



**University of
Zurich** ^{UZH}

Department of Economics

Newsletter 60

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Table of Contents

1 Spotlight	1
1.1 Top position for Zurich in the Tilburg Economics Schools Research Ranking	1
1.2 New Faculty Member	2
2 Events	3
2.1 Departmental Research Seminar in Economics	3
2.2 Guest Presentations	3
2.3 Short Courses	3
2.4 Alumni Events	3
3 Publications	4
3.1 In Economics	4
3.2 Others	5
3.3 Books & Book Chapters	5
3.4 Working Papers	6
3.5 Mainstream Publications & Appearances	6
4 People	7
4.1 Visiting Guests & Research Stays	7
4.2 Appointments	7
4.3 Degrees	7
4.4 Awards	8
5 Miscellaneous	8
5.1 Grants	8

1 Spotlight

1.1 Top position for Zurich in the Tilburg Economics Schools Research Ranking

The CentER for Research in Economics and Business at Tilburg University, the Netherlands, has published the newest version of its worldwide ranking for economics institutes. Based on the research contribution in the top-5 journals from 2008 to 2012, the University of Zurich ranks 5th among the best economics schools in Europe.

The academic economic profession attaches a key role to peer-reviewed published research. Arguably more than in any other discipline, economics has an informal ranking of publication outlets which distinguish between "top five general audience journals" (American Economic Review, Econometrica, Journal of Political Economy, Quarterly Journal of Economics, Review of Economic Studies), top second-tier general audience journal, top-field journals, and other peer-reviewed journals. While the exact within-group ranking is subjective, there is a clear ranking between groups and an equally clear discontinuity between top-5 journals and the remaining reviews. Top-5 journals are a main criterion for appointments and promotions in the best American and European institutions, for instance. Which journals are the five most attractive outlets is undisputed in the profession. For these reasons, the number of publications in top-5 journals is a good measure of excellence in research. It is more precise and less controversial than any measure based on a broader set of journals that would tend to favor the quantity over the quality of research.

Using the database made public by Tilburg University (<https://econtop.uvt.nl/rankingsandbox.php>), we constructed a ranking of the European Universities based on the number of top-5 publications between 2008 and 2012. Here is the result:

1. London School of Economics (UK) 72
2. University College London (UK) 40
3. University of Oxford (UK) 36
4. University of Toulouse/Toulouse School of Economics (France) 27
5. University of Zurich (CH) 22
6. Pompeu Fabra University (Spain) 21
7. Stockholm University (Sweden) 18
8. Tilburg University (Netherlands) 17
9. University of Cambridge (UK) 17
10. London Business School (UK) 15

The calculations in the Tilburg Ranking are based on the stated main affiliation of the researchers at the time of publication. This means that the success of researchers currently at the University of Zurich may be understated due to the fact that many active researchers only joined the department recently. It is interesting to check whether the top-5 criterion gives a reasonable ranking for US universities. The top 10 institutions are Harvard, M.I.T., Chicago, Stanford, Berkeley, Northwestern, Columbia, Yale, Princeton, and New York University. These economic departments are regarded by most researchers as the ten strongest departments in the US.

The database of the Tilburg Ranking covers publications in 70 leading economics journals since 2004. The ranking provides a standard Top 100 of economics schools, based on a subset of journals in the database, over a 5-year period. Even if you do not focus on the top-5 journals, one can say that the University of Zurich has achieved a top position, ranking 8th among the best economics schools in Europe.

1.2 New Faculty Member



We would like to give a warm welcome to **Gregory Crawford** who has recently joined our department. His research interests lie in empirical industrial organization, applied econometrics, media economics, and economics of antitrust and regulation.

Gregory Crawford – Professor of Applied Microeconomics

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2 Events

2.1 Departmental Research Seminar in Economics

date	schedule	title	venue
Mon, Jun 3	17.15-18.45	John Van Reenen , London School of Economics «Management as a Technology» Departmental Research Seminar in Economics	KOL-H-317

2.2 Guest Presentations

date	schedule	title	venue
Thu, May 30	10.30-11.45	Yossi Spiegel , Hebrew University «Backward integration, forward integration, and vertical foreclosure» Applied Microeconomics Seminar	KOL-H-312
Fri, May 31	12.00-13.00	Joel Sobel , UCSD «Effective Communication in Cheap-Talk Games» Experimental and Behavioral Economics Seminar	BLU-E-003
Fri, Jun 7	12.00-13.00	Uri Simonsohn , Wharton Experimental and Behavioral Economics Seminar	BLU-E-003

2.3 Short Courses

date	schedule	title	venue
Mon, Jul 8 Tue, Jul 9	tba	Peter Bossaerts , California Institute of Technology Mini-Course on «Experimental Finance» Zurich Graduate School of Economics	PLD-E-04
Mon, Aug 19 Tue, Aug 20 Wed, Aug 21 Fri, Aug 23 Thu, Aug 22	09.00-12.00 13.30-15.30 13.30-15.30	Josh Angrist , MIT and NBER Mini-Course on «Empirical Strategies For Causal Inference» Zurich Graduate School of Economics	Extranef 109 in the Dorigny Campus of the University of Lausanne

2.4 Alumni Events

date	schedule	title	venue
Thu, Jul 18	from 20.30	AFC & OEC ALUMNI UZH Summer Party OEC ALUMNI UZH	Seebad Enge

3 Publications

3.1 In Economics

Boppart, Timo; Falkinger, Josef; Grossmann, Volker; Woitek, Ulrich & Wüthrich, Gabriela (2013). «Under which conditions does religion affect educational outcomes?», *Explorations in Economic History*, 50(2), 242-266.

<http://dx.doi.org/10.1016/j.eeh.2012.12.001>

This paper examines under which conditions religious denomination affects public spending on schooling and educational performance. We employ a unique data set which covers, inter alia, information on numerous measures of public school inputs in 169 Swiss districts for the years 1871/72, 1881/82 and 1894/95, marks from pedagogical examinations of conscripts (1875–1903), and results from political referenda to capture conservative or progressive values. Although Catholic districts show on average significantly lower educational performance and spend less on primary schooling than Protestant districts, Catholicism is harmful only in a conservative milieu. We also exploit information on absenteeism of pupils from school to separate provision of schooling from use of schooling.

Hotz-Hart, Beat (2013). «Innovation – Erfolgsfaktor der Wirtschaft am Standort Schweiz», *Die Volkswirtschaft*, 4, 39-42.

<http://www.dievolkswirtschaft.ch/editions/201304/Hotz.html>

Innovations are decisive for the success of an economy in the global competition. The innovation performance for member states of EU-27 as well as their main competitors such as Switzerland is measured regularly by the European Innovation Scoreboard. The article presents and discusses the profile of strengths and weaknesses of innovation performance of Switzerland along the 29 indicators of the scoreboard in comparison with the average within EU-27 and the innovation survey 2012 of KOF-ETHZ. It is argued that weaknesses of Switzerland shown in the statistics and pointed out in the literature such as low share of R&D-expenditure in the public sector, import surplus of knowledge-intensive services or just average share of youth aged 20-24 with upper secondary level education can be functional in the overall context of the innovation system of Switzerland and must not be a disadvantage. Nonetheless 2012 some nations have caught up with Swiss innovation performance although in Switzerland the general conditions for innovation activities have improved. The main restrictions i.e. finances and qualified personnel for innovations are highly dependent on the business cycle.

3.2 Others

Neo, Wei Siong; Yu, Michael; Weber, Roberto & Gonzalez, Cleotilde (2013). «The effects of time delay in reciprocity games», *Journal of Economic Psychology*, 34, 20-35.

<http://dx.doi.org/10.1016/j.joep.2012.11.001>

Reciprocity is common in economic and social domains, and it has been widely documented in the laboratory. While positive and negative reciprocity are observed in investment and ultimatum games, respectively, prior laboratory studies often neglect the effect of time delays that are common in real-world interactions. This research investigates the effect of time delays on reciprocity in the investment and ultimatum games. We manipulate the time delay after second movers have been informed about the first movers' decisions. We find that a delay is correlated with fewer rejections in the ultimatum game, but we find no effect of delays in the investment game. A follow-up study explores some of the processes that occur during time delay in the ultimatum game. We find delays correlated to increased reported feelings of satisfaction and decreased reported feelings of disappointment. Increased satisfaction is correlated to an increased probability of rejection, while disappointment has a more complex relationship to the probability of rejection.

Wolf, Michael (2013). «Subsampling tests of parameter hypotheses and overidentifying restrictions with possible failure of identification», *International Journal of Approximate Reasoning*, 54(6), 769-792.

<http://dx.doi.org/10.1016/j.ijar.2012.12.003>

We introduce a general testing procedure in models with possible identification failure that has exact asymptotic rejection probability under the null hypothesis. The procedure is widely applicable and in this paper we apply it to tests of arbitrary linear parameter hypotheses as well as to tests of overidentification in time series models given by unconditional moment conditions. The main idea is to subsample classical tests, like for example the Wald or the J test. More precisely, instead of using critical values based on asymptotic theory, we compute data-dependent critical values based on the subsampling technique.

We show that under full identification the resulting tests are consistent against fixed alternatives and that they have exact asymptotic rejection probabilities under the null hypothesis independent of identification failure. Furthermore, the subsampling tests of parameter hypotheses are shown to have the same local power as the original tests under full identification.

An algorithm is provided that automates the block size choice needed to implement the subsampling testing procedure. A Monte Carlo study shows that the tests have reasonable size properties and often outperform other robust tests in terms of power.

3.3 Books & Book Chapters

Camerer, Colin & Weber, Roberto (2013). «Experimental Organizational Economics» In: Gibbons, R. & Roberts, J. (eds.), «The Handbook of Organizational Economics». Princeton, NJ, Princeton University Press, 213-262.

Kriss, Peter & Weber, Roberto (2013). «Organizational Formation and Change: Lessons from Economic Laboratory Experiments» In: Grandori, A. (ed.), «The Handbook of Economic Organization». Cheltenham, UK, Edward Elgar, 245-272.

3.4 Working Papers

Bartling, Björn; Fehr, Ernst & Herz, Holger (April 2013). «The Intrinsic Value of Decision Rights», <http://www.econ.uzh.ch/static/wp/econwp120.pdf>.

Berentsen, Aleksander; Marchesiani, Alessandro & Waller, Christopher J. (May 2013). «Floor Systems for Implementing Monetary Policy: Some Unpleasant Fiscal Arithmetic», <http://www.econ.uzh.ch/static/wp/econwp121.pdf>.

Ewerhart, Christian (April 2013). «Cournot Games with Biconcave Demand», <http://www.econ.uzh.ch/static/wp/econwp016.pdf>.

Inderbitzin, Lukas; Staubli, Stefan & Zweimüller, Josef (April 2013). «Extended Unemployment Benefits and Early Retirement: Program Complementarity and Program Substitution», <http://www.econ.uzh.ch/static/wp/econwp119.pdf>.

Klose, Bettina & Kovenock, Dan (April 2013). «The All-Pay Auction with Complete Information and Identity-Dependent Externalities», <http://www.econ.uzh.ch/static/wp/econwp118.pdf>.

Ledoit, Olivier & Wolf, Michael (May 2013). «Optimal Estimation of a Large-Dimensional Covariance Matrix under Stein's Loss», <http://www.econ.uzh.ch/static/wp/econwp122.pdf>.

Ranehill, Eva; Schneider, Frédéric & Weber, Roberto (May 2013). «Growing Groups, Cooperation, and the Rate of Entry», <http://www.econ.uzh.ch/static/wp/econwp103.pdf>.

Steiner, Lasse; Frey, Bruno S. & Hotz, Simone (April 2013). «European capitals of culture and life satisfaction», <http://www.econ.uzh.ch/static/wp/econwp117.pdf>.

Wolf, Michael & Wunderli, Dan (May 2013). «Bootstrap Joint Prediction Regions», <http://www.econ.uzh.ch/static/wp/econwp064.pdf>.

3.5 Mainstream Publications & Appearances

Hotz-Hart, Beat (April 2013). Interview on the innovation performance of Switzerland, *Echo der Zeit, SRF*, April 9. <http://www.srf.ch/player/radio/echo-der-zeit/audio/die-staerke-der-schweiz-ist-der-gute-mix?...>

Hotz-Hart, Beat (April 2013). «Schweiz muss flexibel auf das dynamische Umfeld agieren», Interview in *UBS Outlook Schweiz*, 15-16. http://www.ubs.com/global/en/wealth_management/wealth_management_research/...

Hotz-Hart, Beat (March 2013). «It's always the same regions that come up with innovative ideas», Interview in *UBS Investor's Guide*, March 28, 12-13.

Tobler, Philippe (May 2013). «Fressen oder sterben», *UZH magazin*, 22(2), 43-44. <http://www.kommunikation.uzh.ch/publications/magazin/magazin-13-2/magazin-2013-2.pdf>

Zilibotti, Fabrizio (April 2013). «Italien ist das grösste Risiko für die Währungsunion», *Finanz und Wirtschaft*, April 2, page 17. <http://mobile.fuw.ch/article/italien-ist-das-grosste-risiko-fur-die-waehrungsunion/>

Zilibotti, Fabrizio (May 2013). «Auslagerung – eher Segen als Fluch», *Finanz und Wirtschaft*, April 27, page 3. <http://www.fuw.ch/article/auslagerung-eher-segen-als-fluch/>

4 People

4.1 Visiting Guests & Research Stays

PROF. EWERHART

April 15 - July 15

Federico Quartieri, Università degli Studi di Milano

May 21 - 26

Stephan Lauermann, University of Michigan

PROF. RUFF

May 10 - 15

Joshua Brown, Indiana University, USA

PROF. TOBLER

July 1 - August 28

Karin Vadovicova, University of Brescia, Italy

August 29 - September 23

Nuri Wieland, Heinrich Heine University Düsseldorf, Germany

PROF. ZILIBOTTI

June 3 - 14

Simeon Alder, University of Notre Dame

4.2 Appointments

Ian Krajbich has accepted a tenure-track assistant professorship at The Ohio State University. He will start his position in September 2013.

Roberto Weber declined an appointment at the London School of Economics and Political Science.

4.3 Degrees

DOCTORAL THESES

Beatrice Brunner (Prof. Zweimüller). May 2013. Subject: «Essays in Applied Microeconomics»

Andreas Kohler (Prof. Zweimüller). May 2013. Subject: «Three Essays in International Economics»

MASTER THESES

Marko Plepel (Prof. Zweimüller). April 2013. Subject: «Die Arbeitsmarktsituation junger Leute in den OECD-Ländern»

Tanja Studer (Prof. Maréchal). May 2013. Subject: «The Voice of Trustworthiness: An Experimental Investigation»

Sophie Tinz (Prof. Woitek). May 2013. Subject: «Die Schweizer Mittelschicht in der Zeit des Ersten Weltkriegs»

Sarah Wiederkehr (Prof. Fehr). April 2013. Subject: «Punishment, Institutions, and Provision of Public Goods»

BACHELOR THESES

Thilo Haas (Prof. Zilibotti). April 2013. Subject: «The Effect of Immigration on Specialisation of the Native Work Force in Switzerland»

Silvan Nietlisbach (Prof. Weber). February 2013. Subject: «Ethical behavior in human groups»

Sebastian Ottinger (Prof. Zilibotti). April 2013. Subject: «The Dynamics of Chinese Household Expenditure Patterns and the Link to the Economy's Production Side»

Joris van het Reve (Prof. Ewerhart). March 2013. Subject: «High Frequency Trading as an Attention Problem»

Bigna Ruppen (Prof. Maréchal). May 2013. Subject: «Sucker-to-Saint Effect and Dishonest Behaviour: An Experimental Study»

4.4 Awards

Timo Boppart (Prof. Falkinger) has been awarded the annual prize 2013 of the Faculty of Economics, Business Administration and Information Technology for his doctoral thesis. Congratulations!

5 Miscellaneous

5.1 Grants

Christian Ewerhart received a grant from the SCIEX program of the Rectors' Conference of the Swiss Universities (CRUS) for a 15 months research stay of Alina-Nicoleta Radu from the Finance Department of the Bucharest University for Economic Studies, Romania.

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