of Choic" at the *Terrorism and Policy Conference*, May 21-24, 2014, Richardson, Texas, USA.

Miscellaneous

Zeno Enders participated in the first "Profs vs. Profis" Poetry Slam. The organization 'go ahead' supports a school project in South Africa with the proceeds. He obtained 9.5 out of 10 points, University of Heidelberg, Hörsaal Campus Bergheim, June 10.