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AWI This Week

Monday, 27.1.14

Departmental Seminar

17.15-18.45

AWI 00.010

Ro'i Zultan, Ben-Gurion University of the Negev

"Auction mechanisms and bidder collusion"

Tuesday, 28.1.14

Economics & Politics Seminar

14.15-15.45

AWI 02.036

Sarah See, University of Bologna

"Maternal Labour Supply and Time with Children: Insurance Mechanisms of Married and Lone Mothers"

Wednesday, 29.1.14

Internal Seminar

12.15-13.15

AWI 00.010

Alejandro Donado, University of Heidelberg

"Foreign Languages and their Impact on Income and Unemployment"

Thursday, 30.1.14

Die Eurokrise: Ursachen. Lösungsstrategien. Folgen

18.30-20.00

Campus Bergheim
Hörsaal

Prof. Dr. Peter Graf Kielmannsegg, Universität Mannheim

"Die Eurokrise und die Zukunft der Demokratie"

Departmental Seminar

Ro'i Zultan

"Auction mechanisms and bidder collusion"

Bidder collusion in auctions is a persistent phenomenon. We study a simple form of collusion, by which one bidder (the proposer) may offer to 'bribe' another bidder (the responder) to drop out of the auction. This form of collusion can result in loss of efficiency if the bribing party has a lower value for winning the auction. The theoretical analysis predicts the existence of inefficient bribes in second-price auctions. First-price auctions, on the other hand, provide a deterring mechanism against bribing due to the signaling properties of bribes. Given any bribing strategy, proposers have an incentive to strategically misrepresent their type, resulting in a pooling equilibrium in which no bribes are offered. We test the hypothesis that first-price auctions are more robust to bidder collusion in a controlled laboratory experiment. Contrary to the theoretical prediction, we find that the auction mechanism has a negligible effect on the bribing behavior. Auction efficiency, however, is reduced in the first-price auction as low-value proposers often winning the auction. The analysis of the bidding behavior and the empirical-optimal strategies establishes that the loss of efficiency can be attributed partly to optimal bidding behavior and partly to myopic behavior of the responders.

Economics & Politics Seminar

Sarah See

"Maternal Labour Supply and Time with Children: Insurance Mechanisms of Married and Lone Mothers"

Married working mothers potentially have access to two mechanisms to insure children in the household against a reduction in time spent with the mother - time of the father and money earned at work. Lone parents do not have access to paternal time to the same extent and are likely to be more credit constrained, suggesting fewer opportunities to insure children. We find that married mothers do reduce time spent with their children when they work. They offset this reduction almost completely using the time resource of a father who takes on child care responsibilities and contributes towards housework, and the time resource of grandparents. For lone parents, time with children does not significantly change when they work and we find no evidence of insurance through the paternal or a grandparent resource. However, in high education households where working lone parents access a financial resource such as quality child care, time spent with children does fall as mothers work.

*with J. Swaffield and E. Tominey

Internal Seminar

Alejandro Donado

"Foreign Languages and their Impact on Income and Unemployment"

Using a repeated cross-section of more than 258,000 residents of 39 European countries covering the period from 1990 to 2012, I study the impact of knowing different foreign languages on income and (for the first time) on unemployment. To help identify causal effects, I also employ a novel instrument based on the linguistic distance between the respondent's mother tongue and the foreign language in question. My results indicate that individuals that are able to speak foreign languages have a higher income and are less likely to be unemployed.

Talks and Research Visits

Jörg Oechssler gave a talk on "Imitation under stress" (joint paper with Magdalena Buckert and Christiane Schwieren) at the Economics Seminar, University of Erlangen-Nürnberg, January 22.

Stefan Trautmann gave a seminar lecture titled "Ambiguity attitude = ambiguity aversion?" at the Department of Economics and Business, Radboud University Nijmegen, January 20.

Vera Eichenauer presented her paper "The Politics of Special Purpose Trust Funds" (with Simon Hug) at the Annual Conference on the Political Economy of International Organizations at Princeton University, USA, January 15-18.

Andreas Fuchs presented the research proposal "Favoritism in the Regional Allocation of Aid" at the Convening of the AidData Research Consortium at the College of William & Mary in Williamsburg, USA, January 8-11, and participated at the Annual Conference on the Political Economy of International Organizations at Princeton University, USA, January 15-18.

**Editorial deadline for issue 5/2014 of the newsletter:
Wednesday, January 29, 2014, 12 o'clock
newsletter@awi.uni-heidelberg.de**

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please contact the address above.