



# NEWSLETTER

**No. 7**  
07 July 2009



Humboldt-Universität zu Berlin  
Collaborative Research Center 649  
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**REGULAR RESEARCH SEMINARS**

An overview is available at:

<http://sfb649.wiwi.hu-berlin.de/fedc/seminars.php>

**ECONOMIC RISK SEMINAR**

Location: Spandauer Str. 1, room 203

Time: every Monday, 2 p.m.

6 July 2009

**Erik Eyster**

(London School of Economics and Political Science)

"Cursed Markets"

16 July 2009

**Ioannis Kasparis**

(University of Cyprus)

"Dynamic Misspecification in Nonparametric Cointegrating Regression"

**SCHUMPETER SEMINAR**

Location: Spandauer Str. 1, Room 125

Time: every Tuesday, 4 p.m.

7 July 2009

**Thomas Steger**

(Universität Leipzig)

"Economic Development in Eastern Germany: History, Expectations, and Public Policy"

14 July 2009

**Aniol Llorente-Saguer**

(California Institute of Technology)

"Qualitative Voting vs. Negotiation: An experimental Analysis"

**WIAS RESEARCH SEMINAR MATHEMATICAL STATISTICS**

Location: Weierstrass Institute for Applied Analysis and

Stochastics, Mohrenstraße 39, 10117 Berlin

Erhard-Schmidt-Hörsaal

Time: every Wednesday, 10 a.m.

1 July 2009

**Felix Abramovich**

(Tel Aviv University)

"Prelude and Fugue in Bayesian Testimation"

8 July 2009

**Rodney Strachan**

(University of Queensland)

"Bayesian Inference in the Time Varying Cointegration Model"

15 July 2009

**Yannick Barraud**

(Université de Nice)

"Gaussian Model Selection with unknown variance"

## REVIEW ABOUT CRC 649 EVENTS

4 to 6 June 2009

CRC 649 Conference in Motzen

Every year all the CRC members gather in the countryside of Brandenburg to combine mental activities with sportive challenges and relaxation in a stimulating environment. This year's workshop included a combination of scientific talks, volleyball, swimming and football, and discussions on the direction of the CRC 649.



Prof. Burda and Prof. Härdle

The meeting was kicked off with a discussion of the productivity of the projects in terms of working papers and publications. Afterwards, in the plenary session, Professor Lutz Weinke presented his project "The Monetary Transmission Mechanism with Endogenous Capital Accumulation" for possible inclusion as a CRC 649 subproject. When the scientific part of the day was over, participants spent their remaining bits of energy on the football field. The day was concluded with small talk over a nourishing meal and a campfire.

The next day participants turned back to science. There were a large number of interesting talks in the parallel sessions. Alena Mysickova (B1) gave a talk on an innovative method to summarize the enormous quantities of data obtained using neuroeconomic experiments.

Lydia Mechtenberg (A6) gave a talk proposing to lower the informal barriers for immigration to (and within) Europe of high skilled workers, so that the European Union can compete with the U.S. Phillip Koenig (C10) presented his research on financial crises showing that in the presence of a lender of last resort, banks care only about their solvency and disregard their liquidity needs. Julia Schmid (A6) presented experimental evidence on the possibility of making also non-winning participants exert sufficient effort in an all pay auction. Martin Wersing (B3) talked about why and how people choose between owning and renting a house.

The talks were followed by a great barbeque, and a camp fire where Professor Burda demonstrated his secret guitar playing skills, and Elena Silyakova revealed her wonderful voice. By the end of the evening, everyone joined in singing songs from their own countries, such as China, Ukraine, Russia, Romania, France, Germany and so on. The third day brought more excellent talks, as well as two fruitful parallel discussions on how to improve the quality of the CRC 649 even further, which generated some great ideas. The conference ended with all the CRC members joining together into a giant sigma tau for the traditional photo.



Participants of the CRC 649 Conference

**13 June 2009      Lange Nacht der Wissenschaften**



On 13 June 2009 the 9th Lange Nacht der Wissenschaften took place in Berlin. The CRC 649 presented lectures and discussions about the financial crisis in the Senatssaal in the main building of the Humboldt-Universität. It was up to Prof. Burda (Chair for Macroeconomic Theory) to give an introduction lecture about the globalized financial crisis.

Afterwards Prof. Gassen (Chair for Financial Accounting and Auditing) gave a talk about banking accounting, followed by Prof. Gründl (Chair for Insurance and Risk Management) speaking about the financial crisis and the impacts on the insurance industry. Prof. Blankart (Chair for Public Choice) discussed the question if a country can go bankrupt. The first part of this evening ended with a lecture of Prof. Kirchner (Chair for New Institutional Economics) about IFRS and Basel II.

The event attracted a large audience which closely followed every presentation and ensuing discussions right up until the end.

After all these interesting talks a panel discussion about the question "can financial crises be avoided in the future" started with Prof. Burda, Prof. Kirchner, Prof. Müller (Chair for Finance), Prof. Weber (General Manager of the Bundesverband deutscher Banken) and Dr. Gerhard Schick (Financial politics spokesperson of Bündnis 90/Die Grünen) moderated by Carsten Brönstrup (Tagesspiegel). This was also a chance for the audience to ask these experts.



Prof. Burda, Prof. Kirchner, Prof. Müller, Carsten Brönstrup, Dr. Schick and Prof. Weber

The next part of this evening was another panel discussion about the role of managers in the financial crisis. For this Prof. Schwalbach (Chair for International Management) presented the participants who were Prof. Hildebrandt (Chair for Marketing), Prof. Hubert (Chair for Management Science) Prof. Beckmann from the Copenhagen Business School and Prof. Wolff (CFO of VNG and Honorary Professor at the Universität Leipzig) who very spontaneously accepted the invitation of Prof. Schwalbach to participate in the discussion.



Prof. Hubert, Prof. Beckmann, Prof. Hildebrandt, Prof. Schwalbach and Prof. Wolff

The evening was concluded by Prof. Härdle (Chair for Statistics) and Prof. Okhrin (Junior Professor in Statistics) who answered questions about the instruments of financial markets and their efficiency.

## NEWS OF THE CRC

After the successful evaluation of the center in summer 2008, the new CASE celebrates its inauguration on the 15th of June 2009 in the Heilig-Geist-Kapelle of the Faculty of Business and Economics.

The CRC 649 has accepted the project "Theories and Applications of Modern Quantile Regression" as an associated project to the CRC. The head of the project B100 is Prof. Maozai Tian of the Renmin University of China.

Further Information about the project can be found here:

[http://sfb649.wiwi.hu-berlin.de/projects/homepage\\_en.php?Nummer=B100](http://sfb649.wiwi.hu-berlin.de/projects/homepage_en.php?Nummer=B100)

## NEWS OF THE PROJECTS

**Dorothea Kübler (A6)** was offered a W3 professorship at the Universität Mannheim in April 2009. She has just declined this offer. In addition, she was offered to become director of the research unit "Industrieökonomie" at the WZB (Wissenschaftszentrum Berlin), which she has accepted. Dorothea Kübler gave a talk with the title "Experimental Practices in Economics" at the International Conference "Spuren der Avantgarde: Theatrum Oeconomicum" at the Freie Universität Berlin on 5 June 2009.

**Julia Schmid (A6)** visited the former CRC-Member Prof. Dominique Demougin at the European Business School in Wiesbaden and gave a talk in the Research Seminar of the Department of Law, Governance and Economics.

**Dietmar Fehr (A6)** attended the Econometric Society Summer Meeting in Boston from 4 to 7 June 2009 and the Annual Meeting of the Entwicklungsländerausschuss (Verein für Socialpolitik) in Frankfurt/Main from 26 to 27 June 2009. He presented his paper "The Limited Effect of Social Distance on Trust: Experimental Evidence from a Slum".

**Joachim Gassen (A7)** participated at the "32<sup>nd</sup> Annual Congress of the European Accounting Association" in Tampere, Finland from 12 to 15 May 2009 and presented his paper "The Decision Usefulness of Financial Accounting Measurement Concepts: Evidence from an Online Survey of Professional Investors and Their Advisors" (joint work with Kristina Schwedler). He participated in the "Wirtschaftswissenschaftliches Kolloquium der Universität Hannover" on 25 May 2009 and gave a talk about "Designing Information Systems for Multiple Objectives: Valuation versus Contracting Usefulness of Financial Accounting Information". From 18 to 19 June 2009 he participated at the "8<sup>th</sup> London Business School Accounting Symposium" in London.

**Tolga Davarcioglu (A7)** participated at the "25<sup>th</sup> European Accounting Association Doctoral Colloquium" in Tampere, Finland From 9 to 15 May 2009 and presented his paper "Does public exposure and peer pressure influence voluntary compliance? Evidence from compliance with German Accounting Standards".

Tolga Davarcioglu and **Timo Eisenschink (A7)** participated at the "32<sup>nd</sup> Annual Congress of the European Accounting Association" in Tampere, Finland from 12 to 15 May 2009. Timo Eisenschink (A7) participated in the Seminar "Disclosure: Theory and Empirical Evidence" in Naples from 16 to 17 June.

**Roland Strausz (A8)**: gave a talk about "Certification and Exchange in Concentrated Markets" at the Universität Wien on 18 June 2009.

**Ulrich Horst (A11)** gave a talk about "Equilibrium Pricing under Translation Invariant Preferences" in the workshop on Incomplete Information and Filtering in Mathematical Finance in Chemnitz from 17 to 19 June 2009.

**Peter Imkeller (A11)** gave a talk entitled "Martingale optimality, BSDE and cross hedging of insurance derivatives" at the International Conference on "Random Dynamical systems", Nankai University, Tianjin, China on 8 June 2009.

**Jörg Rieskamp (A12)** was offered a W2 professorship at the Universität Dresden. He has just declined this offer.

**Wolfgang Härdle (B1)** gave a talk about "How to tame CDOs?" as a key note speaker at the NCKU Management Research Forum on Finance & Statistics at the National Cheng Kung University in Taiwan on 18 June 2009. Further he gave a talk about "Partial Linear Quantile Regression and Bootstrap Confidence Bands" at the Academia Sinica in Taiwan on 24 June 2009. Prof. Härdle gave a talk about "Modelling and Forecasting Liquidity Supply Using Semiparametric Factor Dynamics" at the Southern Taiwan Stat Conference on 27 June 2009. At last he gave a talk about "CDO multifactor models" at the Hongkong Baptist University on 30 June 2009.

**Alena Mysickova (B1)** attended the XXIII annual conference of the European Society for Population Economics (ESPE) that took place in Seville from 11 to 13 June 2009 and presented her paper "Stochastic Population Forecast for Germany and its Consequence for the German Pension System" (joint work with Wolfgang Härdle).

**Andrija Mihoci** and **Elena Silyakova (B1)** gave presentations about "Variance Swaps" und "Modelling and Forecasting Liquidity Supply Using Semiparametric Factor Dynamics" at the "15. DStatG-Nachwuchsworkshop" in Merseburg from 3 to 4 June 2009.

**Lutz Hildebrandt (B2)** gave a talk about "On the relationship between risk aversion and cross-category brand loyalty" at the Marketing Science Conference in Ann Arbor, Michigan/USA on 5 June 2009.

**Martin Wersing (B3)** participated in the IREBS 2009 Conference on Real Estate Economics and Finance from 18 to 19 June 2009 at the Universität Regensburg. He discussed the paper "Estimating the rental adjustment process for the German office market using panel cointegration analysis" by Roland Füss and Zeno Adams (European Business School).

**Nikolaus Hautsch (B8)** gave a talk on "Price Adjustment to News with Uncertain Precision" at the University of Valencia on 5 May 2009. He gave an invited talk on "Refining Multivariate Realized Kernels: a Blocking and Random Matrix Theory

Approach" at the Stenovich Center - CREATES Conference on Financial Econometrics that took place from 4 to 6 June in Skagen, Denmark.

From 10 to 12 June 2009 Nikolaus Hautsch attended the European Conference of the Society for Financial Econometrics (SoFiE). He gave a presentation on "Information Processing on Financial Markets" at the Universität Würzburg on 30 June 2009.

**Fuyu Yang (B8)** participated in the COMISEF Workshop on Numerical Methods and Optimization in Finance that took place in London from 18 to 19 June 2009 and gave a presentation on "Bayesian Forecasting using an Extended Nelson-Siegel Model".

**Julia Schaumburg (B8)** participated in the Cemmap/ESRC Workshop on Quantile Regression that took place in London from 1 to 2 June 2009.

**Michael C. Burda (C7)** gave a talk about "Productivity measurement" during the CASE Inauguration on 15 June 2009. The Heinrich Böll foundation organized on 30 June 2009 a discussion evening entitled "Financial and economic crisis" with Prof. Burda as a guest speaker.

**Frank Heinemann (C 10)** gave a seminar on „Dynamic Coordination games“ at the University of Amsterdam on 12 June 2009. He gave a summer school on experiments on macroeconomic models together with Rosemarie Nagel and John Duffy in Barcelona, 15-19 June 2009, and he gave a talk on "Measuring agents' reaction to public and private information in beauty contest games" at the conference in honor of Roger Guesnerie "Expectations and Coordination" in Paris, 22 June 2009.

**Tijmen Daniëls (C10)** presented his paper on "characterising equilibrium selection in global games" at the workshop "Decisions, Logic and Games 09" in Lausanne.

**Martin Odening (C11)** participated at the colloquium of agricultural economics at the Universität Göttingen on 2 June 2009 and presented the paper "On the Systemic Nature of Weather Risk".

## GUESTS OF THE CRC 649

You find a summary about all guests here:  
[http://sfb649.wiwi.hu-berlin.de/fedc/guests\\_en.php](http://sfb649.wiwi.hu-berlin.de/fedc/guests_en.php)

### Current Guests of the CRC 649 "Economic Risk":

20.03.2009 -  
30.09.2009

**Philipp Matros**

Freie Universität Berlin

Project: quantitative research about the role of monetary policy in the recent house price boom

Ziegelstr. 13a, room 607, phone 2093 1455



13.03.2009 -  
01.09.2009

**Till Strohsal**

Freie Universität Berlin  
Project: Quantitative Research about the expectation hypothesis of the term structure  
Ziegelstr. 13a, room 607, phone 2093 1455



01.02.2009 -  
30.09.2009

**Sergiy Ragulin**

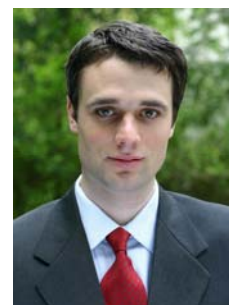
Europa-Universität Viadrina Frankfurt (Oder)  
Project: Sequential Control Procedures in Portfolio Management  
Ziegelstr. 13a, room 601, phone 2093 1462



12.01.2009 -  
31.12.2009

**Maximilian Stadler**

Technische Universität Berlin  
Project: Shareholder Aktivismus durch Hedge Fonds  
Ziegelstr. 13a, room 601, phone 2093 1462



05.01.2009 -  
31.12.2009

**Enzo Weber**

FU Berlin  
Ziegelstr. 13a, room 601, phone 2093 1462  
Project: Structural Dynamic Conditional Correlation



16.11.2007 -  
31.12.2009

**Jan Philipp Weber**

Freie Universität Berlin  
Project: Macroeconomic determinants of real estate bubbles  
Ziegelstr. 13a, room 601, phone 2093 1462





31.05.2007 -  
31.12.2009

**Eduardo Ortiz Sanchez**

University of Oxford

Project: Effekt der Wahl des Basiswertes auf  
den Preis von Wetterderivaten

Ziegelstr. 13a, room 601, phone 2093 1462



## NEW DISCUSSION PAPERS

You find all discussion papers under:

[http://sfb649.wiwi.hu-berlin.de/fedc/discussionPapers\\_en.php](http://sfb649.wiwi.hu-berlin.de/fedc/discussionPapers_en.php)

- 2009-032**      **Joanne Ho, Martin Odening**  
"Weather-based estimation of wildfire risk"
- 2009-033**      **Michael C. Burda, Battista Severgnini**  
"TFP Growth in Old and New Europe"
- 2009-034**      **Susanne Prantl, Alexandra Spitz-Oener**  
"How does entry regulation influence entry into self-employment  
and occupational mobility?"
- 2009-035**      **Runli Xie**  
"Trade-Off Between Consumption Growth and Inequality: Theory  
and Evidence for Germany"

## PUBLICATIONS

**Nautz, D., Schmidt, S. (2009)**

*Monetary policy implementation and the federal funds rate,*  
Journal of Banking and Finance, 33 (7), p.1274-1284

**Burkhardt, K., Strausz, R. (2009)**

*Accounting Transparency and the Asset Substitution Problem,*  
The Accounting Review 84 (3), 689

**Matthias R. Fengler (2009)**

*Arbitrage-free smoothing of the implied volatility surface,*  
Quantitative Finance, Volume 9, Issue 4, p. 417 – 428

## CRC STAFF

At this point the Collaborative Research Center 649 "Economic Risk" wants to present Katja Hanewald, staff member of the project B9 and Dr. Thomas Post, head of the project B9 "Aggregate Mortality Risk and its Impact on the Asset Liability Management of Life Insurance Companies".



Katja Hanewald was born in Berlin. She received her diploma degree in economics from Humboldt-Universität zu Berlin in December 2007. During her studies, she worked as a student research assistant at the Chair of Prof. Michael Burda and did two internships, one with the German Federal Ministry of Finance and one with the German Institute for Economic Research (DIW). In 2006, she was awarded a scholarship from the German National Academic Foundation. In January 2008, Katja started working as a research assistant at the Chair for Risk Management and Insurance of Prof. Helmut Gründl at Humboldt-Universität zu Berlin. Her research focuses on aggregate mortality risk and the asset liability management of life insurance companies. In order to familiarize the CRC community with her field of research, Katja is co-organizing a workshop on "Demographic Risk" (December 16-17, 2009). In her free time, she loves to play basketball, but also enjoys good books and classical music.

Thomas Post was born in Cottbus, Germany. He studied business administration at Humboldt-Universität majoring in banking & finance and insurance & risk management. After working for two years for KPMG's insurance auditing branch, he went back to Humboldt-Universität and earned a doctorate in business administration, with a thesis focusing on personal finance topics. Then, he joined the University of Illinois at Urbana-Champaign for one semester as Visiting Assistant Professor of Finance. Currently, he is working on his Habilitation at Humboldt-Universität. His research interests include pension finance, household & corporate risk management. In his leisure time, he plays golf.



## QUOTE OF THE MONTH

*"Income tax returns are the most imaginative fiction being written today."*

Herman Wouk  
(1915 - )

Please also note that the newsletter is published on the homepage of the CRC 649.

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**The CRC 649 – Newsletter is published at the beginning of each month.  
Editorial deadline for the eighth Newsletter 2009 is 29.07.2009.**