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AWI This Week

Monday, 10.11.08

Departmental Seminar

17.15-18.45
AWI 1017

Gleb Koshevoy, Russian Academy of Sciences, Moscow
"Cooperative games with restrictions on coalitions' formations"

Tuesday, 11.11.08

MAHEISEM

17.15-18.45
Mannheim
L7, 3-5, HS 001

Jan Eeckhout, University of Pennsylvania
"Diverse Organizations and the Competition for Talent"
(with Roberto Pinheiro)

Wednesday, 12.11.08

Internal Seminar

17.15-18.45
AWI 1017

Christian Conrad
"The High-Frequency Response of the EUR-US Dollar Exchange Rate to ECB Monetary Policy Announcements"

Departmental Seminar

Gleb Koshevoy, Russian Academy of Sciences, Moscow

"Cooperative games with restrictions on coalitions' formations"

We propose modifications of the usual notion of the core of cooperative games for a case when not all coalitions are allowed to form. Several cases will be discussed. A case when coalitions of a fixed size are allowed to form will be considered in details.

MAHEISEM

Jan Eeckhout

"Diverse Organizations and the Competition for Talent"*

Organizations benefit from a diverse composition of skills. The basic premise of this paper is that *within* the organization, workers of different skills improve the problem-solving ability as there turn to adding similar workers is decreasing. We show that when firms compete for talent in the labor market, in equilibrium organizations will differ *between* each other. We find that organizations with higher Total Factor Productivity (TFP) are larger and hire from a broader range of skills. This implies that there are more levels within the organization hierarchy and that their CEO is more skilled. We also find that the skill distribution in high productivity firms first-order stochastically dominates, implying that there are proportionately fewer workers at each level, i.e. they are leaner at the top, whereas the low productivity firms have a wider base of low skilled workers. Our model provides a benchmark for analyzing diverse organizations in a competitive labor market and how they evolve as the economic environment changes. For example, in our model technological progress leads to an increase of all wages, it results in downsizing of the original firms and in a decrease in skill level of their CEO. When investment in skills is endogenized, we show that the equilibrium skill distribution has a long right tail, even if ex ante all agents are identical.

*with Roberto Pinheiro

Internal Seminar

Christian Conrad

"The High-Frequency Response of the EUR-US Dollar Exchange Rate to ECB Monetary Policy Announcements"

We investigate the impact of the European Central Bank's monetary policy announcements on the level and volatility of the EUR-US Dollar exchange rate employing an AR-FIGARCH specification. Using high-frequency data we estimate the individual and complementary effects of the release of the interest rate decision, the ECB's introductory statement and the question and answer session. Surprise interest rate changes explain the movements in the exchange rate immediately after press release. During the introductory statement, communication with respect to future price developments is most relevant and has two important functions: (i) it explains the previously announced decision and (ii) it serves as a guide for the future path of monetary policy.

Talks and Research Visits

On Friday, November 7, Andreas Irmen is going to present his latest paper "Population, Pensions and Economic Growth", co-authored with Burkhard Heer, Free University of Bozen, at the Department of Economics, University of Washington, Seattle.

Peter Dürsch participated in the GfEW 2008 Meeting (October 30 - November 1) organized by the ZEW in Mannheim and presented his paper "Sick Pay Provision in Experimental Labor Markets" (joint with J. Oechssler and R. Vadovic).

Visitors

Gleb Koshevoy from Central Institute of Mathematics and Economics (CIME), Russian Academy of Sciences, Moscow, is staying at the AWI for research with Jürgen Eichberger from November 3 to November 30 (room 4144).

**Editorial deadline for issue 7/2008 of the newsletter:
Wednesday, November 12, 2008, 12 o'clock
newsletter@awi.uni-heidelberg.de**

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please contact the address above.