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Newsletter 2015

Department of Economics



Letter from the Director

2014 has been a year with remarkable stability for our department. After having experienced several years with considerable shifts in personnel, this welcome stability contributed to productive twelve months. Our publication output has been large and we have managed to further broaden our curriculum on the master's level.

While no faculty member left our department in 2014, we are happy to report a major appointment: The faculty position for economics at the World Trade Institute (WTI) was filled by Professor Joseph Francois last January. He joined the University of Bern as the designated Managing Director of the WTI and as a full member of our department. Joe is an internationally well-known economist who has a strong record in research as well as in policy-related work on international economics. He previously served as university professor in Linz and Rotterdam, and as senior researcher at international organizations. We are very happy to have Joe with us and look forward to closer collaborations with him and the WTI.

Turning to last year's research activities at our department, I would like to emphasize three ongoing developments: First, the department yet again significantly contributed to the scientific debate, as can easily be verified by looking through the publication list for 2014 on pages 14-21. Second, we have successfully attracted major research grants in 2014 such as the SNF Sinergia Project Grant to study CLIMATE CHANGE ADAPTION STRATEGIES (Lead:

Gunter Stephan & Ralph Winkler), which is presented on pages 6-7, or a three years SNF Grant for STRUCTURAL ESTIMATIONS OF ECONOMIC GEOGRAPHY (Lead: Maximilian von Ehrlich). Third, our department has continued to promote a lively exchange of ideas with economists at other institutions through organizing conferences and inviting internationally renowned scholars to discuss their work at our research seminar. For instance, the presentations by Ricardo Reis (Columbia University), John Moore (LSE), Jordi Gali (Pompeu Fabra University), or Michael Devereux (Oxford University) are a few prominent examples of the exchange with leading economists in our research seminar last year. Furthermore, the annual congress of the Swiss Society of Economic and Statistics under the heading of "Post-Crisis Macroeconomics" (Organizer: Klaus Neusser) was hosted in Bern last April.

Concerning the teaching at our department, we are very pleased that the specialized master's programs have enjoyed a steady increase in popularity since their launch. The programs in Business & Economics (Launch: 2009), International and Monetary Economics (Launch: 2009), and Applied Economic Analysis (Launch: 2013) currently have more than 100 Swiss and foreign MA-students enrolled.

I would like to thank all my colleagues for their contributions to the development of our department!

Aymo Brunetti
January 2015

Impressum

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Appointment: Joseph Francois, Full Professor in Economics

Joseph Francois studied Economics at the University of Virginia and received his PhD from the University of Maryland. Following positions at international organizations, he served as professor in both Rotterdam and Linz. In 2014, he joined the University of Bern as a member of our department and as the designated Managing Director of the World Trade Institute (WTI). He is also director of the European Trade Study Group, a fellow of CEPR, and board member of the Global Trade Analysis Project. He has published around 50 articles in leading academic journals, and provides regular advice on trade policy to governments and international organizations. We are pleased to welcome such a distinguished scholar at the University of Bern and wish Joe all the best in his new position.



Interview with Joseph Francois

You worked and lived in various places in the US and Europe before moving to Switzerland recently. Have you settled in well?

I have been made to feel very welcome, and I look forward to the on-going process of settling in. I am really glad to be in Bern.

What are your main focuses as professor at the Department of Economics?

My main focus is on international trade and

investment, and especially international economic policy. This includes both theory and empirics. I also have a strong interest in the impact of the global economy on development and growth. So to start, I will be teaching trade and international development, and supervising graduate research in this area. I also want to see the department benefit from the activities and resources of the WTI.

Besides joining the Department of Economics as Professor for Economic Theory and International Trade, you were also appointed as Managing Director of the World Trade Institute (WTI). The WTI conducts interdisciplinary studies in international trade, employing researchers from economics, law, and political science. How do you tackle the challenge of bringing together the different cultures and approaches of these disciplines in a productive manner?

It is very important that the faculties involved (i.e. law, economics, political science) feel engaged in the activities

of the institute. This basically means identifying questions and research areas that are of interest to more than one discipline, and formulating research projects that take advantage of this cross-disciplinary interest. Fortunately, trade policy is an area where by definition law, economics, and political economy all come to play. In that sense, we have a built in multidisciplinary in a number of topic areas. Even so, there are challenges in building courses and study programs and ensuring that graduate students have appropriate supervision when we are working between disciplines.

The WTI, like other institutes at the university, is supposed to explore scope for arbitrage between faculties in terms of both research and teaching. This basically means that we periodically need to try new things, reinvent what we already do, and admit when such efforts fail and move on to new ones. The challenges of inter-faculty arbitrage make the work interesting and relevant, with good potential, and that is why we are here.

In your professional career, you were very active at the link between academia and policy making. For instance, you coordinated a research team for the European Commission's assessment of the EU-US trade and investment relations. How do you assess the Transatlantic Trade and Investment Partnership (TTIP) that is currently negotiated from a Swiss perspective?

Whatever Switzerland does, the TTIP will

have the potential to have a major impact on Switzerland. In my own view, Switzerland should take a proactive approach. Given TTIP, a Swiss-US agreement needs to be revisited. Furthermore, efforts should be made to ensure the right of third countries like Switzerland to join TTIP at some point, if they want, through what is called a 'docking clause'. TTIP, and similar negotiations in the Pacific, also make it clear that we need to modernize the mechanics of the WTO to better cover challenges of the global economy in the 21st century.

Joe, thank you very much for this interview.

SNF Sinergia Project: Climate Change Extremes and Adaptation Strategies

Many scientific disciplines address climate change, but at varying levels of knowledge. While natural sciences have a relatively clear picture nowadays, the economists' view on climate change is still quite blurry. In particular, there exists almost no research, that discusses the issue of adaptation to the consequences of climate change from an economic or social science perspective. Filling that knowledge gap is one of the goals of the Sinergia project **CLIMATE CHANGE EXTREMES AND ADAPTATION STRATEGIES CONSIDERING UNCERTAINTY AND FEDERALISM (CCADAPT)**.

Aims of CCADAPT

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In coping with the threat of global climate change, reducing greenhouse gas emissions is the most common policy response. But climate policy cannot completely prevent climate change: It can slow it down at best. To a certain extent the world will have to live with the consequences of climate change, and hence, measures for reducing both these impacts as well as the climate vulnerability of communities and regions become increasingly important. But where, when and how should such measures be implemented? Answering these questions is the main focus of the Sinergia project CCADAPT. In particular, CCADAPT aims for an accurate assessment of climate change adaptation strategies by addressing three aspects, which are mostly neglected in the existing literature: (1) Future impacts of climate change are uncertain. (2) Several options for adapting to a particular impact exist, which exhibit different temporal and spatial characteristics. (3) Adaptation can take place in a federal setting, where actors differ in

respect to information, financial resources and legislative power.

With a budget of CHF 1.1 million, CCADAPT is one of the largest projects funded by the Swiss National Science Foundation (SNF). It was successfully initiated by economics professors Gunter Stephan and Ralph Winkler. When describing the project's goals, Gunter Stephan, who is the director of CCADAPT, says: "We want to develop adaptation measures that can find political acceptance." This does not mean, however, that CCADAPT is designed for giving policy advice. Its primary aim is internationally visible, high quality research, which could someday enter into policy recommendations.

Broad Collaboration

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For achieving this, a trans-disciplinary approach is needed, where environmental economists, hydrologists, meteorologists, and political scientist work shoulder to shoulder. Both theory development and application will be based on predictions

of climate impacts on hydrological extremes in Switzerland and take into account political barriers to adaptation that must be overcome when implementing policies. Many of these barriers exist due to the complex interaction between different levels of Switzerland's federal structure, an aspect that will be thoroughly incorporated in the analysis. This is feasible due to close cooperation between the Oeschger Center (OCCR), including the groups for Climate Economics, Hydrology, Environmental Policy Analysis as well as the Mobiliar Group for Climate Change Impact Research, and the Environmental Economics Research Teams at the University of Basel as well as at the Ecole Polytechnique de Lausanne (EPFL).

In doing this, the Bernese climate economists have to bid farewell to the traditional one-way street of interdisciplinary research, where economists usually were the junior partners and the cooperation between scientists and economists looked like this: climatologists and hydrologists provided data, which the economists then used as input for their models. With CCADAPT things will be different. Economists now have the lead and the four participating research groups from the University of Bern, the University of Basel and the Ecole Polytechnique de Lausanne (EPFL) are all in contact with each other: Inputs from one group should raise questions within the other groups. Thereby, political scientists will talk with climate economists, hydrologists with public finance professionals and microeconomics specialists with climate risk experts.

Main Research Steps

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Research questions and answers should bounce back and forth in a form of scientific ping-pong. The CCADAPT teams will in a first step develop tools and methods that facilitate a more detailed characterization of climate change adaptation from an economic and policy analysis perspective. In particular, it will be clarified which of the many heterogeneous adaptation strategies would promise optimum results under the given and uncertain conditions. In a second step, these theoretical concepts are modified to allow for empirical analysis. But what is the scientific challenge? The equilibrium models typically used by the climate economists will have to be modified – so much so that they account for spatial particularities on the one hand and the type of climatic threat on the other. In a third step, CCADAPT looks into the implementation of adaptation strategies while taking the federal structure of Switzerland into consideration. In particular, it will be clarified how the political process could be steered so that the strategies could actually be implemented. Finally, the tools and methods developed by the teams will be tested in a case study on adjustments to *floodings* – a natural hazard that might become a bigger and more common problem in future Switzerland due to climate change.

For further information, see the **project's website**: www.ccadapt.unibe.ch

Research Bits: The Obstacles of Teamwork – It’s Not Only About Free-Riding!

By Marc Möller – Every economist knows the following problem: When you work as a team, each member bears the full cost of his individual effort but only obtains a share of the resulting output. As a consequence there exists free-riding: Workers shirk rather than work; Soldiers duck rather than fight; Countries pollute rather than abate. The pioneering work of Bengt Holmström has given rise to a vast amount of research concerned with the issue of how to provide team members with incentives to exert effort. We do not dispute the relevance of this issue but – in our view – it has diverted attention from another important obstacle of team production.

A Stylized Example

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Many occasions exist in which teams first decide on a common project before they exert effort in order to execute it. As a motivation, consider the following stylized example. Two scientists choose between two mutually exclusive projects, A or B. These projects could be thought of as two potential ways to obtain a solution for a given problem. Projects differ in their quality, i.e. A may represent a better or a worse way to obtain a solution than B. The scientists face uncertainty with respect to the projects’ qualities.

Once a project has been agreed on, the two scientists exert individual efforts, e_1 and e_2 , in order to obtain a solution. Effort is costly, i.e. when exerting effort e , a scientist incurs the cost $\frac{1}{2}e^2$. Given a project of quality q , the probability with which a solution is obtained is given by $q \cdot (e_1 + e_2)$. When the team obtains a solution each member gets a benefit of size 1. Hence, if a scientist expects the project’s quality to be given by \bar{q} then he will equate

his marginal cost with his marginal benefit by choosing effort $e = \bar{q}$. Notice the free-riding effect: Effort falls short of its efficient level, $e = 2\bar{q}$, equating marginal cost with marginal social benefit.

So what about project choice? Since team members have a common interest in choosing the best project, one might think that they should be able to aggregate their individual information and reach an optimal decision. We can use our simple example to show that this intuition is flawed. To see this, suppose that project A can either have high quality $q=1$ or low quality $q=0.4$ and that both events are equally likely. Further suppose that project B’s quality is certain and given by $q=0.45$. In the absence of additional information, the team will choose project A since its expected quality $\bar{q}=0.7$ is higher than project B’s quality.

Now suppose that one of the scientists privately obtains evidence showing that project A’s quality is low. For example, the scientist may have discussed the project

with an expert. Consider the scientists incentive to share this new information with his colleague. If he discloses the evidence then both scientists agree on selecting project B and, knowing the project’s quality, will exert effort $e=0.45$. Instead, if he conceals the evidence then project A will be selected. The informed scientist, knowing project A’s quality to be low will choose effort 0.4 whereas the uninformed scientist, still uncertain about A’s quality, will exert effort $e=0.7$. Hence the informed scientist faces a trade-off between adaptation and motivation. Information sharing enables the team to adopt the project with the highest quality but it lowers the effort of the uninformed team member.

In the example, the informed scientist’s expected payoff from disclosure $0.45 \cdot (0.45 + 0.45) - \frac{1}{2} \cdot 0.45^2 = 0.30375$ is smaller than his expected payoff from concealment $0.4 \cdot (0.4 + 0.7) - \frac{1}{2} \cdot 0.4^2 = 0.36$. Hence the team will fail to adopt project B even when one of the team members has obtained evidence proving the project’s superiority.

Main Insight

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Based on this simple example, we have developed a theory showing that, in addition to the well-known free-riding problem, a second obstacle to team production exists. Teams fail to aggregate their members’ private information and, consequently, fail to adapt. Decision making is biased in the direction of the team’s prior expectations. Our theory

shows that, similar to the free-riding problem, the adaptation problem is an inseparable feature of autonomous team production. It may help to explain why otherwise successful organizations (e.g. Kodak, Nokia) often find it difficult to adapt to a changing environment.

So is there any hope that these problems might be overcome? In 2010, David Rahman and Ichiro Obara have surprised the economics profession by showing that the free-riding problem can be solved, at least approximately, with the help of mechanism design. With respect to the problem of adaption our results are less optimistic. We have found that, even in the presence of the most sophisticated mechanisms, the adaptation problem cannot be overcome.

This comment is based on the following paper:

JORDI BLANES I VIDAL & MARC MÖLLER. 2013. Decision Making and Implementation in Teams. *CEP Discussion Paper, No. 1208*.

Research Bits: Government Size and the Role of the Exchange Rate Regime for Macroeconomic Stability

By Philipp Wegmüller – In response to a meeting of the Bretton Woods Committee in 1993, renowned economist Anna Schwartz (2000) claimed that a large public sector impedes the viability of an exchange rate regime with a fixed rule for convertibility. I have quantified her line of reasoning and contributed to the resurging debate on reforming the international monetary system. Through the lens of my model, returning to a fixed exchange rate arrangement implies high welfare losses for countries with large public sectors.

Motivation and Contribution

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The idea for a reform of the international monetary system has gained traction, since former Federal Reserve Chairman Paul Volcker called for a new exchange rate regime in the style of Bretton Woods in June 2014. As early as in 1993, the Bretton Woods Committee proposed a new framework for foreign exchange rates to end their influence on market fluctuations and to manage their movements by monetary authorities. According to Anna Schwartz, the vision of such a reform would imply a return to the gold standard for some countries, with fixed exchange rates between national currencies. Her discussion asserts that "[...] the appeal of the gold standard has declined, as the levathan government has grown (Schwartz, 2000)." The objective of the paper is to quantitatively assess this statement.

My work builds upon this recent discussion and investigates the quantitative implications of adopting an exchange rate peg as a function of public sector size. Anna

Schwartz attributes the durability and viability of the gold standard in the late 19th and early 20th century to two main facts: (1) The small share of government spending in total output, which facilitates the adjustment of the private sector; and (2) the role of gold as a nominal anchor, which favors price stability. Based on these facts, I analyze how government size and alternative exchange rate arrangements affect macroeconomic conditions and contribute to the current debate over the implementation of a new international monetary system.

Government size in the OECD countries has increased significantly: While general government expenditures have amounted to an average of about 10% of GDP in the 1890s, the ratio increased to 45% by the end of the 20th century. A substantial body of empirical research reports a negative correlation between aggregate output volatility and government size as a share of GDP. While existing studies stress the importance of government size for economic stability, no one has scrutinized

its implications for the choice of the exchange rate policy.

The second fact concerns the relationship between price stability and the optimal choice of an exchange rate regime. On theoretical grounds, it has become common to evaluate the welfare implications of alternative exchange rate regimes. While the size of the public sector might be an important driver in the quantitative evaluation of exchange rate regimes, the literature has so far omitted an investigation of this fact.

Model

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I apply a small open economy stochastic general equilibrium framework with nominal rigidities and allow for different characterizations of the public sector. The government generates revenues from taxing household labor income and from seigniorage. The monetary authority either follows a money supply rule, a strict exchange rate peg or a conventional Taylor rule with exchange rate targeting. The model allows for domestic technology shocks as well as for foreign demand and price shocks. I evaluate the costs of changing from a flexible exchange rate regime to a world with an exchange rate peg using consumer welfare as criterion.

Results

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I quantitatively confirm the claim by Anna Schwartz. Those countries that finance their government consumption expendi-

tures and transfers through high levels of income tax incur high welfare costs when adopting an exchange rate peg. The intuition is that pegging the exchange rate generates seigniorage revenues to the government, leading to an amplification effect of distortionary taxes on the labor supply decision of households. In my model, the volatility of consumption and hours worked is significantly higher under a pegged exchange rate compared to a fixed exchange rate regime. On the one hand, an increase in the level of distortionary taxes makes this effect stronger and worsens the welfare results. On the other hand, a rise in the expenditure share increases the volatility of consumption, which brings forth significant welfare costs as well.

What do my results mean for Volcker's claim? With the background of a reform of the international monetary system, it is important to keep in mind that the growth of the public sector in the 20th century was mainly sustained by increasing tax rates until the 1960's. A return to an exchange rate arrangement in the style of Bretton Woods would thus imply high welfare losses for countries with large public sectors.

This comment is based on the following paper:

PHILIPP WEGMÜLLER. 2014. Was Anna Schwartz Right? The Role of Government Size and the Exchange Rate Regime for Macroeconomic Stability. *Discussion Paper: Department of Economics, DP1404.*

Schmeller-Prize 2014: Master's Thesis on the Role of Credit Market Disruptions in U.S. Business Cycles

Jacqueline Thomet was awarded the Schmeller-Prize 2014 for her Master's thesis entitled "The role of credit market disruptions in U.S. business cycles" that she wrote under the supervision of Luca Benati. After completing her Master's degree, Jacqueline Thomet has started to work as a teaching assistant for Harris Dellas and is writing her dissertation in the field of macroeconomics at the University of Bern. In what follows, Jacqueline Thomet gives a short summary of her prizewinning Master's Thesis.

Motivation

Events in U.S. financial markets in the context of the dot-com bubble and Great Recession have motivated an intense debate in macroeconomics on the role of credit markets in business cycle fluctuations. An issue raised in this debate is to what extent observed adverse movements in U.S. credit markets can be accounted for by disruptions that originated within the financial sector. An alternative explanation of the data is that credit markets have responded endogenously to deteriorating economic conditions that have altered the expected likelihood of default. In line with recent empirical work such as Gilchrist and Zakrajsek (2012) or Meeks (2012), the goal of the Master's thesis has been to investigate the role of credit market disruptions in U.S. business cycles by means of a structural vector autoregression (VAR) framework.

Methodology

Fixed-coefficient Bayesian structural VARs are estimated on eight variables using U.S. monthly data covering the 1981:2-2012:12 period. To account for the possibility of changes in the volatility of shocks, the model allows for time-variation in the VAR's covariance matrix. The identification of credit shocks is based on a specific credit spread measure, the so-called 'excess bond premium' (EBP). Loosely speaking, the EBP is a credit spread index cleaned up for changes in default risk. Credit market shocks are identified either via inertial restrictions, or as the shocks explaining the maximum fraction of forecast error variance of the EBP at the six-month horizon.

Results

In line with the recent reconsideration of the role played by credit shocks in macroeconomic fluctuations, evidence points towards a substantial extent of time-variation in the relevance of credit

market disturbances. While the contribution of credit shocks is modest over the business cycle, results suggest that credit shocks played an important role within the context of the U.S. savings and loan crisis of the late 1980s, of the 2001 recession, and of the Great Recession (see Figure 1). In particular, shocks identified via either of the two methodologies are estimated to have accounted for above two-thirds of the decline in industrial production during the Great Recession.

Overall, the results are consistent with important linkages between financial factors and macroeconomic fluctuations. The empirical findings are in line with the theoretical predictions of the financial accelerator mechanism. They also accord with recent work by Gertler and Karadi (2011), who study macroeconomic models in which shocks to the value of assets held by financial intermediaries—by reducing the supply of credit—have independent effects on the real economy.

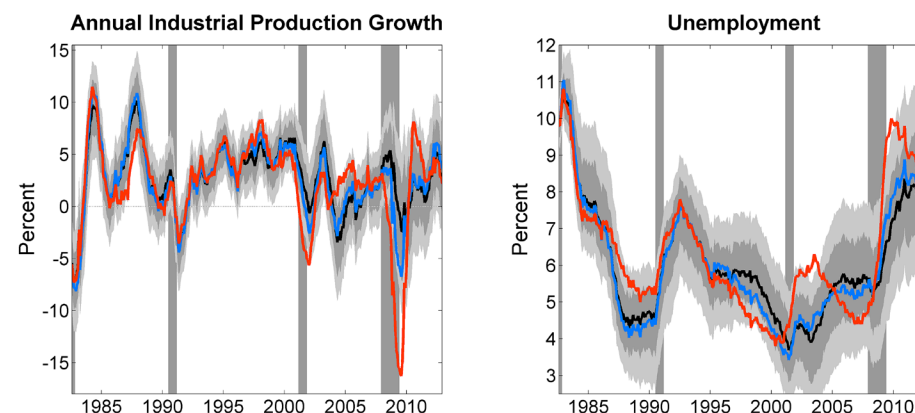


Figure 1: Counterfactual simulations obtained by zeroing out credit shocks. Notes: The red line depicts the evolution of the actual series. The black line with shaded 68% and 90% confidence bands shows results from counterfactual simulations obtained by zeroing out credit shocks identified via the maximum fraction of forecast error variance approach. The blue line depicts the median counterfactuals obtained via inertial restrictions. Results are based on 1000 draws from the posterior.

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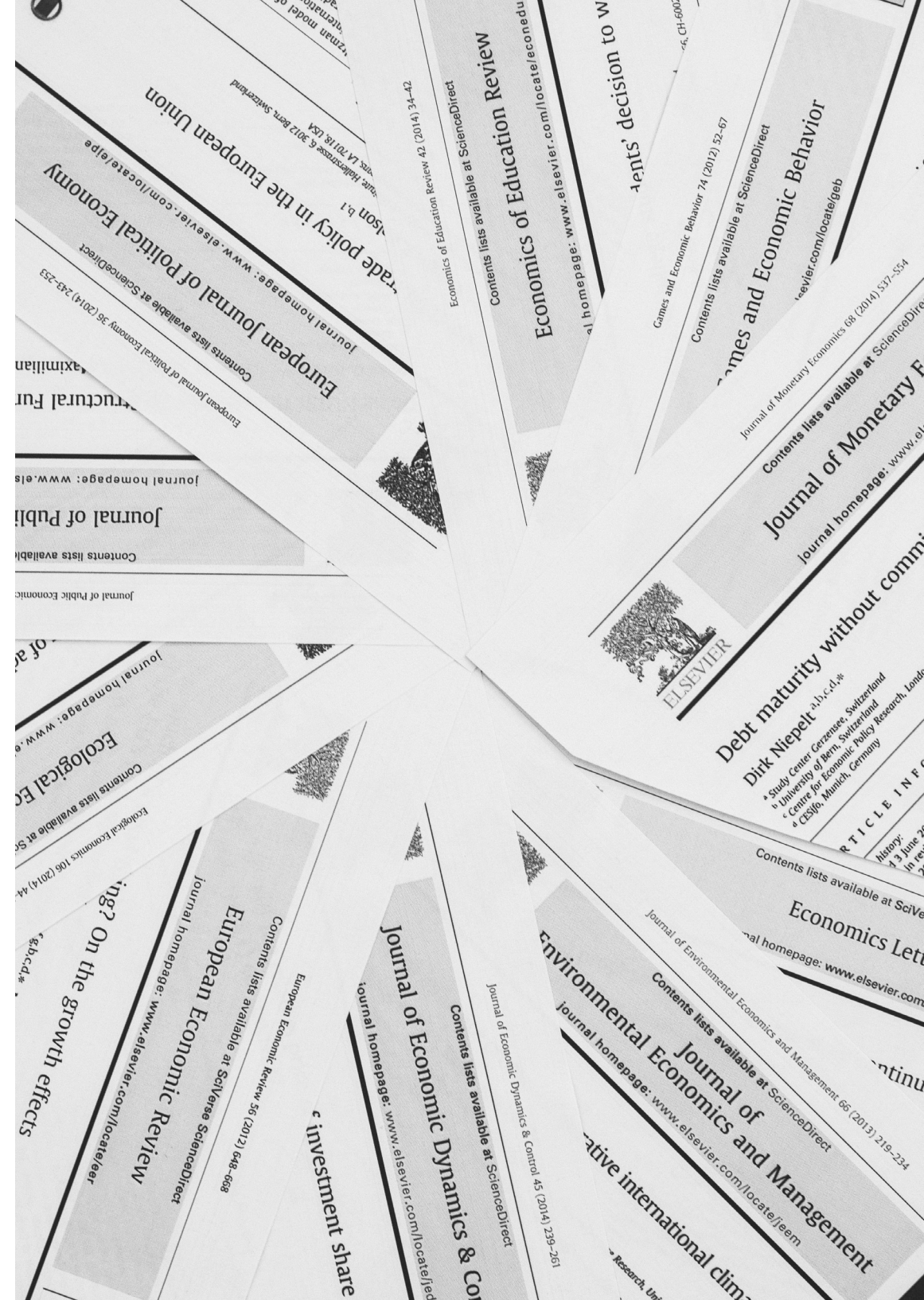
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BANDI, MONIKA. 2014. "Berns Voraussetzung als Kongressstandort und dessen Bedeutung", published in: *Jahrbuch der Geographischen Gesellschaft Bern Nr. 64*, Elisabeth Bäschlin, Heike Mayer & Martin Hasler (Editors). Bern: Geographische Gesellschaft.*

BANDI, MONIKA & LEHMANN FRIEDLI THERESE. 2014. "Price Matters – Relevance of Strategic Pricing for Swiss Tourism in the Past, Present and in Future", published in: *Tourism and Leisure, Current Issues and Perspectives of Development. A Festschrift in Honor of Prof. Dr. Peter Keller*, Harald Pechlaner & Egon Smeral (Editors). Wiesbaden: Springer Gabler.



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BANDI, MONIKA & THERESE LEHMANN FRIEDLI. 2015. "Tourismopolitische Zukunftsüberlegungen. Erkenntnisse aus der Bündner Tourismusreform", published in: *Nachhaltigkeit im alpinen Tourismus, Schweizer Jahrbuch für Tourismus 2014*, Thomas Bieger, Pietro Beritelli & Christian Laesser (Editors) Berlin: Erich Schmidt Verlag, *forthcoming*.

BANDI, MONIKA, THERESE LEHMANN FRIEDLI, CHRISTIAN HÖCHLI, URSULA RÜTTER-FISCHBACHER & HEINZ RÜTTER. 2014. "Die wirtschaftliche Entwicklung im Kanton Bern – aus einer touristischen Perspektive", published in: *Nachhaltigkeit im alpinen Tourismus. Schweizer Jahrbuch für Tourismus 2013*, Thomas Bieger, Pietro Beritelli & Christian Laesser (Editors). Berlin: Erich Schmidt Verlag.*

BRUNETTI, AYMO. 2014. "Swiss Immigration Policies – At a Crossroad", published in: *Migration and London's Growth*, Ben Kochan (Editor). London: LSE.

BRUNETTI, AYMO. 2014. "A Credible No-Bailout Regime for the Eurozone?", published in: *Global Perspectives on Fiscal Sustainability*. Geneva: WEF e-book.

DELLAS, HARRIS & GEORGE TAVLAS. 2015. "Friedman, Chicago, and Monetary Rules", published in: *Milton Friedman: Contributions to Economics and Public Policy*, Robert Cord & Daniel Hammond (Editors). Oxford: Oxford University Press, *forthcoming*.

EMONS, WINAND. 2015. "Legal Fees and Lawyers' Compensation", published in: *Oxford Handbook of Law and Economics*, Francesco Parisi (Editor). Oxford: Oxford University Press, *forthcoming*.

LEHMANN FRIEDLI, THERESE. 2015. "Klimawandel als Herausforderung für den alpinen Tourismus: Zukunftsszenarien für eine nachhaltige Entwicklung", published in: *Tourismus und mobile Freizeit – Lebensformen, Trends, Herausforderungen*, Roman Egger & Kurt Luger (Editors). Norderstedt: BoD, *forthcoming*.

VON EHRLICH, MAXIMILIAN. 2015. "EU Regional Policy", published in: *Handbook of the Economics of European Integration*, Harald Badinger & Volker Nitsch (Editors). London: Routledge, *forthcoming*.

Discussion Paper Series: <http://www.vwl.unibe.ch/papers/>

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BECCUTI, JUAN. 2014. Optimal Selling Mechanisms under Imperfect Commitment, *DP1401*.

BECCUTI, JUAN. 2014. Optimal Selling Mechanisms under Imperfect Commitment: Extending to the Multi-Period Case, *DP1402*.

BLATTER, MARC, WINAND EMONS & SILVIO STICHER. 2014. Optimal Leniency Programs when Firms Have Cumulative and Asymmetric Evidence, *DP1405*.

GERFIN, MICHAEL, BORIS KAISER & CHRISTIAN SCHMID. 2014. Health Care Demand in the Presence of Discrete Price Changes, *DP1403*.

RIGUZZI, MARCO. 2014. Economic Openness and Fiscal Multipliers, *DP1406*.

WEGMÜLLER, PHILIPP. 2014. Was Anna Schwartz Right? The Role of Government Size and the Exchange Rate Regime for Macroeconomic Stability, *DP1404*.

WEGMÜLLER, PHILIPP. 2014. Utility Functions, Fiscal Shocks and the Open Economy - In the Search of a Positive Consumption Multiplier, *DP1407*.

WÜTHRICH, KASPAR. 2014. A Comparison of Two Quantile Models with Endogeneity, *DP1408*.

* An asterisk indicates publications that were listed as *forthcoming* in last year's newsletter.

Grants

STEPHAN, GUNTER & RALPH WINKLER: Grant from the *Swiss National Science Foundation (SNF)* for the SINERGIA project "Climate Change Extremes and Adaptation Strategies Considering Uncertainty and Federalism (CCAdapt)" (2014-2017, together with Oeschger Center, EPFL & University of Basel).

VON EHRLICH, MAXIMILIAN: Grant from the *Swiss National Science Foundation (SNF)* for the project "Structural Estimation of Economic Geography" (2014-2017).

WOLTER, STEFAN. Grant from the *Bertelsmann Foundation* for the project "Costs and Benefits of Apprenticeship Training in Spain" (2014-2015).

Awards

BRUNETTI, Aymo: Credit Suisse Award for Best Teaching 2013/2014 awarded by the University of Bern.

THOMET, JACQUELINE: Schmeller-Prize for Economics 2014 awarded by the Volkswirtschaftliche Gesellschaft des Kantons Bern.

VON EHRLICH, MAXIMILIAN: Peggy and Richard Musgrave Prize 2014 awarded by the International Institute of Public Finance (IPPF).



Appointments and Promotions

JOSEPH FRANCOIS was appointed Professor in Economics.

Moving on...

BORIS KAISER has left the Department and accepted a job offer at B,S,S. Basel.

CHRISTIAN SCHMID has left the Department and accepted a job offer at CSS in Lucerne.

SIMON SIEGENTHALER has left the Department and accepted a job offer at NYU Abu Dhabi.

SILVIO STICHER has left the Department and accepted a job offer at SBB Railways in Bern.

Doctoral Theses

KAISER, BORIS: "Four Essays in Applied Microeconometrics" *Doctoral Committee:* Michael Gerfin, Stefan Boes (University of Lucerne).

SCHMID, CHRISTIAN: "Three Essays in Applied Health Economics" *Doctoral Committee:* Robert Leu, Stefan Felder (University of Basel).

SCHUMACHER, SILVIO: "Swiss Franc Money Markets in View of the Financial Crisis" *Doctoral Committee:* Klaus Neusser, Angelo Rinaldo (University of St. Gallen).

SIEGENTHALER SIMON: "Bargaining for Power and Information. An Experimental and Theoretical Analysis of the Interaction between Institutions, Externalities and Adverse Selection." *Doctoral Committee:* Olivier Bochet, Pedro Dal Bó (Brown University), Rajiv Vohra (Brown University).

STICHER, SILVIO: "Three Essays on Prices and Selection" *Doctoral Committee:* Winand Emons, Natalia Fabra (University Carlos III of Madrid).

STRUPLER LEISER, MIRJAM: "Four Essays in Economics of Education" *Doctoral Committee:* Stefan Wolter, Stefan Boes (University of Lucerne).

WEISSER, VERONICA: "Disparate Wages in a Globalized World" *Doctoral Committee:* Klaus Neusser, Stefan Boes (University of Lucerne).

