

BONN ECON NEWS

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Redaktion: Dorte Huth, Wirtschaftspolitische Abteilung

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Nr. 356

Montag, 25.06.2012

VERANSTALTUNGEN DIESER WOCHE / ACTIVITIES OF THIS WEEK

Montag, 25.06.2012

Extra Seminar

12.00 Uhr, Fakultätszimmer

Stephan Lauermann, University Michigan

“A Common Value Auction with Bid Solicitation”

Dienstag, 26.06.2012

IZA Forschungsseminar

12.00 Uhr, IZA Schaumburg-Lippe Str. 9

Stefanie Schurer, Victoria University of Wellington

“Maternal Gender Role Attitudes, Educational Expectations, and Labour Supply of Sons and Daughters”

LawEcon Workshop

18.00 Uhr, Juridicum, Raum 055

Alan Schwartz, Yale University

“Contracting About Private Benefits of Control”

Mittwoch, 27.06.2012

CENs-Seminar

12.00 Uhr, Nachtigallenweg 86, CENs-Hörsaal

Malte Sandner, Universität Hannover

“The effects of early childhood intervention on child development and early skill formation. Evidence from a randomized experiment”

Micro Workshop BGSE

12.15 Uhr, Juridicum, Raum 055

Michael Hewer, Universität Bonn

“Breakdown in Multilateral Negotiations”

Micro Theory Seminar

16.15 Uhr, Fakultätszimmer

Eddi Dekel, Tel Aviv University

“Optimal Allocation with Costly Verification”

Donnerstag, 28.06.2012

Finance and Insurance Seminar

12.00 Uhr, Juridicum, Sitzungszimmer der Fakultät

Ivo Welch, UCLA Anderson School

“Asset-Class Based Capital Budgeting”

IZA Brown Bag Seminar

12.00 Uhr, IZA, Schaumburg-Lippe-Str. 9

Øivind Anti Nilsen, Norwegian School of Economics

“Is Reciprocity of Disability Pension Hereditary?”

BGSE Brown Bag Seminar

17.00 Uhr, Fakultätszimmer

Jan Bergerhoff, BGSE

“Personality and Economics”

Macro/Econometrics/Finance Seminar

16.15 Uhr, Juridicum, Raum 055

Michael C. Burda, Humboldt Universität Berlin

“Payroll Taxes, Social Insurance and Business Cycles”

EXTRA SEMINAR

Stephan Lauermann, University Michigan

“A Common Value Auction with Bid Solicitation”

Abstract

We consider a single-good first price auction with common values. The novel feature is that the number of bidders is endogenous: the seller-- auctioneer--knows the value and solicits bidders at a per sampled bidder. The bidders privately observe noisy signals of the true value, as in the standard auction model. But number of solicited bidders is unobservable to them. The number of solicited bidders in equilibrium will in general depend on the true value, giving rise to a Solicitation Effect: being solicited already conveys information. This solicitation effect is a key difference between this model and the standard model of common value auctions. We point out that equilibrium bid distributions may exhibit atoms. This is an interesting observation since it runs contrary to the standard intuition that atoms are precluded by bidders to slightly overbid them. We also discuss information aggregation in the case of small bidder solicitation cost. We show that there is a type of equilibrium that aggregates information well when the most favorable signals are informative. But there is also a type of equilibrium that aggregates information poorly.

IZA FORSCHUNGSSEMINAR

Stefanie Schurer, Victoria University of Wellington

(joint work with David W. Johnston and Michael A. Shields)

“Maternal Gender Role Attitudes, Educational Expectations, and Labour Supply of Sons and Daughters”

Abstract

Using data from the 1970 British Cohort Study, we investigate the role of maternal gender role attitudes in explaining the differential educational expectations mothers have for their daughters and sons, and consequently their children’s later educational outcomes and labour supply. We find that mothers’ and children’s gender role attitudes, measured some 25 years apart, are significantly correlated, equally so for sons and daughters. Moreover, daughters are significantly more likely to continue school beyond the minimum school-leaving age, participate in the labour force, and work more hours if their mothers held non-traditional (pro-gender-equality) beliefs, even if they were not working themselves. Consistent with the hypothesis that maternal gender role attitudes affect daughters’ economic opportunities only, we find no effect on sons’ education outcomes and labour supply. However, we find that mothers’ attitudes significantly affect sons’ partners’ (daughter-in-law) labour supply. All these results suggest that the intergenerational transmission of nontraditional attitudes from mothers to their children explain a major part of gender inequalities in economic opportunities, and that attitudes and outcomes persevere across generations through assortative mating.

LAW ECON WORKSHOP

(joint work with Ronald J. Gilson)

Alan Schwartz, Yale University

“Contracting About Private Benefits of Control”

Abstract

The separation of control and ownership – the ability of a small group effectively to control a company though holding a minority of its cash flow rights – is common throughout the world, but also is routinely decried. The control group, it is thought, will use its position to acquire pecuniary private benefits – to take money – and this injures shareholders in two ways: there is less money and the controllers are not maximizing firm value. To the contrary, we argue here that pecuniary private benefits may compensate the control group for monitoring managers and otherwise exerting effort to implement projects. We argue that there is an optimal level of pecuniary private benefit consumption that maximizes the control group’s profits, induces constrained efficient controller effort levels and compensates public shareholders for funding the firm’s projects. Controllers and shareholders contract indirectly for pecuniary private benefit levels today, to the extent the law permits or is avoidable. In the United States, transactions that may provide controllers with private benefits are subject to mandatory rules that seek to constrain their amounts. The law regulating private benefits, we claim, should be demoted from mandatory to a default. This reform would make no one worse off, and would increase efficiency, conditional on the feasibility of parties explicitly contracting over the level of private benefits.

CENs SEMINAR

Malte Sandner, Universität Hannover

“The effects of early childhood intervention on child development and early skill formation. Evidence from a randomized experiment”

Abstract

This paper presents results from a randomized evaluation of a home visiting program for disadvantaged first time mothers and their families implemented in three German federal states. At the end of the first year of the program, children in home visited families perform significantly better than those in the control families by 0.18 standard deviations in the Mental Developmental Index. Examination of gender differences revealed that home visited girls scored 0.30 standard deviations higher than girls in the control families, whereas boys scored similar in both groups. Results indicate no differences in the scores of the Psychomotor Developmental Index and the birth outcomes, despite 0.28 standard deviations higher birth weight for boys in the home visited families compared to boys in the control families. We find evidence for skill self productivity but in different magnitude for boys and girls. Furthermore, we analyze possible monetary returns of the program.

MICRO WORKSHOP BGSE

Michael Hewer, Universität Bonn

“Breakdown in Multilateral Negotiations”

Abstract

We analyze a complete information multilateral bargaining model in which a buyer is to purchase several complementary goods from different sellers. Binding cash-offer contracts are used to govern transactions. In contrast to the preexisting literature, we assume that the buyer is not able to derive the same stand-alone valuation as the sellers. We then demonstrate that in a large class of bargaining games a complete breakdown of negotiations can occur as the unique equilibrium outcome even if only two sellers are present.

MICRO THEORY SEMINAR

Eddi Dekel, Tel Aviv University

“Optimal Allocation with Costly Verification”

Abstract

A principal (dean) has an object (job slot) to allocate to one of n agents (departments). All agents have a strictly positive value for receiving the object. The value generated for the principal from giving the object to any particular agent is known only to the agent. There are no monetary transfers but the principal can check the value of any individual at a cost which may vary across individuals. We characterize the class of optimal Bayesian mechanisms, that is, mechanisms which maximize the expected value to the principal from his assignment of the good minus the costs of checking values. One particularly simple mechanism in this class, which we call the favored-agent mechanism, is also ex post incentive compatible and hence is an optimal ex post mechanism. The favored-agent mechanism specifies a threshold value v^* and a favored agent i^* . If all agents other than i report values below v^* , then i^* receives the good and no one is checked. Otherwise, whoever reports the highest value is checked with probability 1 and receives the good iff her report is confirmed.

FINANCE AND INSURANCE SEMINAR

Ivo Welch, UCLA Anderson School

“Asset-Class Based Capital Budgeting”

Abstract

Fama and French (1997) show that the CAPM and FFM (Fama-French XMKT, HML, SMB model) have large standard errors in one-month-ahead forecasts. Our paper extends their perspective. It shows that both models have no out-of-sample predictive ability over multi months horizons. This is not just due to factor premia uncertainty, but due to high variability and mean reversion of (shrunk industry) factor loadings. Our findings are robust to a broad range of estimation procedures. In sum, the evidence suggests that corporate executives are better off not using the CAPM or FFM models to infer differential opportunity costs of equity capital for longer-term projects. Under the reasonable hypothesis that fixed-income securities have lower expected rates of return than equity securities, the logical conclusion is that managers should calculate project costs of capital based only on how levered their projects are. We call this asset class based capital budgeting (ABC).

IZA BROWN BAG SEMINAR

Øivind Anti Nilsen, Norwegian School of Economics

“Is Reciprocity of Disability Pension Hereditary?”

Abstract

This paper addresses whether children's exposure to parents receiving disability benefits induces a higher probability of receiving such benefits themselves. Most OECD countries experience an increasing proportion of the working-age population receiving permanent disability benefits. Using data from Norway, a country where around 10% of the working-age population rely on disability benefits, we find that the amount of time that children are exposed to their fathers receiving disability benefits affects their own likelihood of receiving benefits positively. This finding is robust to a range of different specifications, including family fixed effects.

MACRO/ECONOMETRICS/FINANCE SEMINAR

Michael C. Burda, Humboldt Universität Berlin

(joint work with Mark Weder)

“Payroll Taxes, Social Insurance and Business Cycles”

Abstract

Payroll taxes represent a major distortionary influence of governments on labor markets. This paper examines the role of time-varying payroll taxation and the social safety net for cyclical fluctuations in a nonmonetary economy with labor market frictions and unemployment insurance,

when the latter is only imperfectly related to search effort. A balanced social insurance budget renders gross wages more rigid over the cycle and, as a result, strengthens the model's endogenous propagation mechanism. For conventional calibrations, the model generates a negatively-sloped Beveridge curve and countercyclical unemployment as well as substantial volatility and persistence of vacancies and unemployment.

**Redaktionsschluß für
"BONN ECON NEWS" Nr. 357
MITTWOCH, 27.06.2012
12.00 Uhr**

BONN ECON NEWS by email* (pdf)

*send email to majordomo@listserv.uni-bonn.de with "subscribe econ-news" or "unsubscribe econ-news" in the body of the email