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WIRTSCHAFTSTHEORETISCHES FORSCHUNGSSEMINAR

RESEARCH SEMINAR IN ECONOMIC THEORY

June 18, 2009

University of Vienna

1010 Wien, Dr. Karl Lueger-Ring 1

“Elise-Richter-Saal”

(from the main entrance go left and then straight all the staircases up)

4:00pm

Tymofiy Mylovanov,

Penn State University:

***“Credibility for Sale –
the Effect of Disclosure on Information Acquisition and Transmission”***

Abstract printed on the next page

5:30pm

Roland Strausz,

Humboldt-Universität Berlin:

“Certification and Exchange in Vertically Concentrated Markets”

Abstract printed on the next page

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DOWNLOAD SITE FOR PAPERS (IF AVAILABLE) AND SEMINAR SCHEDULE

<http://www.univie.ac.at/vwl/EconomicTheory.html>

NOTE: Participation of advanced students in this seminar is highly recommended.



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ABSTRACTS

Tymofiy Mylovanov,

Penn State University:

***“Credibility for Sale –
the Effect of Disclosure on Information Acquisition and Transmission”***

We study the effect of disclosure on information acquisition and transmission in a dynamic reputation model. In each period, to make a report to a client, an expert chooses between conducting a costly investigation or channeling a message from an interest group. We show that not disclosing the source of the expert's report may increase the frequency of investigation by the expert. Nevertheless, it decreases the quality of the clients' decisions. We demonstrate that, however, when the importance of decisions vary across time, when the interest groups are long-lived, or when the expert's clientele is growing in her reputation, nondisclosure may improve the quality of the clients' decisions.

with Ming Li (Concordia University, Montreal).

Roland Strausz,

Humboldt-Universität Berlin:

“Certification and Exchange in Vertically Concentrated Markets”

Drawing from a case study on upstream supply procurement in the automotive industry, we model the interaction between a monopolistic supplier and a monopolistic buyer when the quality of the product procured is unknown to the buyer. If procured by the seller a certifier can credibly signal quality to the buyer. If procured by the buyer, certification induces the buyer not to pay too much for a bad product. We show that seller-induced certification maximizes the certifier's profit and welfare, and that this result is reflected in our case study example.

with Konrad Stahl (University of Mannheim).

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