

# CESifo Bulletin

Volume 19 No. 2  
April 2009

## Richard Musgrave Professorship

This newly established professorship will be inaugurated by **Alan Auerbach**, who will spend a month at CESifo in late Spring. *(page 2)*

## Poking Holes on PFS

The Protection-for-Sale model by Grossman and Helpman has become a cornerstone to explain the political economy of trade. Many studies that put the model to the data seem to support it empirically—but it turns out that they may be wrong, according to research performed by **Kala Krishna**. *(page 6)*

## Globetrotting for Education

One of the world's luminaries in economic education, **William Becker**, has traveled to every corner of the world to help improve education in general and that of economics in particular. *(page 7)*

## Not Yet Bottomed

Germany's leading economic research institutes released their Spring Joint Forecast. It looks grim. It foresees a much bigger decline in economic output than the figures being bandied about until then. The government took the same view a couple of days later. *(pages 4-5)*

## The Cradle of the Market

Say "market" and the first name that comes to mind is Adam Smith. But the concepts behind it date from much earlier. As **Takeshi Amemiya** shows, the Athenian economy in ancient Greece exhibited fairly advanced features of a market economy. *(page 3)*

## 8th Munich Economic Summit

The global economic slump should not lead us to lose sight of the fact that our planet's climate is also in need of repair. And that not everything we are undertaking in this regard is such a good idea after all. The **Munich Economic Summit** will review these blind alleys and discuss some better alternatives. *(page 2)*

## From Microcredit to Microinsurance

Microcredit has been a great success in poor countries. **Syed M. Ahsan** is doing his bit for microinsurance to attain equal success. *(page 3)*

## Global Reach

**Christian Zimmermann** is not only multilingual and a major force behind the globe-spanning RePEc repository of economic publications. His research, based on stochastic dynamic general equilibrium models, finds applications throughout the globe. *(page 7)*

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## 8th Munich Economic Summit: The Rights and Wrongs of Climate Policy

When we burn fossil fuels, carbon that had lain within the Earth for millennia is released as new carbon dioxide to our biosphere. Some of it is absorbed by plants, some dissolves in the oceans, and the rest remains in the atmosphere, increasing greenhouse gas concentration and exacerbating climate change. Until we stop releasing this extra CO<sub>2</sub>, the problem will only get worse. But how to burn less fossil fuel?



Some approaches appear so obviously right. Let's just "recycle" the carbon already in the atmosphere! Nothing could be easier: photosynthesising plants capture atmospheric carbon and turn it into biomass; we can then process this biomass into fuel. When we burn it, we are not adding any new carbon. Piece of cake.

Or, better still, let's capture wind and solar energy, the sources of which are not about to become depleted. And, of course, let's burn less fuel by using it more efficiently. Why, we may even be able to do without those pesky nuclear plants and their hideously difficult waste disposal problem. And, given that nothing moves the heart more effectively than the pocket, let's introduce a subsidy here and there, and

set up an emissions trading system. That will focus the minds wonderfully.

Alas, were it all so simple. As the **8th Munich Economic Summit** will discuss, some of these obvious solutions are anything but. While the trading system is a very good mechanism, using plants as fuel is not, if that means keeping those plants from reaching the plates of the hungry, or if forests are burned to cultivate such plants.

Or take solar energy and wind power. There is not enough area say, in Germany, to provide room for all the wind turbines that would be required to meet even part of the needs of this country. In particular if nuclear power is to be phased off, as envi-

sioned by the German government.

And then there is the fact that, at the end of the day, the amount of new CO<sub>2</sub> reaching the atmosphere depends on the amount of fossil fuels being extracted. In other words, the supply side, which thus far has been neglected in climate change calculations.

This is just a quick overview of some of the topics this year's Summit

will address. With keynote speeches from Germany's Minister of Economics, Karl-Theodor zu Guttenberg, and United Arab Emirates's Minister of Energy, Mohamed Bin Dhaen Al Hamli, it will also feature prominent scientists such as Carl Christian von Weizsäcker and Ottmar Edenhofer, as well as the heads of energy firms, politicians and media editors.

The Munich Summit is organised by the BMW Stiftung Herbert Quandt and the CESifo Group Munich in partnership with *The Times*, the *Wall Street Journal Europe*, and *Handelsblatt*.

For the programme and other details, see the official website at [www.munich-economic-summit.com](http://www.munich-economic-summit.com)

## Richard Musgrave Professorship

In 2008, the CESifo Group and the International Institute of Public Finance (IIPF) decided to institute the **Richard Musgrave Visiting Professorship**, to honour the memory of one of Public Finance's greatest scholars. Richard Musgrave began his studies at the University of Munich and was a founding member of CESifo.

The award winner is chosen through a formal selection procedure by the President and Vice Presidents of IIPF, together with the head of the CESifo Research Network. The first-ever winner was announced by the IIPF President during the association's

conference at Maastricht last August. The award went to **Alan Auerbach**, who, as part of the award, becomes a Distinguished CESifo Fellow.

Alan Auerbach is the Robert D. Burch Professor of Economics and Law and Director of the Burch Center for Tax Policy and Public Finance at the University of California, Berkeley. He has also taught at Harvard and the University of Pennsylvania, and served as Chairman of the Penn and Berkeley Economics Departments.

He will stay at CESifo in Munich from early May to early June. On May 25th,

he will give the **Richard Musgrave Lecture**, on "Public Finance in Practice and Theory", at the University of Munich's Frescoes' Room. The laudatio will be delivered by Robin Boadway.



Mr Auerbach will also give three graduate lectures dealing with topics in dynamic fiscal policy.

## From Microcredit to Microinsurance

Ahsan

While microcredit has undergone a revolution over the past 25 years or so (witness the growth in the scale of operations and the diversity of products in the developing world), microinsurance seems to be struggling.



cost effective delivery channel, solvency of the insurer, regulation and supervision of the insurance market are all integral elements of the study.

Professor **Syed M. Ahsan** has worked on risk and uncertainty issues during most of his career. His doctoral thesis on "Taxation & Risk" was judged the best in the field of Economics by the Canada Council (1974-5 competition). He has taught at the University of Western Ontario and Concordia University, where he has been a Full Professor since 1988. Over this academic career Prof. Ahsan has served as a visiting professor at universities in Bangladesh, Belgium, Czech Republic, Denmark, Finland, Germany, Italy, Japan, Norway and Sweden. He has also done advising/consulting work for the Asian Development Bank, UNDP, and the World Bank. During 2005-7 he was the Resident Economic Advisor at the Central Bank of Bangladesh.

The obvious explanation would seem to be that in the case of credit, the selling part was easy; the extreme scarcity of capital is well-known to the poor (just think of the historical rates charged by the proverbial village money-lender). But even when the implicit risk premium associated with informal or self insurance can be even more exorbitant (indeed, infinite), the awareness of the high cost of non-market insurance, and the associated concepts of pooling risks, are poorly conceived by many unless provoked to do so. While idiosyncratic risk may be effectively pooled at a point in time so long as the 'pool' is large enough, systematic or 'covariant' risk often requires pooling across time.

Communication among the target groups of the essence of insurance, namely to pool risks effectively and to share it among the insured, insurer and possibly the re-insurer, has proven non-trivial. The present research addresses how to conceive and measure the idea of the 'demand for insurance by the poor', design of the insurance products, the willingness to pay for it, determination of the

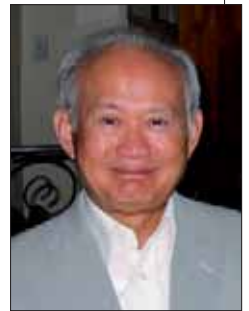
His principal areas of expertise are Agricultural/Microinsurance, Taxation and Fiscal Policy, and Poverty, Institutions and Growth. While at CES, he will pursue his new interest on Microinsurance, Poverty & Vulnerability.

Prof. Ahsan has published extensively, including a research monograph and numerous articles in reputed journals and edited volumes.

## The Cradle of the Market

Amemiya

Did Adam Smith "invent" the market economy? Actually no. According to **Takeshi Amemiya**, in his 2007 book *Economy and Economics of Ancient Greece*, the Athenian economy of the fourth century BC was a fairly advanced market economy, where manufacturing and foreign trade were actively pursued and the banking system was well-developed. While visiting CES in July-August this year, he plans to engage in a follow-up study of this topic.



Mr Amemiya has constructed a model of the Athenian economy based on the accounting identities that equate the revenues and the expenditures of various sectors of the economy, giving numerical estimates of such important quantities as food and other consumption, manufacturing output, silver output, government revenues and expenditures, and GDP.

It was the first attempt of this sort and the estimates of the economic quantities were necessarily crude. It may be possible to refine the numerical estimates somewhat by examining the historical writings and epigraphic evidences more judiciously, but there is an inevitable limit to this process. Therefore, it is important to obtain interval estimates rather than point estimates of those economic quantities.

It is generally possible to narrow down the ranges of the variables when they satisfy the system of equations. For example, let A be the population, B the per capita consumption of grain, C the area of cultivated land, D agricultural productivity, and E the grain import. Then, we must have  $A * B = C * D + E$ , and certain estimates of these five variables will be incompatible with the equation.

Takeshi Amemiya is Edward Ames Edmonds Professor of Economics Emeritus, and has engaged in research and teaching in the area of theoretical econometrics all his professional career.

## Peter Egger Heads for Zurich

One of Europe's foremost young economists and a top scholar at the CESifo Research Network, **Peter Egger**, has accepted a position at the renowned economics faculty of the ETH Zurich, where he will start next August.



ing from in international trade and multinational firms, through regional economics to panel econometrics and spatial econometrics, Mr Egger has been a most prolific researcher, with scores of articles in refereed journals, edited volumes and monographs.

He will be leaving his positions as professor of economics at the LMU University of Munich and as head of Ifo's International Trade and Investment Department. With research interests rang-

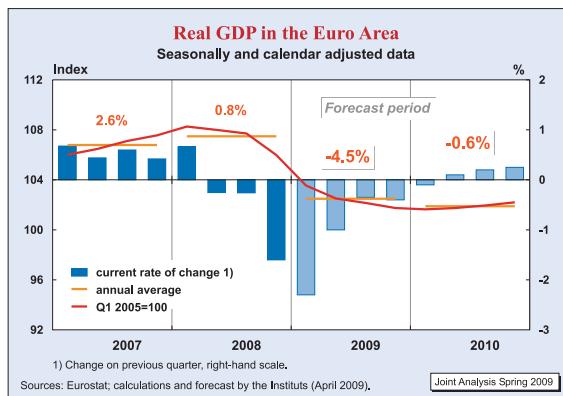
Also in August, Mr Egger will join John Whalley as Area Coordinator for the CESifo Research Network's Global Economy Area.

# ifo News

## Joint Economic Forecast Spring 2009

This year's spring finds the world economy in its deepest recession since the Great Depression. The downturn intensified in the autumn into an utter collapse that rapidly affected almost every country. Extensive governmental programmes for the support of the financial sector and for reviving the economy have not been able to restore confidence in future economic developments. What are the prospects for the coming months?

This was one of the big questions that Germany's four major economic research institutes set out to elucidate in the spring version of their twice-yearly joint forecast.



According to the members of the forecast group, the downward movement will not bottom out until the winter of 2009/2010. The subsequent economic recovery will have little dynamism at the start. A key problem remains the continuing uncertainty in the financial markets that is based particularly on solvency of individual banks and that has slowed money flows perceptibly in the economy. The joint forecast assumes that the situation in the financial markets will remain unstable for a time but that another dramatic worsening of the situation will not occur. Some important countries will also have a real-estate depression whose end is not yet foreseeable and which will increase the write-off requirements of the banks. According to past experience, recessions that are accompanied by real-estate and bank crises are deeper and more difficult

to overcome than recessions in which such problems are not prominent.

All in all, the forecast group expects that output in the industrialised countries will decline drastically by 4.2 percent in 2009, with a slight decline following in 2010. Unemployment will increase massively, and the output gap will be considerable at the end of the forecast period. This might result in a falling inflation trend. On the whole, the economies of the newly industrialised countries will only shrink slightly in 2009. This, however, is above all the result of the continuing, albeit weaker, expansion in the largest two of such economies, China and

India. In the remaining newly industrialised countries in Asia and Latin America, as well as in Russia, GDP will clearly decline.

For 2010 a moderate recovery of economic activity is expected in most countries. World output is expected to fall strongly in 2009. The development of world trade is even more dramatic, for which a decline of 15 percent is expected.

In the coming year global GDP might increase slightly. In a historical comparison, however, the rate of ca. 0.5 percent is very low, and also world trade will increase very hesitantly at the start.

The German economy is now in the deepest recession since the foundation of the Federal Republic. As a result of the worsening of the international financial crisis last autumn, the global downturn intensified dramatically. Worldwide demand for capital goods collapsed, and this affected the export industry, the driving force behind the last upswing in Germany, extremely hard. Since German industry has specialised in investment goods and consumer durables, it profited overproportionally from the economic expansion of its trading partners. Now, however, it has been particularly affected because

demand for these products has decreased to a very large extent in the course of the world recession.

All in all, GDP is expected to decline by 6 percent in 2009 and by 0.5 percent in 2010.

## Rise in the Ifo Business Climate Index



The Ifo Business Climate for industry and trade in Germany improved somewhat in April. The firms are no longer quite so dissatisfied with their current business situation than in the previous month. With regard to the business outlook for the coming half year, the sceptical assessments decreased again somewhat. It is thus likely that this signals a slowdown in the speed of economic output decline.

The manufacturing business climate index rose. While the manufacturers gave hardly less unfavourable assessments of their current business situation than in March, they regard the business outlook for the coming half year with clearly less pessimism. They see their foreign business shrinking at a somewhat slower pace. Nevertheless, the firms plan to continue reducing staff numbers. The utilisation of available equipment and machines was considerably lower than at the beginning of the year.

In wholesaling and in retailing the business climate has improved. In both distribution sectors the survey participants assessed their current business situation somewhat more favourably than in March. Moreover, wholesalers are somewhat less sceptical regarding the six-month outlook. The business expecta-

tions of retailers have deteriorated further, however.

The business climate in construction has worsened slightly. Although the firms' current business situation remains largely unchanged, the survey participants have given more reserved assessments of the six-month business outlook than in March.

### Minimum Wages Disadvantage Urban Low-Wage Earners

The cost of living is lower in the countryside and wages are thus also usually lower than wages in the city. Such urban/rural differences as well as other dimensions of the wage structure have been largely neglected in the debate on the introduction of a uniform, statutory minimum wage in Germany.

This is unfortunate, as a new study by the Ifo Institute shows. "A minimum wage does not reach many workers in the city but has a much larger effect on rural workers", according to Thiess Büttner, department head at the Ifo Institute and one of the study's authors. The likelihood that the wage of an unskilled worker lies below a minimum wage of EUR 6.50 is 10 percentage points higher in rural areas than in the cities, according to the results of the study. For women the difference is as much as 17 percentage points.

Those who profit most from a minimum wage would be workers who continue to be employed in rural areas. The other workers would be forced into the urban labour markets. "As the result of a minimum wage, the urban wage levels would fall in relation to the surrounding rural areas", Mr Büttner explains.

At the same time, however, the cost of living would rise since rents would increase due to the additional migration to the cities. This indirect effect of a minimum wage would lead to a worsening of the working and living conditions especially for the socially disadvantaged. Even if a minimum wage had no negative employment impact on the economy as a whole, it could lead to a negative effect on the standard of living of low-wage earners.

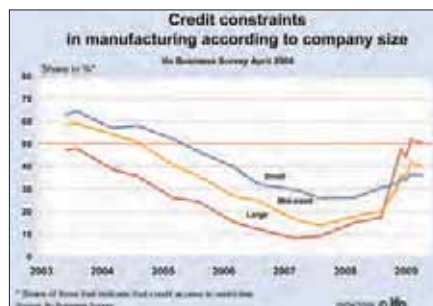
### Recommendation

The Leibniz Senate has recommended that the federal government and federal states reclassify the Ifo Institute as a research institution; it has also assessed the research performance of the Ifo Institute as "excellent".

The Senate of the Leibniz Association regularly evaluates its member institutions in research and in science infrastructure, all of which are jointly funded by the federal government and by the federal states. At its meeting of 4 March 2009, the Senate decided to recommend that the federal government and federal states fund the Ifo Institute as a research institution and to terminate the present classification as an "institution that carries out largely scientific infrastructure tasks".

### Slight Weakening of Credit Constraints

The credit restraints for German industry and trade relaxed marginally in April. Of the surveyed firms, 41.6 percent appraised the banks' current lending policies as restrictive. In March, the figure had been 42.0 percent.



In manufacturing, 50.9 percent of the larger firms continue to appraise the lending practices of the banks as restrictive, an improvement of only 0.2 percentage points compared to March. Credit financing thus remains a problem for larger firms. For medium-sized companies, 39.9 percent of the firms assessed banks' lending policies as restrictive, compared to 40.8 percent in March. For smaller manufacturing firms the credit hurdle stands at 36.5 percent, virtually unchanged from the 36.6 percent of the previous month.

The wholesaler and retailer indicator at 38.9 percent was almost just as high as in March (39.0 percent).

### Helmut Seitz Passes Away

**Helmut Seitz** died in an accident on April 1 in Dresden. He had a long-standing association with the Ifo Institute as a Research Professor at the Institute's Dresden branch, and as a Fellow of the CESifo Research Network. After moving to the Technical University Dresden in 2004 he was instrumental in furthering empirical research at Dresden and, with it, the work of Ifo's Dresden branch. The many publications in Ifo journals, various joint research projects and jointly held conferences attest to this.

Prof. Seitz earned a well-deserved reputation through his policy-oriented and theory-anchored research. His interests focused in particular on the empirical analysis of finance policy developments and devising of policy advice for budget policy formulation at the federal, state and county levels. He was uniquely gifted in grasping complex empirical insights of the highest policy relevance and lucidly presenting them. His research findings advanced significantly the political and scientific discussion on limiting state indebtedness.

He was never shy when defending a position he held as true. He stood up for his conclusions with conviction and non-partisanship before political organisations of all kinds, never bowing to political pressure. With his passing, policy-oriented empirical research loses one of his most distinguished representatives.

### Ifo Prepares for 60th Anniversary

The Ifo Institute will turn 60 in June. The special day will start with this year's annual meeting which, among other things, will feature a conference titled "The New Architecture of the International Financial World", with presentations by Ifo President Hans-Werner Sinn and Bundesbank President Axel Weber. A group of high-ranking experts will then engage in a round of debate on the topic.

Later, action will move from the University of Munich's premises, where the annual meeting will be held, to the Ifo premises across the river. The festivities will be celebrated by all Ifo, CES and CESifo employees and researchers and their partners, as well as by the institute's friends in science, business and politics.

## Poking Holes on PFS

Krishna



Over the past decade or so, the Grossman and Helpman (1994) model of “Protection for Sale” (PFS) has become a very influential one, both theoretically and empirically, in the political economy of trade. A key prediction made by the PFS model in explaining protection levels is that organized and unorganized industries have opposite signs for a key coefficient. This prediction, which differs from that of other models, seems to be borne out in the data: a number of studies that took the model to the data provide evidence in favor of the PFS model.

But **Kala Krishna**, from Pennsylvania State University, begs to differ. With her recent papers “A Quantile-based Test of Protection for Sale Model” and “Protection for Sale or Surge Protection” (written jointly with Susumu Imai, Queen’s University and Hajime Katayama, University of Sydney) they begin work on a research agenda that proposes new tests of the PFS model. Surprisingly, the results do not provide any evidence favoring the PFS model. They explain why previous work may have inadvertently found support for it.

Ms Krishna obtained her PhD from Princeton University in 1984. She taught at Harvard University and the Massachusetts Institute of Technology, and was the

William L. Clayton Professor of International Economic Affairs, Fletcher School of Law and Diplomacy, Tufts University. She joined the Pennsylvania State University in 1993 as Professor of Economics, and is currently Liberal Arts Research Professor there.

She has been a Visiting Scholar at the World Bank, the IMF, the Board of Governors of the Federal Reserve, the Institute for International Economics, Stockholm, and EPRU, Copenhagen Business School, Denmark. She has also been a Visiting Professor at the Hebrew University of Jerusalem, Israel, the Institute of Economics, University of Copenhagen, Denmark, the University Carlos III, Madrid, the University of Sydney, Australia, and the University of Auckland, New Zealand.

She is Co-Editor of the *Journal of International Economics* and on the editorial boards of *Economics Letters*, the *International Journal of Industrial Organization* and the *Journal of International Trade and Economic Development*, among others.

While at CES she will be working on a paper on estimating a structural model that allows the analysis of the effects of trade policy in a heterogeneous firm setting using cross sectional data.

## Munich Seminars

**CESifo**

**Süddeutsche Zeitung**  
Deutschlands große Tageszeitung

sponsored by  
**BMW Niederlassung München**   
Wegweisend und voller Wertschätzung für Sie.

Chaired by Hans-Werner Sinn (CESifo) and Marc Beise (*Süddeutsche Zeitung*)  
Monday, 6 pm, CESifo Conference Centre, Ludwig-Erhard-Hall, Poschingerstr. 5, Munich

20 April 2009

**Prof. Ulrich von Alemann**

Institute for German and European Party Law and Party Research

*Neuere Entwicklungen in der deutschen Parteienlandschaft*

4 May 2009

**Prof. Ottmar Edenhofer**

Potsdam Institute for Climate Impact Research

*A Global Deal for the Climate? Risks, Challenges and Opportunities*

18 May 2009

**Prof. Axel Börsch-Supan, PhD**

Director of the Mannheim Research Institute for the Economics of Aging

*Alter, Gesundheit und Ruhestand - über was sich Ökonomen den Kopf zerbrechen*

15 June 2009

**Prof. Charles Blankart**

Head of the Institute for Public Finance, University of Berlin

*Der Staat als Lender of Last Resort: Ein kontrakttheoretischer Ansatz zur Finanzkrise*

22 June 2009\*

**Prof. Frederic Mishkin**

Alfred Lerner Professor of Banking and Financial Institutions, Columbia Business School

29 June 2009

**Wulf H. Bernotat**

Chairman of the Executive Board, E.ON AG  
*Wege in eine sichere und klimaschonende Energieversorgung der Zukunft*

13 July 2009\*

**Jean-Claude Trichet**

President of the European Central Bank

\* Topic to be announced. For details, please check the Munich Seminars webpage at [www.cesifo-group.de/link/0010-MUNICHSEMINARS](http://www.cesifo-group.de/link/0010-MUNICHSEMINARS)

## Research Seminars (Summer Semester 2009)

Monday 3:15 p.m. CES, Schackstr. 4, Munich (\* indicates topic to be announced)

4 May 2009

**Lydia Mechtenberg**

Technical University of Berlin

*Winners and Losers of Early Elections: On the Welfare Implications of Political Blockades and Early Elections*

11 May 2009\*

**Ivan Jaccard**

European Central Bank  
(under the auspices of the SFB/TR 15)

18 May 2009\*

**Jawwad Noor**

Boston University

25 May 2009\*

**Sander Onderstal**

University of Amsterdam

8 June 2009\*

**Dongsoo Shin**

University of Santa Clara  
(under the auspices of the SFB/TR 15)

15 June 2009\*

**Linda Rousova**

University of Munich

**Rainer Lanz**

University of Munich

## From Malaria to Entrepreneurship

Zimmermann

It is amazing all you can do with stochastic dynamic general equilibrium models. Things like researching the synchronisation of international business cycles, child labour, the optimal design of unemployment insurance, the impact of malaria, the link between banking regulation and entrepreneurship, and quite a bit more.



**Christian Zimmermann** is one of the experts with these models. An Associate Professor of Economics at the University of Connecticut, USA, he holds a PhD from Carnegie Mellon University and has broad interests in business cycles, unemployment insurance, development economics, and monetary economics.

A native of Switzerland, he has previously held positions at the Université du Québec à Montréal and the Bank of Canada. He is also an associate editor for the *Review of Economic Dynamics* and the secretary of the Society for Economics Dynamics.

In all his analyses, the building block is a deeply structural dynamic model where agents are heterogeneous due to some market imperfection, such as incomplete markets and/or multiple equilibria. These models are designed to make policy experiments easy to conduct, which allows for investigating policies that have not yet been put in place in real life.

Three examples for this research agenda should be revealing. First, how would one design an unemployment insurance in an economy where it is difficult to force agents to participate in it? This is particularly relevant in economies with a large informal sector, where the moral hazard problem any insurance scheme faces looms very large. With Stephane Pallage, he investigates how the creation of employment accounts would alleviate this moral hazard problem. In particular, they study how one could improve on self-insurance that arises naturally in the

absence of any insurance scheme.

Second, what is the best way to attack the malaria problem in Africa? The conventional wisdom is that the best way to fight malaria is with the free distribution of bed nets, under the assumption that the local population cannot afford them. Empirical analyses of malaria

suffer, however, both from very poor data quality and from endogeneity issues: malaria may be present because of poverty, which is itself due to malaria. To disentangle this, Douglas Gollin and Christian Zimmermann propose to rely more on theory and model an economy where agents have the opportunity to fight against malaria, but face various constraints. This experimental economy shows that the cost of prevention is not the main issue, but rather the efficacy of prevention, thus calling for a reallocation of resources devoted to malaria towards improving the means for prevention.

Finally, in work with Martin Berka, the impact of banking regulation as in the Basle Accord on entrepreneurship is studied. In a complex economy where household vie to become entrepreneurs and seek funding from banks, the latter try to attract funding from other households. It is shown that rigid banking regulation can be detrimental. In particular, regulation needs to be tightened during bad times to increase lending, which run counter to conventional wisdom. The critical point here is that households will only finance banks when those inspire sufficient confidence.

And, if you know RePEc, the world's largest repository of economics research publications and authors, then you already know Christian Zimmermann indirectly. He is one of the souls behind the volunteer-based initiative that, since 1997, had done much to improve the dissemination of research in Economics.

## Education and the World

Becker

**William Becker**, of Indiana University Bloomington, has just finished a visit at CESifo, where he worked on two modules commissioned by the American Economic Association Committee on Economic Education: the use of panel data and sample selection problems in economic education research. He and his wife Suzanne also finished their article for the *American Economist*, "Potpourri: Reflections from Husband/Wife Academic Editors."



An adjunct professor at the University of South Australia, where he has been in residence a couple of months each year since 1995, he is the Executive Editor of the *Journal of Economic Education* and of the SSRN Economic Research Network Educator. He also serves on the editorial board of the *Economics of Education Review*, is a member of the American Economic Association's standing committee on economic education, and was president of the 450-member Midwest Economic Association in 2005-06.

Before joining the faculty of Indiana University in 1979, Mr Becker was a faculty member at the University of Minnesota, where he returned in 1988 to serve as acting director of the Management Information Division. But his world extends far beyond the Midwest. He has held visiting appointments at Princeton University and the universities of Adelaide, Melbourne, and South Australia. Through the 1990s he toured Indonesia assessing university programmes for the World Bank Midwest Universities Consortium for International Activities, consulted for Spain's Universidad Carlos III, worked with the Soros Foundation in St Petersburg, Russia, and was in Abu Dhabi consulting on the role of education in the new millennium.

He worked with Mexico's Centro de Investigación y Docencia Económicas, Portugal's University of Evora, and Scotland's Economic Centre of the Learning and Teaching Support Network, and has been a consultant to the Singapore Management University and the University of Western Australia.

## CESifo Venice Summer Institute 2009

The CESifo Venice Summer Institute will celebrate its **10-year anniversary** this July. One of CESifo's most popular conferences, over its first decade it has



attracted scores of young scholars and seasoned academics alike to its venue at Venice International University, on San Servolo, a tiny island across the water from San Marco in the bay of Venice.

This year's Institute will be held from 6 to 11 July, with six workshops topics ranging from climate through unemployment and behaviour to international trade.

The opening workshop will address the *Economics and Politics of Climate Change*. Organised by **Mika Widgrén** and **Panu Poutvaara**, it will take stock of recent research on the economic effects of global warming, as well as analysing political support for various measures intended to reduce CO<sub>2</sub> and other emissions, or to absorb CO<sub>2</sub> through various measures, like reforestation.

A parallel workshop will tackle *European Unemployment*. Organised by **Christopher Flinn** and **Klaus Wälde**, it is looking for eclectic approaches to understanding European unemployment, including those utilising macroeconomic equilibrium models with calibration and those employing micro-based partial or general equilibrium search frameworks estimated using panel or event history data.

**Bernd Genser** and **Jean-Robert Tyran**, in turn, are organising a workshop on *Behavioural Public Economics*, which will try to answer questions such as how behavioural and experimental economics transform the way we think about public economics, or how notions of social pref-

erences and bounded rationality shape analysis in public economics. Discussions will cover implications for all aspects of public economics, including welfare economics and paternalism, taxation and redistribution, the provision of public goods, saving, voting, tax compliance, and charitable giving.

Next in the programme is a workshop dealing with *Operating Uncertainty Using Real Options*. Organised by **Yu-Fu Chen** and **Michael Funke**, it will strive to make relevant contributions to management, company valuations, corporate strategy, agency issues, R&D, competition, investment games and strategic options applications, and analyse valuation of natural resources, impact of extreme events on environment and investment, and environmental management and protection policy.

The well-functioning of the capital markets in the nineties brought to the public debate the issue of privatising social security. A key paradigm was that the capital markets, and especially the stock markets, can yield better risk-adjusted returns than national pension schemes. The recent global turmoil in the financial markets undoubtedly calls for rethinking of the pros and cons of privatising social security. That will be the focus of workshop *Rethinking the Privatisation of Social Security*, organised by **Gerhard Illing** and **Efraim Sadka**.

The closing workshop will deal with *Heterogeneous Firms in International Trade*. Organised by **Peter Egger** and **Stephen Redding**, it will be devoted to firm-level research in international trade, drawing on evidence indicating that firms which trade differ substantially from those which do not.

## Hans-Möller Seminars

Seminar for International Economic Relations Library, Ludwigstr. 28/II, Tuesdays, 4:30 - 6:00 pm

5 May 2009

**Daniel Ferreira**

LSE

*Board Structure and Price Informativeness*

12 May 2009\*

**Claude d'Aspremont**

CORE

19 May 2009\*

**Dimitri Vayanos**

LSE

26 May 2009\*

**Patrick W. Schmitz**

University of Cologne

9 June 2009\*

**Michèle Tertilt**

Stanford University

16 June 2009\*

**Matthias Doepke**

Northwestern University

23 June 2009\*

**David Andolfatto**

Simon Fraser University

\* The subject for these seminars will be posted at [www.vwl.uni-muenchen.de/lm\\_marin/hmoeller1.html](http://www.vwl.uni-muenchen.de/lm_marin/hmoeller1.html)

## CESifo-Delphi Conference

CESifo and the Department of International and European Economic Studies (DIEES) at the Athens University of Economics and Business (AUEB) will hold the 2009 the CESifo - Delphi Conference at the European Cultural Centre in Delphi. Invited speakers at the conference will include Philippe Aghion (Harvard University), Elias Dinopoulos (University of Florida), Oded Galor (Brown University) and Joseph Zeira (Hebrew University of Jerusalem). Full papers or extended abstracts (500-600 words) should be submitted by December 20, 2008.