



# **WORKST** KONOMISCHER

# Programmübersicht

**Freitag, 01. März 2013** 09:15– 09:30

Begrüßung

09:45 – 12:30 Vorträge

12:30 – 13:45 Mittagspause

13:45 – 17:45 Vorträge

17:45 – 19:00 Keynote Lecture Dr. Salvatore Barbaro, Staatssekretär im Ministerium der Finanzen Rheinland-Pfalz

20:00 Conference Dinner

**Samstag, 02. März 2013** 09:30 – 13:00 Vorträge

13:00 – 13:15
Best Paper Award,
anschließend Verabschiedung und Mittagessen

Alle Vorträge finden im Gebäude H der Universität Trier (Campus II) in den Räumen H714 und H730 statt.



# S Y Y O Y

### **Programm**

Freitag, 01. März 2013

09:15 – 09:30 Begrüßung (H714)

09:45 - 11:15

Session 1A: Social Preferences (H714), Chair: Tobias König Florian Baumann: "Crime and status: A contribution to strain theory"

Tobias König: "Relative consumption, optimal taxation and public provision of private goods"

09:45 - 11:15

Session 1B: International Economics (H720), Chair: Jakob Schwab

Marco de Pinto: "Trade liberalization and unions' bargaining power"

Jakob Schwab: "FDI and international income divergence"

11:15 - 11:45 Kaffeepause

11:45 - 12:30

Session 2A: International Economics (H714), Chair: Marco de Pinto

Stephan Huber: "Product sophistication and spillovers from FDI"

11:45 - 12:30

Session 2B: Personnel Economics (H720), Chair: Mario Mechtel Patrick Kampkötter: "Determinants and effects of target agreements for employees: An empirical investigation of German firms"

12:30 – 13:45 Mittagspause



13:45 - 15:15

Session 3A: Labor Economics (H714), Chair: Daniel Arnold Tobias Brändle: "Coaching, counseling and case-working: What helps older unemployed back into the labor market?"

Daniel Arnold: "Determinants of presenteeism in Europe"

13:45 - 15:15

Session 3B: Contests (H720), Chair: Dana Sisak

Tim Friehe: "How to protect one's property against crime? Endogenous observability of private precautions"

Dana Sisak: "On the merits of meritocracy"

15:15 – 15:45 Kaffeepause

15:45 - 17:15

Session 4A: Personnel Economics (H714), Chair: Leonie Gerhards

Mario Mechtel: "The role of task meaning on output in groups: Experimental evidence"

Leonie Gerhards: "Incentives for motivated agents - An experiment with employees from a non-profit organization"

15:45 - 17:15

Session 4B: Happiness Economics (H720), Chair: Adrian Chadi Clemens Hetschko: "Self-employment, unemployment and well-being"

Adrian Chadi: "Why are workers so happy in their new job?"

17:15 – 17:45 Kaffeepause

17:45 – 19:00

**Keynote Lecture (H714)** 

Salvatore Barbaro: "Perspektive der Steuerpolitik"

20:00

**Conference Dinner** 



### Samstag, 02. März 2013

09:30 - 11:00

Session 5A: Taxation & Public Finance (H714), Chair: Nikolai Stähler

Markus Reischmann: "Fiscal equalization schemes and fiscal sustainability"

Nikolai Stähler: "Virtue and damage of tax progression in an RBC model with labor market frictions and rule-of-thumb consumers"

09:30 - 11:00

Session 5B: Applied Economics (H720), Chair: Christoph Schinke

Matthias Opfinger: "National identity and religious diversity"

Christoph Schinke: "Inheritance in Germany in the 2000s"

11:00 – 11:30 Kaffeepause

11:30 - 13:00

Session 6A: Political Economy (H714), Chair: Philipp Denter Emanuel Hansen: "Political selection and the concentration of political power"

Philipp Denter: "Political campaigning in proportional electoral systems"

11:30 - 13:00

Session 6B: Experimental Economics (H720), Chair: Vanessa Mertins

Maren Hartmann: "Yo Ho! Yo Ho! Non-Nash plundering in the buccaneers game"

Vanessa Mertins: "Priming and gender differences"

13:00 – 13:15 Best Paper Award (H714)

Anschließend: Verabschiedung und Mittagessen



# **Organisatorisches**

### **Mittagessen und Conference Dinner**

Das Mittagessen am Freitag findet in der Mensa Petrisberg statt, Gutscheine werden an alle Teilnehmer ausgegeben. Das Conference Dinner ist am Freitagabend in der Weinstube Kesselstatt (Liebfrauenstr. 10). Die Weinstube ist 500 Meter fußläufig von der Porta Nigra entfernt. Am Samstagmittag gibt es nach den Vorträgen einen Imbiss.

### **Unterbringung**

Hotel Römischer Kaiser Porta-Nigra-Platz 6 54292 Trier Tel. 0651 / 9770100 www.friedrich-hotels.de

### **Pension Lübeck**

Tarforster Str. 40 54296 Trier Tel. 0651 / 10540 www.pensionluebecktrier.de

### **Anreise**

Die Vorträge finden am Campus II der Universität Trier im Gebäude H statt (Behringstr.). Folgende Busverbindungen empfehlen sich:

### Vom Hotel Römischer Kaiser:

- Bus 4 Richtung Irsch Hockweiler Str. (Abfahrt Hbf. Bstg. 4 oder Porta Nigra Bstg. 1) bis Universität Campus II, Fahrzeit ab Porta Nigra: 20 Min.
- Bus 3 Richtung Tarforst Ludwig-Erhard-Ring bzw. Richtung Kürenz Am Weidengraben (Abfahrt Hbf. Bstg. 5 oder Porta Nigra Bstg. 2) bis Kürenz Kohlenstraße. Von Kohlenstr. (Bstg. 1) Bus 4 Richtung Porta Nigra bis Universität Campus II, Fahrtzeit ab Porta Nigra: 18 Min.

### Von der Pension Lübeck:

- Bus 4 Richtung Porta Nigra (Abfahrt Tarforster Str. Bstg. Hp1) bis Universität Campus II, Fahrtzeit: 7 Min.

Fahrkartenverkauf im Bus. Es empfiehlt sich ein 4-Fahrten-Ticket (Preisstufe 2), das im Vergleich zu vier Einzelfahrscheinen 25 Prozent günstiger ist.



# OKONOMISCHER WORKSHOP

### Weg zum IAAEU



Drehtür Haupteingang Gebäude F



Im Eingangsbereich links am Lageplan vorbei gehen



Die Treppe neben dem Bibliothekseingang führt ins erste Obergeschoss...



...dort bitte rechts halten und den Flur entlang gehen



### **Universität Trier**



...zu diesen zwei Aufzügen

Der Flur führt durch mehrere Glastüren...



Das IAAEU befindet sich im 7. Stock



Der Haupteingang ist während des Workshops durchgehend geöffnet



### **Abstracts**

Freitag, 01. März 2013

09:45 – 11:15 Session 1A: Social Preferences (H714), Chair: Tobias König

Florian Baumann, Tim Friehe

Crime and status: A contribution to strain theory

This paper studies the implications of strain theory for crime rates in a very simple framework by assuming that potential offenders care about their relative position. We establish that subjects' status concerns allow for multiple crime rate equilibria and that these concerns may modify the results regarding predictions about how crime changes in response to a higher detection probability and a higher sanction. The socially optimal level of the detection probability and the sanction will often be higher when potential offenders care about their relative position.

Tobias König, Tobias Lausen

Relative consumption, optimal taxation and public provision of private goods

This paper shows that public provision of private goods may be justified on pure efficiency grounds in an environment where individuals have relative consumption concerns. By providing private goods, governments directly intervene in the consumption structure, thereby having an instrument to correct for the excessive consumption of positional goods. We identify sufficient conditions where public provision of private goods is always part of the optimal policy mix, even when consumption taxes are available. In fact, with public provision of private goods, there are cases where the first-best allocation can be achieved, and (linear) consumption taxes can be redundant.



## 09:45 – 11:15 Session 1B: International Economics (H720), Chair: Jakob Schwab

Marco de Pinto, Jochen Michaelis

Trade liberalization and unions' bargaining power

If trade liberalisation is no Pareto-improvement, but worsens the labour market outcome for the low-skilled, trade unions have an incentive to call for protection. Grossman and Helpman (AER, 1994) present a theory of endogenous protection by explicitly modelling government-industry interactions. We take up this idea and argue that variable trade costs depend on the strength of trade unions. Our framework is a Melitz-type model of international trade with heterogeneous firms, monopolistic competition and unionized labour markets. We show (i) how the labour markets effects of trade liberalisation depend on the bargaining strength of the trade unions, and (ii) how an increase in the union's bargaining power affects wages and employment given that protection in terms of variable trade costs goes up.

### Jakob Schwab

### FDI and international income divergence

I incorporate imperfect capital markets in a standard neoclassical model of economic growth to analyze the effect of capital market globalization for developing countries in the long run. In autarky, savings have to find their way into investment and Solow-type growth emerges. When a country that lags behind in the growth process opens up to international capital markets, FDI flows in. This lowers returns to investment and thus the possibility of domestic agents to build up capital. Although, short term benefits in terms of increased wage rates occur, the wedge between the returns to investment and savings that is constantly reaped by foreign investors is foregone for domestic agents in the long run and - compared to the autarky case - national income is lower.



### 11:45 – 12:30 Session 2A: International Economics (H714), Chair: Marco de Pinto

Katharina Eck, Stephan Huber

Product sophistication and spillovers from FDI

Recent research has shown that specializing in the production of highly sophisticated products is associated with higher economic growth in developing countries. One channel through which product sophistication can be increased is access to foreign technologies via foreign direct investment. At the firm level, evidence on how foreign direct investment influences product sophistication is scarce. This paper aims to fill this gap. We use Indian firm-product-level data to identify firms that manufacture highly sophisticated products. We then explore through which channels spillovers from multinational to local Indian firms foster the manufacturing of highly sophisticated products. We find evidence that spillovers through supplier linkages strongly foster the manufacturing of highly sophisticated products in India.

# 11:45 – 12:30 Session 2B: Personnel Economics (H720), Chair: Mario Mechtel

Kathrin Breuer, *Patrick Kampkötter*, Jan-Hendrik Zimmermann **Determinants and effects of target agreements for employees: An empirical investigation of German firms** 

We empirically investigate the organizational determinants and performance effects of target agreements for employees based on the IAB establishment panel, an annual, representative survey of more than 16,000 German firms. Firms with a small employee turnover rate and a small proportion of temporary workers are less likely to implement target agreements, whereas firms with a high proportion of higher qualified employees and works councils installed are more likely to do so. Applying a first-difference approach we find that establishments which implement target agreements achieve a 6% higher monetary turnover compared to firms without having introduced this practice, i.e. organizations seem to profit economically from the implementation of target agreements for employees.



## 13:45 – 15:15 Session 3A: Labor Economics (H714), Chair: Daniel Arnold

Bernhard Boockmann, *Tobias Brändle*Coaching, counseling and case-working: What helps older unemployed back into the labor market?

In this paper we present results from the evaluation of a large-scale active labor market program in Germany, Perspektive 50Plus. The program is especially designed to integrate older long-term unemployed into the first labor market and features a number of innovative incentive schemes and counseling practices in participating job centers. Using process data from the Federal Employment Agency we have performed a combination of different evaluation methods to account for possible countervailing effects such as selection, cream-skimming or substitution. The results from the propensity score matching estimation suggest a large causal effect of program participation on labor market integration of about 10 to 12 percentage points (up to 50%). Difference-in-difference results show that in regions which have joined the program older unemployed have a one percentage points higher probability of integration (intent-to-treat-effect). However, there are also lock-in effects, such that program participants have a higher probability to continue to receive unemployment benefits, i.e. they do not leave the labor force or do not find sufficiently paid jobs. In effect, this leaves the program successful but very costly.

### Daniel Arnold

### **Determinants of presenteeism in Europe**

Presenteeism describes the behaviour of employees who are present at work while being sick. Albeit vast evidence on the huge productivity impact of such behaviour, little is known about determinants of individual presenteeism behaviour. We empirically analyse determinants of presenteeism behaviour with regards to the incidence and with regards to the number of days spent at work while being sick. Besides sociodemographics, we look at labour relation characteristics such as work contracts, working time and tasks as well as plant characteristics. We present empirical evidence from a new data set covering employees in the EU-27, including more than 20,000 observations.



### 13:45 – 15:15 Session 3B: Contests (H720), Chair: Dana Sisak

Florian Baumann, Philipp Denter, Tim Friehe

How to protect one's property against crime? Endogenous timing when property value is private information

This paper analyzes a contest in which defenders have private information about the value of the objects they are trying to protect and determine the timing of the contest. We describe how the resulting equilibrium depends on the distribution of defender types, the magnitude of differences between defender types, and the asymmetry between defender and offender regarding the valuation of the objects at stake in the contest. Our setting captures central characteristics of the interaction between households, who invest in private precaution against crime, and thieves, addressing the classic distinction between observable and unobservable private precautions. Welfare analysis yields the finding that private information about the value of the objects defenders are trying to protect improves the outcome relative to a complete information scenario.

John Morgan, *Dana Sisak*, Felix Várdy **On the merits of meritocracy** 

We study career choice when competition for promotion is a contest. A more meritocratic profession always succeeds in attracting the highest ability types, whereas a profession with superior promotion benefits attracts high types only if the hazard rate of the noise in performance evaluation is strictly increasing. Raising promotion opportunities produces no systematic effect on the talent distribution, while a higher base wage attracts talent only if total promotion opportunities are sufficiently plentiful.

# 15:45 – 17:15 Session 4A: Personnel Economics (H714), Chair: Leonie Gerhards

Agnes Bäker, Mario Mechtel

The role of task meaning on output in groups: Experimental evidence

This paper analyzes experimentally how the interaction of task meaning and peer presence affects work effort. We build on the experimental designs of Falk and Ichino (2006) and Ariely et al. (2008). Confirming previous results from the literature, we find positive peer effects and negative effects of low task meaning. In addition, we find that peer effects are even stronger if task meaning is low, implying that they are able to partially overcome the negative effort effect of low task meaning. A second experiment shows that the results are reversed if workers are able to increase output by cheating.



### Leonie Gerhards

### Incentives for motivated agents - An experiment with employees from a non-profit organization

This paper studies the incentive effects of an organization's mission on agents' effort decisions in an online experiment. A unique subject pool of employees from a non-profit humanitarian organization participates in a principal-agent design. Two treatments are implemented, which differ in the degree of the agent's mission match to his project (Low Mission and Mission Match). The results show that for any given piece rate agents choose significantly higher efforts in the Mission Match Treatment. Furthermore, evidence for a motivational crowding-out effect of high monetary incentives is observed. Principals do not take advantage of the fact that they could economize on monetary incentives when interacting with a motivated agent. In fact, piece rate choices are increasing in the principals' mission match to their agent's projects.

### 15:45 – 17:15 Session 4B: Happiness Economics (H720), Chair: Adrian Chadi

Clemens Hetschko

### Self-employment, unemployment and well-being

One of the main tasks of labour market economists is to analyse the costs and benefits of labour market policies, particularly with regard to fighting unemployment. To do so, it is necessary to determine the loss of utility caused by a job loss. Various studies on this topic have shown that unemployment, on average, causes a loss of life satisfaction which by far cannot be explained by the loss of income alone. The non-monetary costs of unemployment for men, for instance, are twice as high as the monetary cost (for a summary see Hetschko and Knabe 2013). The conclusion of this study so far is that – throughout all employment groups – the self-employed can be identified as the one group suffering the most from losing their job. This is the case both in relative terms compared to the time before unemployment (loss of procedural utility) as well as in absolute terms during unemployment (loss of identity utility).

### Adrian Chadi

### Why are workers so happy in their new job?

Previous investigations on the effects of past and future life events on subjective well-being have offered important insights concerning phenomena such as anticipation and adaption. Using job satisfaction responses from German panel data this study continues this kind of research by analysing



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the role of job changes. The dynamic picture found differs strongly from those known from other events. The investigation of the different aspects of job changes allows important conclusions for the research of workers' well-being and sheds light on potential reasons why employees report enormous increases in satisfaction levels when moving to a new job.

Samstag, 02. März 2013

09:30 – 11:00 Session 5A: Taxation & Public Finance (H714), Chair: Nikolai Stähler

Niklas Potrafke, *Markus Reischmann*Fiscal equalization schemes and fiscal sustainability

Fiscal sustainability tests have largely ignored the institutional setting of fiscal policy making such as fiscal equalization schemes in federal states. We examine whether US and German state governments pursue sustainable fiscal policies taking into account fiscal transfers. Using panel data techniques we investigate whether the debt-to-GDP ratio has had a positive influence on the primary surplus (Bohn-model). We employ a GMM estimator to deal with potential endogeneity in the Bohn-model. We show that including/excluding fiscal transfers changes the results. While fiscal transfers render fiscal policy sustainable they also provide the states with incentives to increase spending.

Jana Kremer, Nikolai Stähler

Virtue and Damage of Tax Progression in an RBC Model with Labor Market Frictions and Rule-of-Thumb Consumers

In an RBC model with labor market frictions, we find that a more progressive tax system reduces structural unemployment as it fosters long-run incentives for job creation. Because there exists an optimal level of unemployment in a matching environment ("Hosios condition"), tax progression improves steady-state welfare up to a certain threshold and harms it beyond. However, tax progression always increases the costs of business cycles for those consumers who can save and borrow, while it reduces the business cycle costs for rule-of-thumb households. The latter is due to less volatile net wages. Our analysis suggests that the steady-state effect dominates business cycle costs for the variance of productivity shocks being in a plausible range. The higher the workers' bargaining power and fall-back utility are, the less likely it is to generate positive welfare effects from tax progression. In relative terms, tax progression also involves consumption redistribution between household types.



# 09:30 – 11:00 Session 5B: Applied Economics (H720), Chair: Christoph Schinke

Kenneth Harttgen, *Matthias Opfinger* **National identity and religious diversity** 

We construct a simple index for national identity using information from the World Values Survey on peoples' attitudes towards the nation. We then analyze the relationship between national identity and religious diversity. The results show that religious diversity is significantly and negatively related to national identity. We also find support for the previous finding that ethnic diversity does not seem to be related to national identity. Apparently, religious diversity and the feeling of heterogeneity that goes along with it prevents people from forming a common identity. Besides, our results indicate that there is a negative correlation between national identity and the level of income. The prevention of discrimination against minority groups follows as an important policy advice.

## Christoph Schinke Inheritance in Germany in the 2000s

I estimate the size of inheritance and gift ows in Germany for the years 2002 to 2009. I apply the methodology used by Piketty (2011) for France by combining national accounts, tax statistics and survey data (the German Socio-Economic Panel, SOEP). Intergenerational transfers are on the rise and have reached substantial amounts: over 220 billion Euro have been transmitted in 2009. When using pure household survey data or inheritance tax statistics only, the evidence yields much lower values. Furthermore, new empirical evidence on the shape of age-wealth profiles is presented, using micro data from the German inheritance tax statistics. Opposed to the common assumption in the macroeconomic literature, age-wealth profiles are not hump-shaped but rising steeply.

# 11:30 – 13:00 Session 6A: Political Economy (H714), Chair: Philipp Denter

Andreas Grunewald, *Emanuel Hansen*, Gert Pönitzsch **Political selection and the concentration of political power** 

This paper studies the effects of power concentrating institutions on the quality of political selection, i.e., the voters' capacities to empower competent politicians. In our model, candidates are privately informed about



their abilities and motivated by welfare considerations as well as the spoils of office. If politicians are privately informed about their ability, variations in power concentration involve a tradeoff. On the one hand, higher concentration of power enables the voters' preferred politician to enforce larger parts of his agenda. On the other hand, more power concentration leads to stronger policy distortions, due to increased electoral stakes. We find that full power concentration is desirable if and only if the politicians are strongly driven by welfare considerations. The results of an empirical analysis are in line with this prediction.

### Philipp Denter

### Political campaigning in proportional electoral systems

In this paper I investigate political campaigning in proportional electoral systems in a formal model. Political parties can engage in persuasive campaigning in an effort to increase their vote share. The focus of the paper is on aggregate campaigning outlays and parties' relative spending incentives. In line with empirical research it is established that unlike in majoritarian systems there is no momentum in campaigns, i.e. more popular parties do not necessarily have stronger incentives to invest in the campaign. Further, aggregate spending might be higher than in majoritarian systems, which contradicts recent theoretical findings and is due a more general distribution of voters' preferences.

## 11:30 – 13:00 Session 6B: Experimental Economics (H720), Chair: Vanessa Mertins

Björn Frank, Simone Gobien, *Maren Hartmann*, Özcan Ihtiyar, Felix Kaminsky, Elina Khachatryan, Nataliya Kusa, Ahmed Rashad, Mohamed Sabry, Sondos Shaheen, Thomas Stöber

### Yo Ho! Yo Ho! Non-Nash plundering in the buccaneers game

Our paper explores a situation that might occur in piracy: how do a powerful agent (e.g. the authorities) and a potentially acquisitive agent (whose actions are possibly licensed by the authorities, e.g. a buccaneer/pirate) interact? We try to explore this relationship in a two-stage experiment where the authorities have the right to expropriate the buccaneer if they are not content with the share of the buccaneer's plunder they receive. We find that not all agents act according to the two Nash equilibria of the game. Agents in the first stage of the game, facing a potential total loss when choosing to enter into the second stage, accept the risk while trying to bribe the second stage dictator. Also deviating from the Nash equilibrium, the second-stage dictator appears to be appeasable by bribery. Although the introduction of a moral dilemma does not affect the average offered and requested amount of bribes, it significantly



changes the offered amounts' variance. These results suggest that a) people anticipate non-Nash behavior of their counterparts and b) morally questionable behavior introduces a degree of uncertainty into the interaction.

Vanessa Mertins, Susanne Warning Priming and gender differences

Gender differences in preferences are fundamental and robust in risk aversion and competitiveness. Results on social preferences, however, appear to be inconsistent at first glance: some studies reveal that women are more reciprocal than men, while others do not exhibit any gender differences. Croson and Gneezy (2009) hypothesize that social preferences of women are more malleable than those of men. We test this conjecture in a simple bilateral gift-exchange experiment. We argue that priming, which is a way of preference malleability, prior to playing the game affects behavior in male and female subjects differently. In particular, we not only allow a homo ecomomicus prime to affect the behavior of individuals differently, but even in opposite ways, depending on the individual associations people have with the primed construct. Consistent with our argument, we find that priming makes males to behave more while it makes females to behave less selfish.



### **Teilnehmer**

**Daniel Arnold** Salvatore Barbaro Florian Baumann **Tobias Brändle Adrian Chadi** Philipp Denter Tim Friehe Leonie Gerhards Laszlo Goerke Silke Haberkorn **Emanuel Hansen** Maren Hartmann Clemens Hetschko Wolfgang Hoffeld Stephan Huber Sabrina Jeworrek Patrick Kampkötter **Tobias König** Mario Mechtel Vanessa Mertins **Matthias Opfinger Jakob Palek** Marco de Pinto Markus Reischmann Dieter Sadowski Christoph Schinke **Jakob Schwab** Benjamin Schwanebeck Dana Sisak Nikolai Stähler

**IAAEU Trier** Ministerium der Finanzen RLP DICE, Universität Düsseldorf IAW Tübingen **IAAEU Trier** Universität St. Gallen Universität Bonn Universität Frankfurt **IAAEU Trier IAAEU Trier** Universität Köln Universität Gießen **FU Berlin IAAEU** Trier Universität Regensburg **IAAEU Trier** Universität Köln Wissenschaftszentrum Berlin **IAAEU** Trier **IAAEU** Trier Universität Trier Universität Kassel **IAAEU Trier** CESifo München **IAAEU Trier** CESifo München Universität Mainz Universität Kassel Universität Rotterdam

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