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AWI This Week

Tuesday, 7.1.14

Economics & Politics Seminar

14.15-15.45

Erik Gartzke, University of Essex

AWI 00.010

"Trust in Tripwires. Costly Signaling and Extended Deterrence in the U.S.-Japan Security Treaty"

Wednesday, 8.1.14

Internal Seminar

12.15-13.15

Melanie Arntz , University of Heidelberg

AWI 00.010

"Permanent Changes in the Wage Structure and the East German Fertility Crisis"

Friday, 10.1.14

Die Eurokrise: Ursachen. Lösungsstrategien. Folgen

18.30-20.00

Prof. Nikolaos Zahariadis, PhD, University of Alabama at Birmingham

Campus Bergheim

Hörsaal

"Greek Decline or Renewal? European Solidarity and National Economic Disaster during the Sovereign Debt Crisis."

Economics & Politics Seminar

Erik Gartzke

"Trust in Tripwires. Costly Signaling and Extended Deterrence in the U.S.-Japan Security Treaty" *

Alliance theory offers several conceptual mechanisms thought to account for extended deterrence. In practice, however, deterrence appears more convoluted, as defenders often deploy forces that are both costly and inadequate for defense. We unravel these logics using data from the U.S.-Japan Security treaty, where official pacifism helps to limit endogeneity. Moderate deployments can act as "tripwires" committing a defender to intervene when they would not otherwise. However, mobility hinders the credibility of these efforts, while other explanations are available to account for finite deployments. In particular, defenders can signal resolve through where they allocate finite resources. Analysis of extended deterrence failures suggests that the United States conveys priorities through disproportionate shifts in spending on military personnel. Contrary to conventional wisdom, the size and cost of a detachment has little effect on deterrence outcomes. Instead, deterrence depends on the emphasis on Japanese security within the larger U.S. budget.

*with Koji Kagotaniz

Internal Seminar

Melanie Arntz

"Permanent Changes in the Wage Structure and the East German Fertility Crisis" *

After the fall of the Berlin wall, total fertility rate in East Germany tumbled from 1.7 (1989) to a stunning 0.7 children per woman (1994). While the fact is well-documented, little is still known about the crisis' underlying causes. This paper explores how permanent shifts in the East German wage structure altered women's childbearing decisions after unification. Economic transition dramatically increased the returns to human capital in East Germany. Economic theory suggests that rising returns to experience and education favor career investment and the postponement of births to later ages. Our results suggest that women postpone fertility when the wage penalty for time off work in the current period are high. The results on total demand for fertility and the timing of birth are much stronger for high skilled women. Overall, our estimates can account for a substantial fraction of the observed change in fertility behavior among East German women after unification.

*with Christina Gathmann

Talks and Research Visits

Jonas Dovern will present the paper "Information Rigidities in Economic Growth Forecasts: Evidence from a Large International Panel" at the ASSA Meeting 2014, Philadelphia, January 3.

Zeno Enders discussed a paper by Corsetti et al. at the 2nd Institute of New Economic Thinking Conference on Macroeconomic Externalities, Washington, December 13-14.

Axel Dreher presented the paper "Geopolitics, Aid and Growth" at the European Development Network Scientific Conference, Berlin, December 11-12.

Miscellaneous

Maya Schmaljohann, Ph.D. student at the chair of Axel Dreher, has successfully defended her doctoral theses on "The Political Economy of International Financial Flows to Developing Countries", University of Heidelberg, December 16.

**Editorial deadline for issue 2/2014 of the newsletter:
Wednesday, January 8, 2014, 12 o'clock
newsletter@awi.uni-heidelberg.de**

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please contact the address above.