



Universität  
Konstanz



GRADUATE SCHOOL  
OF DECISION SCIENCES



# Annual Report 2016



## TALK

A look back,  
a look ahead

## READ

Articles published  
during the last year

## REMEMBER

What happened  
in 2016?

## PREPARE

for the  
Job Market

The Graduate School of Decision Sciences (GSDS) is part of the University of Konstanz and funded by the Excellence Initiative of the German federal and state governments.

It is a social science graduate school, focusing on the three disciplines Economics, Political Science and Psychology and the three complementary disciplines Computer Science, Sociology and Statistics.

[www.gsd.s.uni-konstanz.de](http://www.gsd.s.uni-konstanz.de)

# GSDS 2016



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# A LOOK BACK, A LOOK AHEAD

The GSDS was established in November 2012, and most of the doctoral students have taken their first steps into an academic career. We would like to learn about how they look back on their time at the GSDS, in light of the experience after the PhD.



## MAIK BIELEKE

My research focus at the GSDS (Area A) was on how people strategically regulate their perceptual and attentional information processing, and the consequences of doing so for their decisions. This was based on a combination of methods and theories from psychology and behavioural economics. Now I am continuing this work as a postdoctoral research fellow in the DFG research unit "Psychoeconomics" in Konstanz.

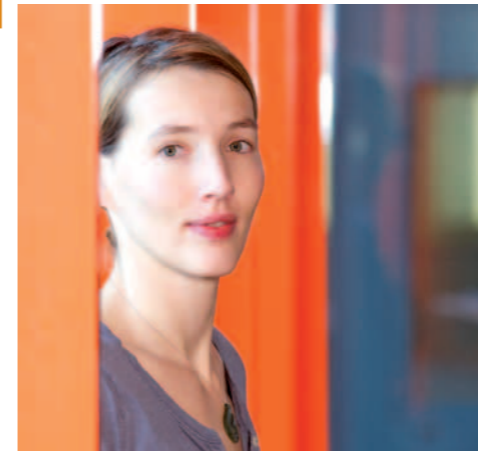
## NIKLAS HARDER

My PhD thesis looked into why citizens run as candidates or join parties even if there is only a minimal chance that this will provide them with any tangible benefits. As a postdoc in the Immigration Policy Lab at Stanford University, I research how immigrants integrate into host societies and how their lives are affected by immigration policies. The common theme of my PhD project and my current research is a focus on the micro level and design-based inference.



## SIMON MUNZERT

My thesis comprised a set of projects that contributed to the measurement of public opinion in subpopulations. In one of these projects, I developed a method to forecast the outcomes of elections at the constituency level, i.e. in small geographic units where data on public opinion is usually sparse. Apart from that, I frankly got distracted by a couple of side projects, including a book on web scraping and various surveys. Currently, I am a postdoctoral researcher at the Humboldt University of Berlin. Among the projects I am working on is a large-scale survey project where three colleagues from the US and me investigate how online media consumption affects the formation of attitudes and attention patterns.



## SABINE OTTO

I am a trained political scientist with a focus on peace and conflict studies. In my dissertation I dealt with armed actor constellations in civil wars and conflict dynamics. I advance research on multi-party civil wars by incorporating the role of both rebel groups and pro-government militias into a theoretical framework, and by relaxing the assumption that conflict parties consistently fight for or against the government. More specifically, I explored why armed groups switch sides in civil wars and how side switching impacts conflict dynamics.

Currently, I am a postdoc at the Department of Peace and Conflict Research at Uppsala University. I am employed in the project: "Ending Atrocities: Third Party Intervention into Civil Wars". It explores the relative effectiveness and complementarity of various coercive and non-coercive measures that third parties may take in response to civilian abuse. Furthermore, it examines potential short- and long-term trade-offs in the effects that interventions may have on civilian victimisation and stability and peace. Within the broader project, I focus on conditions under which UN peacekeeping operations contribute to reduce violence against civilians. Building on my dissertation, I examine how local armed actor constellations in civil wars affect UN peacekeeping operations' success or failure.

## DAVID SCHOCH

During my time at the GSDS I was working in the field of social network analysis. More specifically, my research was on measures of centrality, which try to answer the question of who or what is important in a network. The aim of my PhD thesis was to work towards a theoretical foundation of the concept to give a better understanding of what "centrality" actually is.

Since my time at the GSDS, not much has changed (I switched offices, but I guess that doesn't count). I am still in Konstanz and still working on similar topics. I do not, however, consider this as a standstill, since there are too many open problems to solve which I can not and will not abandon. I did, however, broaden my focus a bit. Maybe some remember my last talk at the GSDS which I concluded with: "I want to do more social scientific research". Together with three political scientists from around the globe, I am now working on "political astroturfing in social media". We recently published our first case study on the 2012 elections in South Korea, where the later president Park Geun-hye and the National Intelligence Service of South Korea tried to manipulate public opinion on twitter by employing an "army" to tweet in favour of her. As an interesting side note, the paper got accepted on March 10th, the same day she was impeached on corruption charges. Coincidence? Probably yes.



**GSDS: How does working and doing research at your current position compare to your time in Konstanz?**

**NIKLAS:** In Konstanz, I independently chose my research topic and pursued it largely by myself. I shared an office with great colleagues but everyone was working on very different projects.

### ”MEMBERS OF THE GSDS ARE THUS USED TO TALK TO EACH OTHER ABOUT THEIR RESEARCH AND FEEL COMFORTABLE WITH TAKING THE PERSPECTIVE OF OTHER DISCIPLINES.“

While the independence and flexibility at the GSDS were main reasons for me to apply for the GSDS stipend, I sometimes missed a peer working on a similar question. At the Immigration Policy Lab everyone (professors, programme managers, postdocs, PhD students, student assistants) shares one office and every project is pursued by several members of the Lab or external collaborators. While we work on many different projects, there is a strong sense of a common aim and regular team meetings set an efficient pace for research. Also, there is a much stronger focus on impact. Members of the Lab regularly meet with practitioners in the field to identify relevant and pressing issue. While not every such issue warrants an academic publication, finding the sweet spot of public and academic interest is what it is all about.

**MAIK:** Actually, there were no substantial changes in my work after the PhD - I stayed in Konstanz and moved to another office. Both the GSDS and

the Psychoeconomics unit have an outstandingly interdisciplinary research focus. This allows me to use and further advance the skills I have obtained during my time at the GSDS.

**SABINE:** In many aspects, it is the same with regard to the research process. I carry out my research and

I participate in research colloquia. A huge difference is that I am working now at a Department that only studies peace and conflict. Thus, rather than being part of an interdisciplinary graduate school, in my current environment every scholar's work is related to peace and conflict. I highly enjoy the possibility for exchange with my colleagues on a common ground.

**GSDS: Interdisciplinarity is central to the Exzelle Initiative and the GSDS is committed to interdisciplinary research. At the same time, every graduate is expected to be an expert in her or his core discipline. How did you experience this potential tension? In general, was interdisciplinarity relevant for your research? Were there any positive or negative aspects to it?**

**DAVID:** My research area is interdisciplinary in nature. Social network analysis involves a great variety of disciplines, ranging from the social

sciences to physics. To become an expert in this field, it is necessary to understand the view of many different research cultures and to think out of the box. I never experienced any tensions and also can't see any negative aspects to it.

**SIMON:** This is obviously a tension. However, the question is what interdisciplinary research actually means in practice? Do I have to collaborate with people from other disciplines? This can result in the most fruitful projects, but certainly involves a lot of effort - probably more effort than I am willing to invest when time is sparse, which is notoriously the case in your PhD studies. However, the social sciences in general, and my field political science in particular, have long been interdisciplinary in the sense that we borrow methods from all over the place and share theories across disciplines, too.

**SABINE:** While I like the interdisciplinary approach, I think it is hard to carry out in reality. Especially at the doctoral level. I did not work interdisciplinary, because I did not have time for it. Three years is a short time horizon, which does not really allow to dive into a new discipline. Even though I could have participated in courses from other disciplines, I felt a little discouraged to do so because they were not set up in a way that students not familiar with the discipline could easily get into them. However, I enjoyed participating in the GSDS Research Colloquium to see others' research and to learn about different academic cultures. I also liked the retreat.

**MAIK:** I think that the key to interdisciplinary research is cooperation. At the GSDS, I focused on connecting my research interests to research in other disciplines, which resulted in various joint projects. These collaborations allowed me to become an expert in my core discipline while developing and maintaining an interdisciplinary focus.

From my point of view, this is an important cornerstone of the GSDS: It stimulates cooperation across disciplines by providing research seminars, organising scientific retreats, and enabling daily encounters. Members of the GSDS are thus used to talk to each other about their research and feel comfortable with taking the perspective of other disciplines. This creates an environment in which interdisciplinary research becomes smooth and natural.

**NIKLAS:** The described tension was definitely part of my experience at the GSDS. Supervisors that mostly work in only one field and field-specific journals further contributed to it. However, I liked that there was a general openness to interdisciplinary work and that it was never a problem to ask graduate students from other fields for their opinion. I think that over time the GSDS got better and better in promoting interdisciplinary research. In my eyes, the "Exploring Ignorance" symposium organised by the third cohort is a prime example of how the GSDS promotes interdisciplinary work.

**GSDS: In your current research environment, how is having knowledge from other disciplines valued?**

**MAIK:** Interdisciplinarity is still of great importance for my work. Similar to my time in the GSDS, I am cooperating with psychologists and economists and strongly benefit from what I have learned during my PhD. Also, there is growing interest in combining psychological and economic methods and theories in the scientific community.

**NIKLAS:** In my current work environment, a sound understanding of design-based inference and the accompanying methods is highly valued. It is also expected that one has the ability to survey and understand the literature of most fields in social science.

### ”PRESENTING THEORETICAL RESULTS IN A WAY THAT IS UNDERSTANDABLE FOR PEOPLE OUTSIDE OF MY AREA (OR RATHER PEOPLE OUTSIDE OF MY HEAD) WAS VERY CHALLENGING IN THE BEGINNING.“

**DAVID:** Interdisciplinarity is very important for social network analysis. You do not get far when you keep thinking within your disciplinary boundaries. It is thus very valuable to have insight in as many related disciplines as possible to understand networks from various points of views.

**GSDS: How did you use the opportunities at the GSDS for conference travel and research stays? In what ways turned these out to be relevant for your work and career?**

**SIMON:** I was able to attend several international conferences using travel funds from the GSDS. These conferences are always good opportunities

to receive feedback on current research and to get in touch with peers. I am currently working on projects that were effectively the result of meeting others at those conferences and identifying common interests. Also, I believe that the level of professionalism of GSDS PhD students is excellent publicity for the grad school at these occasions.

**NIKLAS:** Funding from the GSDS allowed me to visit several international conferences in Europe and North America. The regular exposure to state of the art research shaped my research approach and significantly influenced my thesis and future career.

**DAVID:** I did not take the opportunity of a research stay, which I regret a bit. However, I made extensive use of conference travels. Not only to present my own work but especially to get to know researchers in my field and to build collaborations.

**SABINE:** I am very grateful of the GSDS support for all the international conferences I went to and for the financial support for my research stay at the University of Maryland. I am aware that many doctoral students in Germany do not have the opportunities to go once or twice a year to the most important conferences in the field. The conferences and my research stay abroad help me tremendously to establish my academic network.

**MAIK:** I attended conferences very regularly during my PhD and travelled to New York for research stays a couple of times. These experiences were invaluable because they allowed me to meet interesting colleagues, ranging from other PhD students with similar research interests to leading experts in my disciplines. Beyond networking, a crucial aspect of these meetings was the diverse feedback I received when presenting my research. This was tremendously helpful for transforming my research ideas into good publications.

▮ **GSDS: Generally speaking, in what way did you profit the most from the GSDS? And what aspects of its programme should be improved?**

**SABINE:** I profited from the possibility to do my PhD at the University of Konstanz. The training I received there is of high value for my academic career. The structured programme helped me to finish my dissertation and to defend it after three and a half years. A standard four year timeframe would be great though.

**MAIK:** The most obvious advantage is the interdisciplinary focus the GSDS conveys, which has equipped me with various scientific perspectives on studying human behaviour. In my current research, for example, I use methods from cognitive psychology to understand how people make economic decisions. More recently, I have started a research cooperation with sport scientists to investigate psychological determinants of endurance performance. These projects benefit from my experiences in the GSDS.

**NIKLAS:** Overall, it was surely the GSDS's financial support (stipend, conferences, research money) that allowed me to finish my dissertation. Beyond that, it was the friendly and cooperative atmosphere among my peers that motivated me in critical moments. I think what could be improved is the communication of what is expected at different stages of the dissertation process.

At several stages, evaluation criteria (e.g., for proposals or research presentations) were left unclear. Different standards over fields and supervisors further contributed to the confusion. On these occasions, it became clear that the overall evaluation authority still resided with individual professors at the different departments. In that sense, the GSDS provided funded graduate students to professors with chairs at different departments, rather than it trained and evaluated its own graduate students.

**SIMON:** I started to work on my dissertation under the rules of my department. Switching to the GSDS allowed me to realise a paper-based dissertation, which helped me a lot in working on the questions I was interested in. Having been affiliated with a chair meant that the social component of the grad school was probably of less importance to me than to others, but I nevertheless enjoyed the exchange

of ideas between disciplines at various occasions. Regarding aspects of the programme that could be improved, my feeling is that the course-based learning component could be more methods- and less content-focused. After all, doing your PhD means following your own interests, and I am not sure that substantively oriented courses are the most efficient way to inspire young

researchers. What PhD students need to learn, however, is a useful methodological toolset to realise rigorous research. In my opinion, this is what the required courses should mainly focus on.

**DAVID:** I definitely profited from the opportunities to present my work to other GSDS members. Although my topic was rather theoretical, its implications have a non-negligible impact on empirical work (at least this is what I am convinced of). Presenting theoretical results in a way that is understandable for people outside of my area (or rather people outside of my head) was very challenging in the beginning, but learning how to convey my ideas to non-expert audiences has helped me a lot, be that presenting on conferences or writing papers.

On a less serious note, I also profited from the Science Slam events. I had never heard of such a thing before my

time at the GSDS, but the two Slams from the GSDS awoke the stand-up scientist in me. I now frequently travel through Germany for Slams to spread the word of licking cows and hook-up networks in "Grey's Anatomy".

▮ **GSDS: Do you have any tips for new students starting their PhD?**

**NIKLAS:** In my current position, I learned that it doesn't hurt to seek the exchange with practitioners in the respective field and to identify relevant questions with them. Many questions that are relevant to practitioners are hardly trivial and a sufficient answer demands sound theoretical and empirical research. My advice is to use the first year at the GSDS to get in touch with researchers and practitioners in the field of your interest and to identify a research questions with academic and practical relevance. The academic relevance will make your thesis strong, but the practical relevance might keep you motivated in those critical moments when your data really just look like a spreadsheet with numbers.

**DAVID:** I have to admit that I did not like the idea of taking courses in the beginning. I still remember that feeling of freedom after my last undergrad exam, when I thought I was finally done with course work. Taking courses in the GSDS really felt like a

burden. However, in retrospective I think that the courses were one of the most helpful things to kick off my PhD. I gained broader knowledge in my general research area, which definitely was a big benefit. Especially taking a course outside my area proved very valuable to develop new research ideas. Also, for me as the lone wolf in the field of computer science at this time, courses provided the opportunity to interact with other GSDS members more

▮ **"MAKE USE OF THE MANIFOLD OPPORTUNITIES TO EXCHANGE VIEWS WITH PEOPLE FROM OTHER DISCIPLINES. THE MOST RELEVANT WORK IN THE SOCIAL SCIENCES ADDRESSES QUESTIONS FROM MULTIPLE DISCIPLINES."**

frequently. So my tip would be to not think of courses as a burden, but rather as an opportunity to look beyond your PhD topic. Maybe you actually find something relevant for your work there.

**MAIK:** I would advise them to be open-minded and to spend their first year on exploring the various perspectives the GSDS offers on human decision making. One of my main dissertation projects traces back to a seminar I attended during my own first year at the GSDS. It added the cognitive psychology perspective that I continue to benefit from in my current research.

In addition, new PhD students should definitely use the opportunity to travel abroad, to present their ideas on conferences and to learn from experts around

the world. The GSDS has always offered very generous support to make these experiences possible.

**SIMON:** Make use of the manifold opportunities to exchange views with people from other disciplines. The most relevant work in the social sciences addresses questions from multiple disciplines. Each discipline represented in the GSDS has its own "dialect" and methods, but it is worthwhile to get

familiar with these dialects. This will help you let your research speak to a larger audience.

Use your time to acquire new methodological and technical skills. If you plan to stay in academia, the non-research related workload will grow significantly. Now is the sweet spot to become an expert in a programming language and learn new statistical methods and other tools needed for research.

At last: Konstanz is embedded in one of the most beautiful sceneries. Make sure to go hiking, skiing, biking, swimming, as often as time permits. This is not to be considered a waste of time during your studies, but a good opportunity to balance work and life.

Interview: **GSDS**

# 1<sup>ST</sup> YEAR DOCTORAL STUDENTS



**NONA BLEADOW**

EDUCATION: MSc Political Economy, MA Philosophy, University of Konstanz  
 MAJOR AREA: (C) Political Decisions and Institutions  
 MINOR AREA: (D) Information Processing and Statistical Analysis  
 FIRST SUPERVISOR: Prof. Dr. Marius Busemeyer  
 RESEARCH INTERESTS:

- Comparative Political Economy and Welfare State Research
- Labour Unions
- Inequality
- Political Theory and Political Philosophy



**JENS IHLOW**

EDUCATION: MSc in Mathematical Finance, University of Konstanz  
 MAJOR AREA: (B) Intertemporal Choice and Markets  
 MINOR AREA: (D) Information Processing and Statistical Analysis  
 FIRST SUPERVISOR: Prof. Dr. Jens Jackwerth  
 RESEARCH INTERESTS:

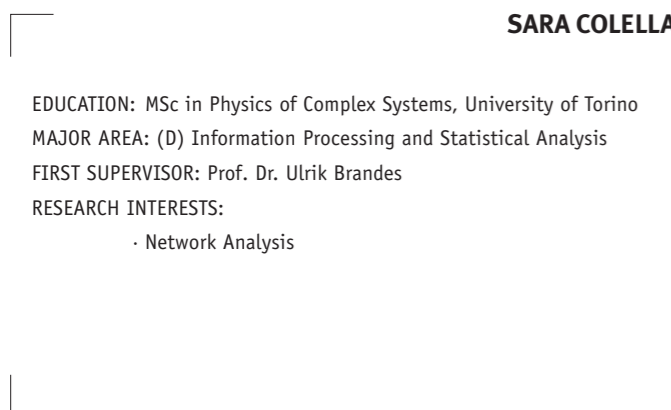
- Asset Pricing
- Hedge Funds
- Empirical Finance



**MICHELLE JORDAN**

EDUCATION: MSc in Economics, University of Konstanz  
 MAJOR AREA: (A) Behavioural Decision Making  
 MINOR AREA: (B) Intertemporal Choice and Markets  
 FIRST SUPERVISOR: Prof. Dr. Susanne Goldlücke  
 RESEARCH INTERESTS:

- Behavioural Economics



**SARA COLELLA**

EDUCATION: MSc in Physics of Complex Systems, University of Torino  
 MAJOR AREA: (D) Information Processing and Statistical Analysis  
 FIRST SUPERVISOR: Prof. Dr. Ulrik Brandes  
 RESEARCH INTERESTS:

- Network Analysis



**FELIX GAISBAUER**

EDUCATION: Diploma in Psychology, University of Konstanz  
 MAJOR AREA: (A) Behavioural Decision Making  
 MINOR AREA: (D) Information Processing and Statistical Analysis  
 FIRST SUPERVISOR: Prof. Dr. Wolfgang Gaissmaier  
 RESEARCH INTERESTS:

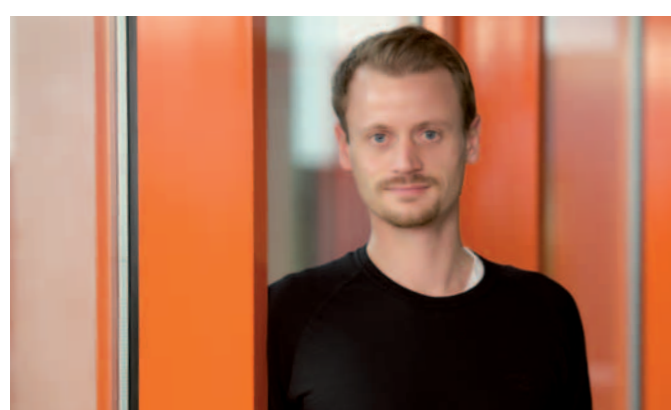
- Heuristic Decision Making
- Ecological Rationality
- Measurement in Psychology



**PHILIPP KLING**

EDUCATION: MSc Social and Economic Data Analysis, University of Konstanz  
 MAJOR AREA: (D) Information Processing and Statistical Analysis  
 MINOR AREA: (C) Political Decisions and Institutions  
 FIRST SUPERVISOR: Prof. Dr. Claudia Diehl  
 RESEARCH INTERESTS:

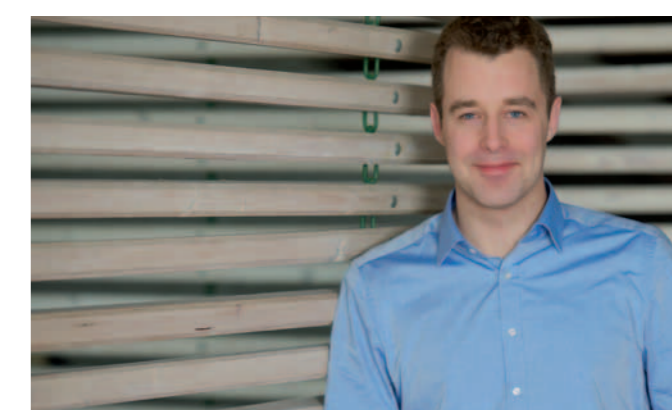
- Violent Conflict
- Migration
- Analysis of Social Media Data



**MARIO KRAUSER**

EDUCATION: MA in Political Science, University of Konstanz  
 MAJOR AREA: (C) Political Decisions and Institutions  
 MINOR AREA: (A) Behavioural Decision Making  
 FIRST SUPERVISOR: Prof. Dr. Kristian Skrede Gleditsch  
 RESEARCH INTERESTS:

- Political Effects of Natural Resources
- Intrastate Conflicts and Repression
- Democratisation, Economic Development, and Inequality



### ROMAN KRITSCH

EDUCATION: MA in Politics and International Studies, University of Warwick  
MA in Politics and Public Administration, University of Konstanz  
MAJOR AREA: (C) Political Decisions and Institutions  
MINOR AREA: (D) Information Processing and Statistical Analysis  
FIRST SUPERVISOR: Dr. Johannes Vüllers  
RESEARCH INTERESTS:

- Armed Intrastate Conflicts
- Nonviolent Resistance
- International Relations of South and Southeast Asia
- Resource Conflicts



### JULIAN SCHÜSSLER

EDUCATION: MRes Political Science, University of Essex  
MAJOR AREA: (D) Information Processing and Statistical Analysis  
MINOR AREA: (C) Political Decisions and Institutions  
FIRST SUPERVISOR: Prof. Dr. Peter Selb  
RESEARCH INTERESTS:

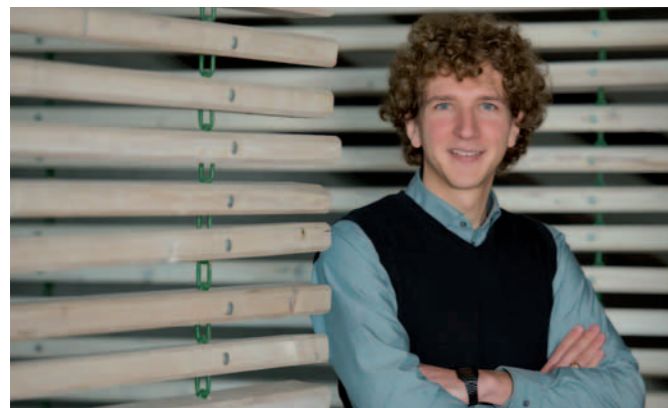
- Political Economy
- Causal Inference



### PHILIPP LUTSCHER

EDUCATION: MSc in Conflict Resolution, University of Essex  
MA in Politics and Public Administration, University of Konstanz  
MAJOR AREA: (C) Political Decisions and Institutions  
MINOR AREA: (D) Information Processing and Statistical Analysis  
FIRST SUPERVISOR: Prof. Dr. Nils Weidmann  
RESEARCH INTERESTS:

- Modern Information Technology
- Contentious Politics
- Authoritarian Regimes



### SIMON STEHLE

EDUCATION: MSc in Economics, University of Konstanz  
MAJOR AREA: (B) Intertemporal Choice and Markets  
MINOR AREA: (D) Information Processing and Statistical Analysis  
FIRST SUPERVISOR: Prof. Dr. Marcel Fischer  
RESEARCH INTERESTS:

- Real Estate Finance
- Data Analysis



### KAI MERKEL

EDUCATION: MA in Politics and Public Administration, University of Konstanz  
(International Administration and Conflict Management)  
MAJOR AREA: (C) Political Decisions and Institutions  
MINOR AREA: (A) Behavioural Decision Making  
FIRST SUPERVISOR: Dr. Johannes Vüllers  
RESEARCH INTERESTS:

- Peace and Conflict Studies
- Nonviolent Campaigns in Civil Wars
- Violence/Nonviolence



### PATRICK WEBER

EDUCATION: MSc in Political Economy, University of Konstanz  
MAJOR AREA: (C) Political Decisions and Institutions  
MINOR AREA: (A) Behavioural Decision Making  
FIRST SUPERVISOR: Prof. Dr. Gerald Schneider  
RESEARCH INTERESTS:

- Economic Sanctions
- Formal and Empirical Methods in Political Economy
- Decision Making in the European Union



### JULIE SCHNAITMANN

EDUCATION: MSc in Economics and Finance, University of Tübingen  
MAJOR AREA: (D) Information Processing and Statistical Analysis  
MINOR AREA: (B) Intertemporal Choice and Markets  
FIRST SUPERVISOR: Prof. Dr. Ralf Brüggemann  
RESEARCH INTERESTS:

- Time Series Analysis
- Structural VAR models
- Empirical Asset Pricing



### JOHANNES ZAIA

EDUCATION: MSc in Economics, University of Konstanz  
MAJOR AREA: (B) Intertemporal Choice and Markets  
MINOR AREA: (A) Behavioural Decision Making  
FIRST SUPERVISOR: Prof. Dr. Axel Kind  
RESEARCH INTERESTS:

- Mergers and Acquisitions,  
in Particular Takeover Auctions



# 2<sup>ND</sup> YEAR DOCTORAL STUDENTS

## ROBIN BRAUN

### EDUCATION:

MSc in Economics, University of Konstanz

### MAJOR AREA:

(D) Information Processing and Statistical Analysis

### MINOR AREA:

(A) Intertemporal Choice and Markets

### FIRST SUPERVISOR:

Prof. Dr. Ralf Brüggemann

### RESEARCH INTERESTS:

· Macroeconometrics



Many macroeconomic variables are subject to structural breaks and asymmetric behaviour caused by policy changes and business cycle dynamics. Applying standard linear macroeconomic models to such data possibly leads to wrong policy recommendations and poor forecasting performance. Therefore, my research aims at modelling

nonlinearities among macroeconomic time series data in order to gain new insights about their underlying economic mechanisms or to simply improve forecasting performance.

A problem which I need to address throughout my thesis arises from the fact that nonlinear multivariate time series models are typically associated with a very high number of parameters. This makes inference a true challenge given the small sample size of macroeconomic time series which are often available only at quarterly frequencies. For that reason, I focus on methods from Bayesian Statistics which allow me to incorporate prior information into the model and thereby reduce estimation uncertainty.

In my first project, we aim at designing prior distributions for Threshold Vector Autoregressive models. Such models allow to model asymmetries with respect to the state of a certain variable, for example the business cycle or credit market conditions. The goal of the project is to work out prior distributions that satisfy the following desirable properties. They should be uninformative

about the underlying nonlinearities in the system, informative about the parameters in order to reduce parameter uncertainty and allow for computationally efficient inference algorithms.

In a second project, we work on how nonlinearities can be exploited to improve policy recommendations that are drawn from structural multivariate time series models. Such models cannot be identified by using statistical information only but typically need additional restrictions based on economic theory. A question arises what a researcher should do when he is uncertain about different identification strategies which in turn yield different structural models. We start noting the fact that incorporating heteroscedasticity allows a researcher to statistically test different identifying restrictions. However, instead of discarding all other strategies but the most likely, we propose to use Bayesian Model Averaging to assign weights to each structural model according to their support in the data. Thereby we aim to obtain a more complete picture of the policy experiment which incorporates the uncertainty with respect to identifying restrictions. ┌

My research aims at providing causal inference on various questions in the field of public economics. I am especially interested in empirical research in the field of labour and education economics.

My first project investigates selection and incentive mechanisms in Higher Education. Dropping out of university without a certificate is a widely discussed topic in developed societies. For instance, one third of all students at German universities do not finish their programme, but drop out earlier. To avoid late dropout, higher educational institutions have implemented mechanisms to test whether students are sufficiently skilled for their programmes. At the University of Konstanz, first-year economics students have to pass so-called 'Orientation exams' to be eligible to continue the programme. The paper uses plausible exogenous variation in failing these Orientation exams to assess the causal impact of class failure at the beginning of a bachelor's degree programme on subsequent academic achievement.

My second project studies the impact of worker heterogeneity on firm performance. Over the last decade most

developed countries have experienced a profound trend towards a more and more heterogeneous population. For the host country many hopes and fears are associated with this development. On the micro-level, the impact of a more diverse population is difficult to estimate as it is usually impossible to observe in detail who works with whom. Furthermore, data on individual performance in combination with data on the cultural origin of workers is scarce. This paper handles both issues and assesses the impact of cultural and language diversity on firm level output. Using data from the German Soccer League, it considers the trade-off between potential gains and costs from having a more diverse work team in a high-skilled labour environment.

Finally, my third project examines the impact of immigrants' cultural distance to the host country on the speed of the integration process. It is a widely discussed issue in policy which kind of immigrants are beneficial for a country and which kind of migration should be fostered. This paper might help to understand whether immigrants' cultural distance has an impact on the speed of integration into the labour market. ┌



## ENZO BROX

### EDUCATION:

MSc in Political Economy, University of Konstanz

### MAJOR AREA:

(C) Political Decisions and Institutions

### MINOR AREA:

(D) Information Processing and Statistical Analysis

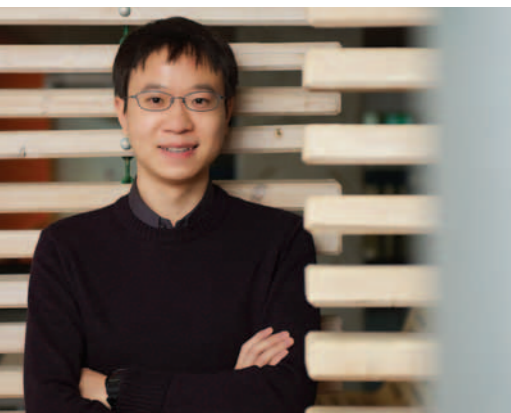
### FIRST SUPERVISOR:

Prof. Dr. Guido Schwerdt

### RESEARCH INTERESTS:

- Policy Evaluation
- Migration
- Education





### YIYI CHEN

#### EDUCATION:

MA in International Politics, Nankai University, Tianjin, China and MSc in Strategic Studies, Nanyang Technological University, Singapore

#### MAJOR AREA:

(C) Political Decisions and Institutions

#### MINOR AREA:

(D) Information Processing and Statistical Analysis

#### FIRST SUPERVISOR:

Prof. Dr. Gerald Schneider

#### RESEARCH INTERESTS:

- Conflict Management and Resolution
- Third-party Mediation in Interstate Conflict
- Militarised Intervention

Violent conflict, regardless of how severe it is, always causes human suffering and losses. In order to contain its negative impact on political stability and economic growth, several management methods can be applied to prevent escalation and conflict recurrence. Among these methods, I have developed an interest in mediation, a method, through which conflict is potentially pacified by a third party in a peaceful, non-violent way. While there is abundant research on the conditions for the applicability of mediation and the influence of mediation on the outcome of conflict, more effort needs to be paid to investigate some unresolved puzzles.

My project mainly tackles three questions in the mediation process. The first question focuses on the selection of a mediator. The classic argument is that disputants always prefer a relatively strong mediator, as this increases the probability of a peaceful settlement. However, in the real world, especially after the Cold War, there is a prevalence of weak mediators without much leverage. Why do disputants select a weak mediator? I argue that selecting a weak mediator is helpful to both sides for retaining their uncertainty for strategic purposes. Simultaneously, nominating a weak mediator suggests that both sides like to maintain sufficient control of the mediation process, while it is less appealing to have a strong mediator who is more likely to set the agenda of mediation according to its own will.

The second question is about the selection of a mediation strategy. Instead of selecting a weak mediator, it is reasonable to assume that disputants expect a more influential mediation strategy from the third party when they invite a strong actor in. However, it is sometimes the case that a strong mediator conducts a weak mediation strategy even though this would increase the risk of failure. Why does the strong mediator apply a weak mediation strategy? Basically, I argue that the interests at stake and experience in mediation are critical factors for the mediator in constructing a strategy. As a strategic player, even a strong mediator is more likely to select a weak strategy when there is less at stake or the mediator bears an unpleasant experience of mediation.

The third question stems from the puzzle of how to prevent disputants from bluffing when sitting at the bargaining table. Accordingly, I develop a formal model which centers on the influence of the mediator's credibility and resolve in mitigating the bluffing motivation of disputants, and argue that both variables are conducive to effective information transmission and also to successful mediation.

The contributions of my research are threefold. Firstly, the importance of selection in mediation will be clarified. Most of the existing research on mediation covers contextual or structural variables such as the time to mediate, the intensity or characteristics of conflict, rather than mechanisms which shape the direction of the mediation process. Secondly, it offers a solution to some of the paradoxes of mediation. For example, how does the disputant act when contemplating mediation but remaining reluctant to be the first one to propose this idea, which would lead to compromises in bargaining? What contributes to the intransigence of a strong mediator in applying a weak mediation strategy even though this would result in a higher risk of failure in mediation? The answers to these questions will be derived from the project. Lastly, information transmission and other mediation strategies, which are often studied separately in existing research, will be linked. ┘

Due to the fact that information technologies have improved steadily in recent years, the amount of data that researchers have at their disposal increased rapidly. While this huge volume of data offers the opportunity to understand economic phenomena, efficient use of the information contained in large datasets can be very cumbersome. For this reason, factor models have become very popular among researchers since the early 2000s. These models can be used to concentrate the information contained in a large number of economic variables into a much smaller amount of factors. My dissertation is concentrating in this research area and focuses on regularisation methods for factor models in high-dimensional settings.

My first project, which is joint work with Prof. Winfried Pohlmeier and Aygul Zagidullina, proposes a new method for estimating the variance-covariance matrix of our observed data, especially in a high-dimensional setting when the amount of variables is much larger than the quantity of available observations. The main issue in this situation is the fact that a sample estimator for the covariance matrix is no longer available. In order to solve this problem, we are focusing on a regularised factor model that allows for sparsity in the factor loadings matrix. The main advantage of this approach is a reduction of the dimensionality of the estimated parameters, which results in more efficient estimation. After estimating our model, we use the estimation results to construct a well-defined estimator for the covariance

matrix and determine the weights in a global minimum variance portfolio setting. In an out-of-sample portfolio forecasting experiment we compare our method with several available portfolio strategies that are commonly used in the literature, using the return data of stocks that are constituents of the S&P 500 and S&P 1500 indices. The results of our application show that we can improve the out-of-sample portfolio performance in comparison to the considered portfolio strategies across different portfolio sizes.

In order to be able to estimate an approximate factor model, it is crucial to be aware of the correct number of factors that a researcher has to include in the regression model. In my second project I am focusing on this problem and propose a novel method for determining the number of static factors using regularisation techniques. Hereby, I am concentrating on a penalised likelihood approach for estimating the factor loadings matrix and use a group LASSO-type penalty function that allows to remove unimportant columns in the loadings matrix, which corresponds to deleting unnecessary factors. A positive aspect of this method is the fact that it is able to detect the true number of factors consistently. In this project, I try to examine the theoretical properties of the proposed estimator and to compare its detection accuracy for the true number of factors with methods that are mainly used in the literature. ┘

### MAURIZIO DANIELE

#### EDUCATION:

MSc in Economics, University of Konstanz

#### MAJOR AREA:

(D) Information Processing and Statistical Analysis

#### MINOR AREA:

(B) Intertemporal Choice and Markets

#### FIRST SUPERVISOR:

Prof. Dr. Ralf Brüggemann

#### RESEARCH INTERESTS:

- Time-Series Analysis
- Factor Model Analysis
- Shrinkage Estimation



## TAMARA GOMILSEK

### EDUCATION:

MSc of Psychology, University of Maribor

### MAJOR AREA:

(A) Behavioural Decision Making

### MINOR AREA:

(D) Information Processing and Statistical Analysis

### FIRST SUPERVISOR:

Prof. Dr. Wolfgang Gaissmaier

### RESEARCH INTERESTS:

- Retrieval from Memory and Decision Making Process
- Ecological Rationality
- Heuristic Decision Making



the environment is called “ecological rationality” and the ultimate purpose of my doctoral thesis is to characterise decision environments and the optimal actions of people in them.

In the first project, I am investigating how people should make decisions if they have to retrieve relevant information from their memory. It has been shown that faster retrieved instances bias the decision making process (Tversky, & Kahneman, 1973). I am interested in the normative question of whether the speed of retrieved information could be used successfully to order cues. Indeed first results show that giving more weight to information that comes to mind quickly (e.g., by ordering cues by the speed of retrieval) may not necessarily induce bias, but could be an ecologically rational strategy for weighting information.

If I want to further understand retrieval of information from memory, I have to take into consideration which information people learned initially and why retrieval of the information once learned fails. Traditionally, memory research distinguishes two broad classes of theories that describe why retrieval may fail: the decay and the interference theory. The goal of the second project is to understand on a more fine-grained level which information people retrieve when making decisions and when information retrieval fails. To this aim, I am using the prominent models of memory to predict which information people are more likely to retrieve during the decision making process. ┘

After studying psychology at the University of Maribor, I did an internship at the Max-Planck-Institute for Human Development in Berlin and got interested in heuristic decision making. Being a PhD student at the GSDS is a great opportunity for further developing my scientific interests. In my research, I am mostly studying the interplay between the environment and the mind, looking into how cognitive limitations shape decisions that include retrieval from memory. The connection between the mind and



## SEBASTIAN HELLMEIER

### EDUCATION:

European Master in Government (M.A.),

University of Konstanz and

Research Master in Political Science,

Universitat Pompeu Fabra, Barcelona

### MAJOR AREA:

(C) Political Decisions and Institutions

### MINOR AREA:

(D) Information Processing and Statistical Analysis

### FIRST SUPERVISOR:

Prof. Dr. Nils Weidmann

### RESEARCH INTERESTS:

- Political Protest
- Authoritarian Regimes
- Comparative Politics

Political protest against dictators is a well-studied topic in the social sciences. The fact that people take to the streets to support non-democratic leaders as well has received less scholarly attention. According to data from the Mass Mobilisation in Autocracies Database (MMAD), recently collected at the University of Konstanz, about 15% of all protest events in authoritarian regimes between 2003 and 2012 explicitly supported the incumbent regime. Recent events in Turkey, where civilians mobilised to confront parts of the Turkish military that had staged a coup against president Erdoğan, underline the relevance of pro-regime mobilisation for the persistence of authoritarian regimes.

My dissertation project sheds light on this blind spot in the current literature by systematically analysing the role of pro-regime protest in authoritarian regimes using quantitative cross-national data. More specifically, I seek to explain the occurrence of pro-regime mobilisation, its political consequences as well as the mobilisation strategies employed by the regime.

In my first research project, I approach pro-government protest from the regime’s perspective. I argue that the mobilisation of supporters can help authoritarian regimes to prevent or counter dissident movements, to justify large-scale repression and to signal legitimacy to the wider population. Therefore, we should observe higher levels of pro-regime mobilisation around political trigger events, such as coup d’états or purges. I test

my hypotheses empirically using cross-national data on protest events in authoritarian countries.

In a second project, I investigate the international dimension of pro-regime mobilisation focusing on the effect of economic sanctions. Scholars have argued that sanctions lead to a rally-around-the-flag effect in the targeted country, i.e. they empower autocrats to mobilise domestic support and to shift the blame for the consequences of economic sanctions on the sender. In the first quantitative study of rally effects I show that this is indeed the case, but that the effect is contingent on the intensity of the sanction and the degree of press freedom in the targeted country.

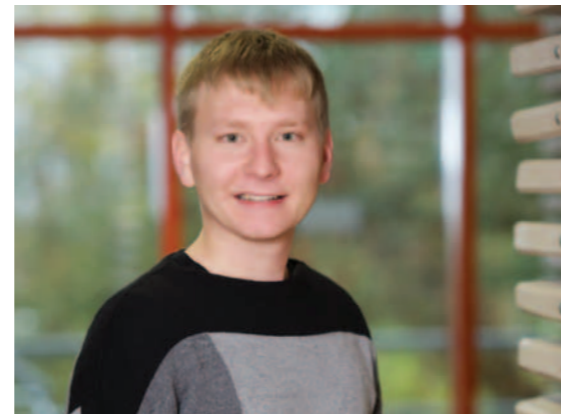
My third project studies the political consequences of pro-regime mobilisation. The focus of this study is the dynamic interaction of anti- and pro-regime protest. The main question is: Does pro-regime mobilisation lead to the demobilisation or radicalisation of oppositional groups? In sum, my dissertation project emphasises the need to consider pro-regime protest in the study of authoritarian regimes. It seeks to provide thorough cross-country empirical evidence and to increase our overall understanding of mobilisation processes in non-democratic regimes. ┘

Information asymmetries affect decision making in various areas of everyday life and usually result in inefficiencies. Given such asymmetries, it is an economist's job to optimise the outcomes and investigate the different effects carefully. Focussing on optimisation I plan to contribute new knowledge to the microeconomic and experimental literature. Having this research area as a starting point, I particularly focus on the role of different incentives of the interacting individuals.

In my first project, which is joint work with Sebastian Fehrer, we model a scenario of career-concerned experts that may give advice to a principal who faces a binary decision. In our model, the principal cannot inform herself about the optimal decision, but relies on the behaviour of experts. Those experts can be either consulted individually and the principal bases the decision on messages of the experts, or the whole decision process can be delegated from the principal to an opaque committee of these experts. With the assumption of costly information acquisition, and different competence levels of experts, we can show that it is the cost level that determines which scenario (delegation or individual consultancy) is preferred by the principal. There is always a trade-off. Due to the incentives of the experts driven by career concerns (namely the urge to appear highly competent in the eyes of the principal), the willingness to pay for information differs between the two scenarios, and favours individual consultancy. However, due to the honesty incentives about one's type,

the information aggregation within a committee of experts with different competence levels is superior compared to the individual consulting scenario, and drives a principal to prefer delegation. By calculating perfect Bayesian equilibria for both scenarios, we can prove that there always exists a non-empty set of low costs where delegating the decision optimises the principal's expected payoff, as well as a non-empty set of higher costs where consulting maximises the expected payoff. In a next step, we run an experiment to test the theoretical findings by collecting data on the behaviour in the laboratory.

A second project deals with the role of reputation and transparency in a trust environment (joint work with Emilia Oljemark). We model a repeated trust game with a two-dimensional type of the trust recipient. If some commonly known share of recipients always repays trust, and the benefits of the recipient to receive trust differ among the individuals, we can calculate perfect Bayesian equilibria for the case of publicly known benefit as well as for the case of private information. Our theoretical finding states that there always exists a share of repaying individuals where the trustor should prefer remaining uninformed about that dimension of the trustee's type. In order to verify whether this newly found equilibrium is indeed played, we ran a computerised experiment with 280 subjects in total. Currently we are working on the data-analysis. ┘



### MORITZ JANAS

#### EDUCATION:

MSc in Economics, University of Cologne

#### MAJOR AREA:

(A) Behavioural Decision Making

#### MINOR AREA:

(B) Intertemporal Choice and Markets

#### FIRST SUPERVISOR:

Prof. Dr. Urs Fischbacher

#### RESEARCH INTERESTS:

- Applied Game Theory
- Experimental & Behavioural Economics
- Committee Decision Making
- Career-Concerns

In my research I focus on problems of statistical testing in applied econometrics. Nearly all econometric applications include a testing procedure whose theoretical properties are usually developed for some standard framework. Recently a lot of effort has been devoted to adjust existing testing procedures to issues occurring in real data, e.g. small sample sizes, high-dimensionality and estimation noise. My thesis will consist of three essays, each dealing with a specific correction of the existing testing procedure.

In the first project we address the question whether tests used in the finance literature for portfolio comparison provide an investor with a reliable judgment. It turns out that the classical out-of-sample portfolio performance testing procedures are heavily influenced by estimation noise, resulting in low power. For an empirical researcher it means that due to statistical small sample properties the test is not choosing the optimal investment strategy. As a solution we propose a pre-testing strategy allowing for higher Type I error of the test, which results in a better choice of the two competing strategies in the rolling window out-of-sample comparison.

The second project is related to the microeconomic problem of mean decomposition methods and the consequent testing of discrimination effects. Here we study the problem of limited overlap, i.e. when the conditional probability of being treated approaches zero or one in the limit. The normality approximation of the

### EKATARINA KAZAK

#### EDUCATION:

MSc in Economics, University of Konstanz

#### MAJOR AREA:

(D) Information Processing and Statistical Analysis

#### MINOR AREA:

(C) Political Decisions and Institutions

#### FIRST SUPERVISOR:

Prof. Dr. Winfried Pohlmeier

#### RESEARCH INTERESTS:

- Financial Econometrics
- Portfolio Choice
- Robust Testing
- Bootstrap



standard t-statistic in this case is not valid and we propose a correction of the confidence bands, which is robust to the limited overlap problems.

The third project is devoted to testing in the high-dimensional cases, where the standard bootstrap techniques are not valid any longer and have to be adjusted for the specific L1-penalty. ┘



### TOMMY KRIEGER

#### EDUCATION:

MSc in Mathematical Economics,  
Julius Maximilians University of Würzburg

#### MAJOR AREA:

(C) Political Decisions and Institutions

#### MINOR AREA:

(D) Information Processing and Statistical Analysis

#### FIRST SUPERVISOR:

Prof. Dr. Heinrich Ursprung

#### RESEARCH INTERESTS:

- Democracy
- Education
- Empirical Macroeconomics
- Machine Learning

Criticising classical liberalism, cosmopolitanism, and even democratic representation seems to be the latest craze in political debates. For instance, in July 2014, the Hungarian Prime Minister, Viktor Orbán, was calling for constraining liberal values in order to increase

people's wealth and referred to the rising prosperity in Russia, China and Turkey to legitimise his arguments. In my dissertation, I investigate whether the skepticism about the positive effects of democratic institutions on wealth can be based on empirical evidence or not.

A major difficulty in discussing the economic consequence of democratisation is to build a reliable measure of democracy. In my thesis, I claim that existing indexes can barely satisfy the requirements of an academic analysis and propose a new method which circumvents common pitfalls of the data aggregation process. My approach is based on a supervised machine learning technique known as Support Vector Machines. The objective is to convince the profession of the superiority of my approach. Furthermore, I use my new democracy measures to unbundle the role of democracy for long-run prosperity growth. My empirical studies reveal that democratic institutions promote economic development, increase human capital formation, and safeguard property rights. ┘



### NADIIA MAKARINA

#### EDUCATION:

MA in Economics, Kyiv National Economic University  
and BSc in Psychology, University of Konstanz

#### MAJOR AREA:

(A) Behavioural Decision Making

#### MINOR AREA:

(D) Information Processing and Statistical Analysis

#### FIRST SUPERVISOR:

Prof. Dr. Ronald Hübner

#### RESEARCH INTERESTS:

- Value-based decision making
- Perception and cognition
- Visual attention

In modern life, the number of decisions people make on a daily basis is constantly growing. These can be made automatically and not be consciously perceived by the individual, or they may require a great amount of deliberation. Psychology distinguishes between decisions made at a lower cognitive level (perceptual decisions), such as judging whether a traffic light is green, and decisions made at a higher cognitive level (preferential decisions), such as choosing which product to buy. Until now, cognitive psychology studies have focused mostly on the perceptual decision making, while relatively few has been done to investigate preferential (or value-based) decision making.

People usually believe that the choice one makes strictly represents one's own preferences, being unaware of many other factors that may influence the choice. Most theories assume that preferential choices are based exclusively on the benefits provided by the product. Nevertheless, there are other processes that are able to affect our decision making process. For example attention, which is an important cognitive process, can have an impact on the choice one makes.

Various studies have shown that visual attention and choice performance are closely related. The products which are easily and frequently noticed have a higher probability to be chosen. Furthermore, attentional training can be used to influence the decision to choose a certain item. Several studies demonstrate that decisions are made faster if one has to choose between items with greater value distances. In case of items with relatively similar values the decisions are considerably slower, which indicates that different information processing rates for the items depend on the individual subjective values.

Recently, there have been attempts to examine how attentional processes affect formation of preferences. According to the latter findings, on the choice between two relatively new items, recent experience with these items plays an important role. Namely, if attention is repeatedly drawn towards one product and another one is neglected, it influences the subsequent choice between these products in favour of the first one.

Another issue open to debate in the literature is the general stability of preferences over time. From one perspective, preferences once formed are considered to be firm and hard to change. Indeed, we usually stay loyal to certain products and habits. Nevertheless, one can often observe random changes of individual consumer preferences that are hard to predict or explain with existing theoretical models.

The aim of my research project is to explore the interactions between subjective preferences, attention and consumer choice in order to gain a deeper understanding of the cognitive processes underlying value-based decision making. The main goal of my research is to shed light on how attentional processes influence individual choice, while interacting with preferences, and whether these preferences can be changed. ┘



## HENDRIK PLATTE

### EDUCATION:

MA in Politics and Public Administration,  
University of Konstanz

### MAJOR AREA:

(C) Political Decisions and Institutions

### MINOR AREA:

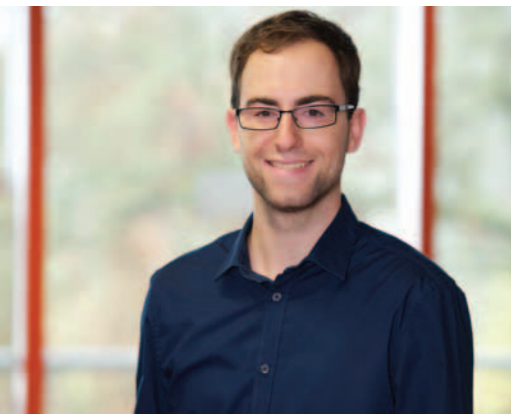
(D) Information Processing and Statistical Analysis

### FIRST SUPERVISOR:

Prof. Dr. Dirk Leuffen

### RESEARCH INTERESTS:

- International Relations
- Foreign Policy
- Interactions of Domestic Politics and International Politics
- Arms Trade



In my dissertation project, I investigate the role of diasporas in foreign policy making and international relations. While the definition of the term diaspora is somewhat contested, I define a diaspora as a group of people more or less permanently removed from their home country, maintaining some sort of link to and interest in the fate of their country of origin. By linking two countries at the international level, diasporas are by their mere existence interesting research subjects for political scientists. However, we know little about when, how and to what degree these groups are able to shape foreign policy outcomes.

Previous studies almost exclusively rely on qualitative case study methods and focus on a small number of groups and countries. Paradigmatic examples are the American Jews and the American Cubans – two groups which are argued to have a strong influence on U.S. foreign policy, with the one group lobbying in favour of their home country and the other against it. Quantitative evidence is largely restricted to the economic realm, where diasporas have been found to increase levels of trade and investment.

My dissertation project sets out to fill this research gap by providing quantitative and comparative evidence of diasporas' political influence within and across countries. The research questions I want to answer in the three studies are how diaspora groups affect various foreign policy instruments, which direction their influence takes and which factors make some groups more influential than others. Foreign policy outcomes that are likely to attract the interest of diasporas include the imposition of sanctions and the allocation of disaster relief as well as development aid. By varying the level of analysis – i.e. looking at the diaspora from a certain home country in several host countries and diasporas from several home countries in a certain host country – I expect to find regime type, institutions and the degree of diaspora organisation to be important factors that shape diaspora influence. ┘

In an era characterised by societal and economic trends like demographic change, female workforce participation, increased global worker mobility, and pluralised educational tracks employees are more likely than ever before to work together with people that differ from themselves. The extent to which individuals in a social unit differ is captured by the concept of diversity, where differences can refer to both readily detectable demographic attributes (e.g., age, gender, nationality) and less observable attributes (e.g., functional background, tenure).

Against the backdrop of rising diversity in the workforce and the increasing importance of teamwork it seems of great practical relevance to know how diversity affects team outcomes. From a theoretical stance, diversity seems to be neither inherently positive nor negative for team outcomes. Advocates of positive effects conceptualise diversity as an informational resource and argue that differences among team members may be linked to different knowledge, experiences, and perspectives. This can lead to better team outcomes such as creativity and superior problem-solving. In contrast, proponents of the social identity approach suggest that diverse teams are disadvantaged compared to less diverse teams because members distinguish between people similar to themselves and others who are different. Such distinctions can promote biases towards the different others, reduce communication, increase conflict, and ultimately hurt team performance. Mirroring the conflicting theoretical perspectives, findings of

existing empirical studies have been decidedly mixed; while some studies found positive effects, others found negative or no effects.

In my dissertation, I argue that recent conceptual advancements in diversity research generally have the potential to explain when positive or negative effects occur but so far haven't been applied in a rather simplistic way. Therefore, the aim of my dissertation is to provide a more nuanced view of the effect of diversity by considering central complexities of diversity in real world teams that have been neglected so far. Currently, I am working on two field studies. The first study investigates the effect of changes in team diversity over time and argues that negative effects of diversity occur particularly in response to a recent change in a team's diversity. By doing so, this study takes a more dynamic approach than existing research that investigated diversity as a rather static team attribute. In the other study, I examine the perceptions of diversity management measures. The study shows that the same measures might be perceived differently by members in an organisation and that disagreement in perceptions reduces the measures' effectiveness. This finding stands in contrast to the long-standing notion of an "objective truth" to diversity management efforts.

In sum, with my research I attempt to contribute to a better understanding of diversity-related phenomena and provide guidance for practitioners on how to deal effectively with a diverse workforce. ┘



## MAX REINWALD

### EDUCATION:

MA in Politics and Public Administration,  
University of Konstanz

### MAJOR AREA:

(A) Behavioural Decision Making

### MINOR AREA:

(D) Information Processing and Statistical Analysis

### FIRST SUPERVISOR:

Prof. Dr. Florian Kunze

### RESEARCH INTERESTS:

- Diversity
- Group Climate
- Conflict Dynamics
- Leadership

I am a doctoral student at Prof. Urs Fischbacher's Chair of Applied Research in Economics and a member of the Graduate School of Decision Sciences since October 2015. I hold a master's degree in Economics from the University of Kiel and a bachelor's degree in Economics and Business from the Stockholm School of Economics in Riga. My research interests lie in the fields of Behavioural Economics, Behavioural Finance, and Neuroeconomics.

The overarching topic of my doctoral dissertation concerns the role of motivated reasoning and beliefs in economic decision making. People's preferences can affect their reasoning in subtle ways, resulting in biased beliefs that feel objective. Overconfidence in one's knowledge or skills is a common economically relevant example of motivated beliefs.

In my first dissertation project, my co-authors (Jan Hausfeld and Torsten Twardawski) and I model how overconfidence spillover effects influence risky group decision making. Previous overconfidence studies have mostly focused on individual decision making, even though important economic decisions are often made by groups (e.g. boards of directors) rather than individuals (e.g. chief executives). We address this gap and examine how group investment decisions gravitate toward overconfident members' preferences and pinpoint behavioural reasons explaining the result.

In a second project, my co-authors (Sebastian Fehrler and Irenaeus Wolff) and I use a standard Bayesian updating framework to study how people make inferences from their own information about other persons' information. We construct situations in which one's information can be telling about the state of the world, such that projecting one's own information onto the other person (social projection) can be rational. We make attempts to mitigate subjects' information neglect and bring their beliefs closer to the correct Bayesian posterior probabilities.

In a third project, my co-authors (Urs Fischbacher and Jan Hausfeld) and I use interactive eye-tracking technology to study the reasoning processes behind social preferences in strategic resource allocations. Substantial evidence in experimental research indicates that intentions play an important role in various economic environments. We examine the prediction power of revealed intentions, provided that one can be inclined to signal own intentions or reason about other's intentions in self-serving ways. ┐



### BAIBA RENERTE

**EDUCATION:**  
MSc in Economics, University of Kiel  
**MAJOR AREA:**  
(A) Behavioural Decision Making  
**MINOR AREA:**  
(B) Intertemporal Choice and Markets  
**FIRST SUPERVISOR:**  
Prof. Dr. Urs Fischbacher  
**RESEARCH INTERESTS:**

- Behavioural and Experimental Economics
- Strategic Behaviour and Motivated Reasoning
- Decisions under Risk and Uncertainty

### MAURIZIO STRAZZERI

**EDUCATION:**  
MA in Economics, Justus-Liebig-University Gießen and MA in Economics, University of Wisconsin Milwaukee  
**MAJOR AREA:**  
(B) Intertemporal Choice and Markets  
**MINOR AREA:**  
(D) Information Processing and Statistical Analysis  
**FIRST SUPERVISOR:**  
Prof. Dr. Guido Schwerdt  
**RESEARCH INTERESTS:**

- Inequality
- Poverty
- Culture
- Education



An important component of fairness in a market-based economy is the degree of intergenerational mobility. While cross-sectional income inequality can be justified as to giving economic agents incentives to allocate their resources efficiently, and thereby increasing the output of a society as a whole, a high correlation of income across generations is generally perceived as unfair. In addition, low intergenerational mobility might be a burden to the economic prosperity of a country. For example, if children of poorer families are restricted in their life chances, they are less likely to achieve their full economic potential and utilise all their productive capabilities in the economy.

The high correlation between family income background and labour market outcomes later in life has been subject to debate by social scientists for a long time. However, due to the complex interaction between labour markets, public policies (redistribution and education policies), and the overall childhood environment (family, neighbourhood), the main channels through which the persistence of inequality is caused could not be clearly identified.

The application of modern econometric techniques and the use of more comprehensive data sets may add new insights to this discussion. Using a large-scale German household survey, I match information about current labour market outcomes of individuals born in the 70s and the early 80s to the information about their parental households. As expected, individuals who grew up in low-income families earn less in the labour market than their counterparts – this is true for workers who perform relatively poor in the labour market in comparison to the workers with the same family income background, and for those who perform relative well. Interestingly, this wage gap demonstrates a different pattern by gender. While the “income background” wage gap is large across gender for low-performing workers, it becomes smaller for male workers in high performance jobs. This is not true for female workers, where this wage gap remains large also in high performance jobs.

What factors are responsible for the extraordinary wage gap between female workers with different family income backgrounds? I apply quantile decomposition methods that suggest that gender-specific variables matter. Different decisions regarding the timing of child-rearing are crucial at the lower part of the distribution whereas mother-daughter role model effects exerted by employed mothers play an important part at the upper part of the wage distribution. ┐



### DIRK STREEB

**EDUCATION:**

MSc in Social and Economic Data Analysis,  
University of Konstanz

**MAJOR AREA:**

(D) Information Processing and Statistical Analysis

**MINOR AREA:**

(A) Behavioural Decision Making

**FIRST SUPERVISOR:**

Prof. Dr. Daniel Keim

**RESEARCH INTERESTS:**

- Visual Analytics
- Automated Assistance in Interactive Data Analysis
- Data and Information in the Decision Process
- Uncertainties and Model Failures
- Philosophical Decision Theory

In almost all domains of life large amounts of data are collected. From autonomous sensor measurements and GPS-traces to texts, images and videos, many distinct types of data are available. Both the quantity and diversity of data might be exploited to improve decisions. However, with the growing quantity of data, a manual inspection becomes infeasible. Purely automated analysis on the other hand is limited to cases with well-specified questions at hand.

Visual Analytics is the research area that tries to combine the benefits of human and machine analysis by using interactive visual representations. In contrast to traditional static plots, Visual Analytics systems allow analysts to engage in exploratory analysis viewing the given data set from different perspectives. Complicated data-intensive problems can be tackled successfully by putting computers' calculating power at the fingertips of flexible and creative humans.

Applications reach from genome analysis and sports analysis to decision support.

While in previous years most research in the field was directed at the quality of visualisations and algorithms, the focus is now shifting towards the role of the user in the analysis process. In this context I want to gain insight in how machines can assist humans in steering the analysis. A central problem here is that interaction between humans and the computer is still underdeveloped. For example, currently human interfaces for instructing a machine about their plans or goals are limited; this is most obvious in case of vague goals and plans that are not completely fixed.

As a first project, I plan to track analysts' behaviour while interacting with a Visual Analytics system. I intend to combine different techniques for data collection such as logging mouse movement, clicks and user-generated annotations to get an interaction profile as

rich and complete as possible. Within this interaction data I plan to find hints about problems in the analysis process and behavioural patterns that can be used to identify these problems as they appear. Specifically, I plan to apply machine learning for mostly automated pattern detection. At a later stage it is planned to extend the data collection with more advanced techniques, such as eye-tracking. In the following, interaction patterns can be used to automatically assist analysts when they start behaving in a way that negatively affects their analysis. For example, novice or casual users could be informed about capabilities and limitations of their system in case they ignore certain features or misuse others. In the medium run, preventing some of these faults seems to be feasible. However, in the long run automated assistance could achieve opening analysts' eyes for different points of view if it turns out possible to grasp more of humans' analysis goals. ┘

### RUCHIRA SURESH

**EDUCATION:**

MSc of Psychology, Maastricht University and Post Graduate Diploma in Counselling Psychology, Martin Luther Christian University, Meghalaya, India

**MAJOR AREA:**

(A) Behavioural Decision Making

**MINOR AREA:**

(D) Information Processing and Statistical Analysis

**FIRST SUPERVISOR:**

Prof. Dr. Wolfgang Gaissmaier

**RESEARCH INTERESTS:**

- Decision Strategies
- Risk Communication
- Heuristic Decision Making



Various private and public entities frequently utilise numerical formats such as frequencies and percentages to communicate myriad of changes to the general public. Regardless of frequent encounters with such information, it has been found that people make errors in estimating and interpreting the consequences of sequential percentage changes. The aim of my first project was to investigate strategies of calculation or estimation that people use. It has been found that people use an additive strategy to estimate sequential percentage changes. However, the correct strategy requires multiplication and is rather challenging because of certain inherent properties of percentages.

In order to investigate the strategies of estimation, I first aimed at exploring the possible limitations of the proposed additive strategy by manipulating two main variables, namely change magnitude and order effects. We hypothesised that a larger loss in a series as

compared to a larger gain will prevent people from using the additive strategy. Furthermore, a loss at the beginning will be perceived as better (or less consequential) than the same loss at the end. For this, we first differentiated between different types of series. These types include pure gains and pure losses (overall percentage change is always a gain/loss), conflicting series (the additive strategy predicts a preference for one series, when in fact the other series implies the larger overall percentage change and non-conflicting series (both strategies predict the same choice).

The experiment was conducted on Amazon Mturk. Using a binary choice task, in each trial the participants were given two series of percentage changes (each series consisting of two gains and a loss percentage change) and were asked to choose the series with the better overall change. Preliminary results show that people performed better in non-conflicting trials wherein

the additive strategy predicts the same choice as compared to conflicting trials indicating that people are using the additive strategy in some of the cases. Detailed data analysis for this project is ongoing.

In my future projects, I am interested in investigating role of presentation formats in detail. It includes exploring intergroup differences by incorporating pictorial representations such as graphs and charts. Moreover, I am also interested in modeling strategies which could be taught in order to estimate these sequential percentage changes efficiently. This, I believe will be highly relevant for a better understanding of numerical information, which will subsequently lead to better decision making. ┘



## ANIKA ZADRUZYNSKI

### EDUCATION:

MSc in Economics, University of Bonn

### MAJOR AREA:

(B) Intertemporal Choice and Markets

### MINOR AREA:

(D) Information Processing and Statistical Analysis

### FIRST SUPERVISOR:

Prof. Dr. Leo Kaas

### RESEARCH INTERESTS:

- Macroeconomics
- Financial Economics
- Firm Dynamics

My research interests focus on corporate macroeconomics and the link between the real economy and all kinds of financial markets. Especially in the aftermath of the Great Recession, seminal contributions have discovered that not only disturbances in technology, but also the availability of firm financing, and thus frictional capital markets, play a crucial role for business cycle fluctuations. I rely on these former findings and investigate the role of particular financial markets and their characteristics to evaluate their importance for the aggregate economy.

In the first part of my thesis, which is a joint work with my supervisor Leo Kaas, we seek to extend these findings by jointly analysing the interactions between the market for firm credit and equity and by relating these to real economic activity. We build a business cycle model with heterogeneous firms, which are credit-constrained but have access to an unsecured equity market. In favourable times, the existence of the equity market increases the ability of firms to obtain additional external funds. However, unfavourable expectations about future values of equity assets on such a market limits production and investment opportunities for the most profitable firms. The model

gives rise to multiple equilibria with indeterminacy and we are able to show how investor sentiment shocks in the equity market affect the capital structure of firms and are transmitted to the real economy.

A further chapter of my thesis also relates to financial frictions faced by the corporate sector, though with a particular focus on credit markets and firms' debt maturity structure. Many authors in the finance literature present evidence that firms actively choose their debt maturity composition depending on their own characteristics and aggregate factors. Long-term debt has the potential to mitigate firms' exposure to credit scarcity in response to negative financial shocks, but at the same time it can cause debt overhang and underinvestment. In contrast, short-term debt is a more flexible financing device, especially for small firms, allowing for a more efficient capital allocation in good times, while it can cause exacerbating rollover losses in bad times. Building on these trade-offs I plan to show within a general equilibrium model with multi-dimensional firm heterogeneity that the dynamic choice of debt maturity influences investment and default decisions of firms, which in turn transmit to real variables in the economy. ┘





# MY RESEARCH STAY IN AMERICA BEFORE IT BECAME GREAT AGAIN

Christian Neumeier



Planning a research stay takes time – especially if you want to go the U.S. for more than three months with an additional scholarship.

I approached my supervisor Z. Eylem Gevrek with the intention to spend some time abroad almost one year before I actually went to the University of Nevada in Reno (UNR). We quickly found a supervisor for a common project: Todd Sørensen, with whom Eylem went to graduate school. Todd is an Assistant Professor at the UNR. His research lies in the field of empirical Labour Economics. Our common project uses a method that was developed by Ronald Oaxaca, Todd's and Eylem's thesis advisor.

After having found a supervisor, I had to deal with the U.S. bureaucracy in order to get a visa. In the first step of the visa process, one needs to find a sponsor university that certifies your eligibility for the Exchange Visitor Programme. Then, one has to fill out a lot of forms

and show up for an interview at a U.S. consulate. In my case, I had to take a train to Frankfurt for an interview that lasted about two minutes and ended with an officer asking me where I had bought my hoodie. The costs for this nice conversation were \$180, the total costs for the visa were roughly \$600. In parallel, I applied for a short-term scholarship by the German Academic Exchange Service (DAAD). The scholarship covered flight and visa expenses, as well as full health insurance. The DAAD required a ten-page research proposal that describes the intended project and justifies the choice of the guest university and supervisor. The acceptance rate for the scholarship is almost 50%, so I would recommend all doctoral students that want to go abroad to take this chance.

The first weeks in Reno were very exciting because I had to get used to many new things. The city with a population of 225,000 is also known as the "Biggest Little City in the World". In my opinion, with all its casinos and the location in the desert of Nevada, "Las Vegas' Little Sister" would be a more adequate description. The advantage of living in a mid-sized U.S. city is that the living costs are not much higher than in Germany and cannot be compared to metropolitan areas such as New York City, Boston or San Francisco. My furnished apartment in downtown Reno was about 15 minutes walking distance to UNR campus where I worked at the library. I met Todd several times a week to discuss the progress of our project; I visited his graduate course and a weekly seminar by the department

of economics. Beside these events, I found it hard to get in touch with other doctoral students because they almost exclusively worked from home. Getting in contact with exchange students was much easier, because of many events hosted by the UNR international club.

The collaboration with Todd turned out to be very successful. The third co-author for the project "The Implicit Costs of Motherhood over the Life-cycle" is Doug Webber from Temple University. Our goal is to examine differences in lifetime income between mothers and women without children, generally referred to as the "family gap" in the literature. Previous data limitations have typically forced researchers to focus either on a single cross-sectional snapshot of earnings or to follow one cohort over time. Here, we contribute to this literature by analysing the SIPP Synthetic Beta (SSB), a novel data source which links several decades of administrative earnings records to detailed survey data. The SSB allows us to comprehensively examine how factors which contribute to the family wage gap have changed across cohorts and over the life-cycle.

We find that motherhood gaps increase monotonically over the life-cycle and decrease monotonically between cohorts from age 26 onwards. In our oldest cohort, lifetime gaps approach \$350,000 by age 62. Cumulative labour market experience profiles show similar patterns, with experience gaps between mothers and non-mothers increasing over the life-cycle and decreasing between cohorts. We decompose this cumulative gap in earnings into portions attributable to time spent out of the labour force, differing levels of education, years of marriage and a number of demographic controls. We observe that the gap between mothers and non-mothers at age 43 declines from around \$220,000 for women born in the late 1940s to around \$160,000 for women born in the late 1960s. Over 80% of the change in this gap can be explained by variables in our model, with changes in labour force participation constituting by far the best explanation for the declining gap. The paper was presented at the Southern Economics Association meeting in Washington, D.C. in November 2016 and we plan to present it again at the Western Economics Association meeting in San Diego in June 2017.

Working with Todd and Doug has helped me to improve my programming skills. We continued working on the project and Todd already visited Konstanz in 2016. He will be visiting Konstanz again in summer 2017 and our plan is to submit the paper in 2017. Apart from academic benefits, the stay in the U.S. was also helpful for me on a personal level. I improved my English fluency and expanded my horizon by getting to know many new people. During two trips I discovered the beautiful U.S. Pacific coast from Seattle to Los Angeles and the impressive nature with many national parks such as the Grand Canyon, Zion and Death Valley. All in all, I had a great time in the U.S. and can only recommend other doctoral students to spend some time at a university abroad.



UNR campus ^

Reno at night v



# ”THE TROUBLE WITH MACROECONOMICS“

A conversation on Paul Romer’s publication and the state of economics as a science

Phillip Heiler

Under supervision of Heinz König, Professor Winfried Pohlmeier did his doctoral work at the University of Mannheim, followed by postdoctoral work as a John F. Kennedy Fellow at Harvard University. In 1994 he received the *venia legendi* for Economics and Econometrics from the Department of Economics of the University of Mannheim. In the same year he became professor of Economics and Econometrics at the University of Konstanz. Pohlmeier served as an editor and associate editor of several international journals. He is a research associate at the Center of Finance and Econometrics (CoFE) and senior research fellow at the Rimini Centre for Economic Analysis (RCEA). His main areas of research are microeconometrics and financial econometrics.

**Phillip Heiler:** In a recent publication [1] Paul Romer, Chief Economist at the World Bank, criticised modern macroeconomics for getting lost in the dynamics of complex systems without adding to the understanding of the fundamental mechanisms in the economy. He also claims that in particular Bayesian methods and the influence of choosing prior distributions lead to questionable conclusions. Do you agree with Romer’s critique on Bayesian approaches to macroeconomic models?

**Winfried Pohlmeier:** First of all, Romer is right when considering macro models as complex, underidentified systems. However, I find his critique of the Bayesian approaches somewhat unfair. First of all, Bayesian reasoning is very clear and straightforward in a certain sense and by no means unscientific. Choosing a prior simply means that you clearly define your (a priori) assumptions. Your conclusions, i.e. your posterior reasoning, is then a mixture of your prior beliefs and the underlying data. But at least you are very clear about how you came to the conclusion.

But the main reason to go Bayesian in macroeconometrics is the instability of estimates due to a large number of parameters. Many econometricians use Bayesian estimation techniques in macroeconomics simply as a shrinkage method which imposes a structure on the model to achieve more stable estimates. In fact, there are similarities to Bayesian statistics used in astronomy which also deals with complex systems and where the idea of repeated observations underlying estimation approaches for cross-sectional data does not apply. There is also a different perspective

*Phillip Heiler is a doctoral student at the Graduate School of Decision Sciences at the University of Konstanz since 2014. His research is mainly concerned with treatment effect models, decomposition methods, nonparametric econometrics and shrinkage estimation.*



that econometricians and statisticians take on the purpose of models. The aphorism “All models are wrong, but some are useful”, which is often referred to a quote by George Box, nicely reveals that the hunt for a true model is often too ambitious. In this sense Romer is correct, we should question more whether our models fulfill the purpose they were designed for.

**PH:** Would more data help to get a better understanding of the aggregate economy and their complex dynamics?

**WP:** The improvements in the quality of weather forecasts are a good example that a finer spatial and temporal grid of measurements improve the forecasts of complex systems. The financial markets would be a good candidate for such a research strategy within economics. Early-warning systems for financial markets similar to the ones used in meteorology and the detection of scaling laws could help to better

forecast the movements of financial markets. For classical macroeconomic questions, this might be more difficult though.

**PH:** Romer criticises the leading role of prominent economists and their effect on the heterogeneity of approaches in publications. In a more general sense, is it easier to get papers published if you work within certain boundaries or jump on already driving wagons? Do you see a problem for journals, publications and the openness of the discipline towards new approaches?

**WP:** Certainly, very often there is simply a human factor behind the final acceptance decision. This has something to do with referees being sceptical when new and nonstandard approaches are presented or if the empirical findings contradict previous results. New ideas and new methods have to be introduced and presented to the scientific community very carefully. The researcher has

to convince the scientific community step by step about the merits of the new approach. In doubt, referees tend to say: We do not know it, we do not need it. The most tragic victim is probably the physician Ignaz Semmelweis who conflicted with the established scientific and medical opinions of the time and his ideas about the merits of handwashing were strongly rejected by the medical community. A famous example from our discipline is George Akerlof’s “Market for Lemons”, for which he in the end received the Nobel Prize. It took considerable time before Akerlof got his paper finally accepted by the QJE. The paper was rejected many times because the major insights were very much questioning the market clearing properties in a neoclassical sense. Therefore, for young researchers the metaphor of the dwarfs standing on the shoulders of giants clearly applies: new insights should be built on previous discoveries.

**PH:** How risky is it for young researchers to work on uncharted territory?

**WP:** You need some lead time if you want to develop a new theory or methodology. We often do not have this time since we need to work step by step. There are certain mechanisms that force us in that direction: frequent control of success, how many papers, not monographs, did you publish et cetera. This forces you to do small, secure steps. I am not being judgmental when I say that the discipline has adapted to it. In addition, the majority of financing is tuned for small projects, in particular



*Professor Winfried Pohlmeier studied Economics and Political Science at the University of Konstanz and Princeton University.*

in the Anglo-Saxon sphere. In Germany, if your research is a part of a Collaborative Research Centre (SFB) for twelve years with evaluations every four years, you can plan over a longer horizon. The problem has been partly recognised. The Kosselleck projects by the German Science Foundation (DFG) are designed to fund exceptionally innovative and higher-risk research.

**PH: So on the national level you see increasing opportunities for more innovation and heterogeneous research approaches?**

**WP:** At least the problem has been recognised as such. In general, across disciplines. These measures are steps in the right direction. At the European level the ERC grants serve the same purpose.

**PH: Do you think that existing mechanisms like peer reviews are insufficient to get more innovation into the established journals?**

**WP:** There have been many attempts to complement and improve the publishing process e.g. open access journals or opportunities to publish replication studies. The "All Trials Registered/All Results Reported"-Initiative has gained considerable support by scientists and science organisations. The "Journal of Negative Results in BioMedicine" is a good example to make our research results more transparent and reproducible. I personally like the idea of open reviews. This could make some referee reports more fair and restrained compared to the anonymous case. I would

not have any objection to defend my opinion regarding a submitted paper. In statistics there is a tradition to add discussions to published papers. This is also a good idea to put a paper into a broader perspective.

**PH: Negative results and replicability are also very relevant for experimental economics and empirical economics.**

**WP:** We are moving in the right direction at a slow pace. Several journals nowadays have a data webpage where you can download the data and the software which were used to produce the published results.

**PH: In that regard, are there practices in other disciplines from which economists could benefit? Maybe within existing institutions such as the GSDS or interdisciplinary journals?**

**WP:** It cannot hurt to have frequent exchange with other disciplines, to learn how they do research and what their scientific culture is. That does not imply that we have to adopt everything which is popular practice in other disciplines.

**PH: But overall you would say that economics is comparatively open and communicates results quickly?**

**WP:** Yes, but this can also be seen as an indicator that what we do is financially less relevant. We publish everything in working papers online. Nobody would do it if you could earn real money with

it. For example, in the natural sciences research results are often kept secret until publication due to issues related to patents and property rights.

**PH: Do you see the problem of self-referential research that limits opportunities for other approaches in economics economics, as Romer suggests for certain macroeconomic schools?**

**WP:** I guess this problem varies across sub-disciplines depending somewhat on its centrality within economics. The more interdisciplinary the research the less self-referential. The synergy effects are simply stronger if there is a larger overlap with research topics of other disciplines.

**PH: Could it be that the specific terminology that economists use contributes to the impression in the public (or even among our students) that our research is self-referential and does not help to solve real-world problems?**

**WP:** Certainly. We do not put much effort in communicating our ideas to the public. The sciences seem to be more aware of this problem and try to communicate complex issues to the public, maybe sometimes at the expense of oversimplification.

**PH: What is the reason for that?**

**WP:** First of all, the public reception differs. Economics is often regarded as a soft science working with fuzzy

concepts whose merits are not so obvious. Moreover, in policy debates there is a confusion about normative and positive theories. In addition, research in the natural sciences simply needs much more financial support. There is a stronger pressure of justifying the large expenses.

**PH: Is it due to the object of study? Or does it have to do with our way of approaching questions?**

**WP:** I am afraid it is partially on us. There are numerous serious social and economic problems which could be solved or at least mitigated with the expertise of economists. Consider, for instance, the recent financial crisis which is said to have destroyed income equivalent to the whole GDP of France. It is remarkable how little research money was spent to get a better understanding of the sources of the crises and how to protect the economies against future financial crises. Maybe the scepticism of politics and the public towards the benefits of economic research is too large.

**PH: Is this scepticism related to our way of working?**

**WP:** There are many examples. Before the Hartz reforms in Germany, there was a commission on the federal level counting twenty persons, not a single economist. One reason was the criticism; another was the fact that economists tend to propose only things that are politically infeasible. We are not so much trained to look at what is actually implementable. Just like patients may

not follow the advice by a physician, policy makers do not follow the advice given to them by economists. Unlike physicians we neglect this problem, which you may call the compliance issue. It does not play a major role in our study programmes. Another point relates to a lack of ability to communicate our theoretical reasoning on complex issues such that non-experts can follow or at least get an intuition for the underlying arguments.

**PH: Do you think that economic consulting is often instrumentalised?**

**WP:** This is certainly a problem of the consulting business. At the end of the day, there is very little reflection on the premises under which the conclusions were drawn if the conclusions are consistent and congruent with the prior beliefs of the principal. The principal often raises a normative question about what he should do. We are trained to give answers based on positive theory, i.e. in terms of "if-then"-statements. But often the "if", the model assumptions, are neglected, when a normative decision is made.

**PH: Is communication of economic theory inherently difficult because it also transports moral concepts?**

**WP:** Exactly. We are not sufficiently aware that we put particular beliefs into our models when we adopt certain assumptions. This starts with our view on which basis economic agents interact. The dominating paradigm in our micro-models is that an economic agent is completely individualistic so that

interactions between economic agents take place on markets. If we take the extreme alternative view that individuals are parts of collectives and that individual preferences are social, i.e. individuals also take into account what other individuals do, the concept of a market where the market price coordinates individual preferences becomes too simplistic. However, behind these two extreme alternative assumptions are certain "Weltanschauungen", so that even the conclusions resulting from our positive models have a certain ideological flavour. It comes through the backdoor of how strongly we see the individual as a part of a collective.

**PH: Professor Pohlmeier, thank you very much for the interview.**

**Sources:**

[1] Paul Romer 2016, The Trouble With Macroeconomics, <https://paulromer.net/wp-content/uploads/2016/09/WP-Trouble.pdf>

# RESPONSIVE GOVERNANCE IN THE EUROPEAN UNION

Christina J. Schneider

Alexander-von-Humboldt Experienced Fellow, University of Konstanz  
Associate Professor and Jean Monnet Chair, University of California-San Diego



*Christina J. Schneider is Associate Professor of Political Science and Jean Monnet Chair at the University of California, San Diego (UCSD). Currently, she is the Alexander von Humboldt Experienced Fellow at the University of Konstanz. Her research focuses on international cooperation and bargaining in international organisations with a focus on distributional bargaining in the EU and multilateral aid organisations.*



The 2010s have been a bad decade for the European Union. Starting with the Greek debt crisis in early 2010, which brought the Eurozone close to collapse several times, the situation has not gotten any better for one of the most ambitious projects of regional integration in the world. Still reeling from the economic and political turmoil of the European financial crisis, the European Union faced its most significant external security crisis since the end of the Cold War when Russia annexed the Ukrainian peninsula of Crimea in spring of 2014, causing a civil war that has led to the loss of thousands of lives so far. Doubts about the EU's ability to cope with external security questions culminated during 2015 when EU member countries were unable to respond collectively to the inflow of an unprecedented number of refugees into Europe and to thwart two major terrorist attacks in Paris and

Brussels. And just when one thought that the situation could not get any worse, the British population unexpectedly decided to leave the EU in a referendum in June 2016, causing major political and economic instability in the region.

These crises have not only contributed to a rise of populism across Europe, but also to a sharpening of the EU's existing legitimacy crisis. For many Europeans, the EU is run by distant and unaccountable political elites who reach decisions behind closed doors. Trust in the European Union has hit rock bottom in the 2010s, and for the first time since the early days of European integration more Europeans distrust the EU rather than trusting it. It is not just that Europeans have lost confidence in the unelected bureaucratic elites in the European Commission. The Council of

the European Union, which is its main intergovernmental legislative decision making body, is at the center of the EU's legitimacy crisis. In 2013, only 33% of Europeans trusted the Council, while over 44% of Europeans distrusted it. As evident in many of the editorials before the Brexit referendum, Europeans feel that their governments are not responsive to their needs when they decide (mainly behind closed doors) over policies in the EU. When asked in 2008, most Europeans believed that their voice on European issues was not listened to by their government.

The increasing delegation of important policies to the European level has contributed to the politisation of the European affairs in the domestic arena, which makes the perceived lack of government responsiveness in European affairs ever more problematic. But while

research has documented the increasing salience of European affairs amongst domestic publics, it is less clear how EU governments have responded to these changes at the EU level. Are EU member governments democratically responsive to their constituents when they cooperate at the European level? This question is without doubt important; yet, to date we know little about whether and how electoral politics have influenced governments at the EU level and with what consequences for European cooperation and domestic politics. These are the central questions of my book project.

The book presents a comprehensive account of how EU governments are responsive to the needs of their national citizen when they cooperate at the European level. I develop and test a theoretical framework of electoral politics in the European Union, using

evidence amassed in nearly ten years of qualitative, experimental, and quantitative research. To bridge the gap between our existing findings on the politicisation of European affairs at the national level and responsive governance in the EU, the book embeds models of national electoral politics into models of intergovernmental cooperation using national elections as one important linkage point, and analyses when and how governments appear responsive to their citizen before elections. I find that the integration of policies in areas that affect everyday life has politicised policy making in the EU. Shifting of electoral politics into the European arena in turn implies that EU governments want to signal to domestic audiences that they competently negotiate in their electorates' interest and that they achieve outcomes that benefit their country. They can signal

responsiveness by taking positions that are in their constituencies' interest and by defending these positions more fiercely during the negotiation process. In addition to burnishing their populist credentials through their public stances, governments will try to pull the European policy toward positions that clearly favour domestic interests so that they can claim credit for it. Failing that, they will drag their feet if they can to delay the announcement of a policy that the domestic electorate disapproves of. In addition to analysing the supply side of responsive governance, I use quantitative and experimental methods to test whether public support for the incumbent is affected by the government's bargaining behaviour in the Council and by its perceived success in negotiations. I find that both uncompromising negotiation stances and preferable policy

outcomes are rewarded with significant increases in public support.

The findings have important implications for current discussions about the EU's democratic deficit, and how to fix it. I argue that while more transparency and a greater politicisation of European cooperation at the national level will indeed increase incentives for responsive governance in the EU, thereby contributing to a more democratic EU, this solution likely comes at a heavy price. Making the EU more democratic in respect to electoral accountability increases responsive governance within the EU, which is desirable, but it also is likely to lead to much more conflict within the EU at the same time. While proponents of a more democratic EU tend to be optimistic about the ability of the EU to cope with this conflict,

they might overestimate the extent to which Europeans will become more engaged with European politics if the EU was more democratic. Given the lack of a true European demos, the cooperative nature of European cooperation, which works well behind closed doors, is likely to implode once the doors are opened. That is not to say that politicisation is necessarily a bad thing. As the EU has become more successful, its main proponents be more concerned with democratic legitimacy. The question is how to preserve effective cooperation under more responsive governance. I argue that the avenue that seems most promising under these constraints is a strategy of differentiated integration. Differentiated integration implies that different membership rules, rights, and obligations apply to different sets of member states. This would allow some

EU members to pursue deeper integration than others. It would also provide for more effective cooperation at least for the subset of EU members that are less constrained by domestic political conflict and able to pursue deeper levels of integration while at the same time allowing for greater responsiveness in governance. Differentiated integration would also allow EU member states to enlarge the EU to integrate new member states. Providing new members with only restricted membership rights could solve some of the distributional conflict that has accompanied recent enlargement rounds, thereby reducing domestic backlash to enlargement in the existing member states. With the increasing politicisation of European affairs at the domestic level, differentiated integration could promise a cure of the democratic dilemma of European governance. ┐



# PREPARING FOR THE JOB MARKET – PRESENTING PROFESSIONALLY

Fadja Ehlail

Four years ago, the GSDS approached me with the request for this particular and very special presentation training. The participants are PhD students that have produced excellent research and who are about to present themselves and their scientific papers on the academic job market or for positions outside academia.

*Fadja Ehlail is trainer, systemic coach and yoga teacher. She runs her own company com-across and mostly works with people in leading positions in companies and scientific environments. Her main topics are communication and conflict management, presentation, leadership training and train-the-trainer.*



As they are used to presenting their results to peer groups, my approach was not only to discuss the outlines of a convincing presentation but mainly to focus on their self-presentation. In order to achieve clarity and develop a profound self-confidence for their job market presentation, the candidates gave two presentations with video feedback. The first one focusses on their self-presentation, the second on their scientific presentation. For both presentations they receive extensive feedback from me and from the group.

The feedback for the course is always exceptionally positive. The participants appreciate the opportunity to receive feedback that does not only focus on contents but rather on personal presence and connection to the audience. The improvement of the participants is already visible during the course.

For me as a presentation trainer and a physically orientation coach, teaching this course is always a great pleasure. Working with extremely intelligent and ambitious young professionals is an amazing and very constructive setup. I am very glad to have the chance to work with the GSDS. Additionally, the combination of working for big international companies and in scientific environments gives me the chance to build a bridge between these two worlds. The participants rate this experience very highly.

Sebastian Hellmeier, Jana Mareckova and Annerose Nisser are GSDS Doctoral Students who participated in the Workshop "Preparing for the Job Market".



**SEBASTIAN HELLMEIER:**  
"I participated in the workshop to improve my presentation skills since conference presentations are an important opportunity to present myself and my research. Having listened to numerous presentations at colloquia, conferences and workshops, I am aware of the fact that a good presentation is crucial to get across your message. During the workshop we learned and experienced that authenticity is key to deliver a good presentation. Moreover, it became clear that one of the most important things is to guide your audience and to bridge the information gap between audience and presenter. The workshop was a valuable experience because it reminded me to focus on what is really important and it helped me to overcome the fear of failing to deliver a good presentation."



**JANA MARECKOVA:**  
"Participating in the workshop to improve presentation skills for the academic job market was definitely well invested time. Apart from getting general tips on how to deliver a good presentation, everyone got individual feedback from the instructor and from the other participants after each presentation. For me personally, the individual approach created a perfect environment to get to know my strengths and weaknesses and what I should work on. After taking this course, I will definitely feel more comfortable when presenting in public."



**ANNEROSE NISSER:**  
"Good things are often very simple – this is my personal summary of what Fadja Ehlail taught us. Be authentic, be yourself, don't play a role, she encouraged us. Your employer should hire you for who you are, because on the job, you won't manage to play a role all day long anyway. I think to most people this insight comes as a great relief. However, the insight in itself is not enough – you need to implement it. And we had enough time to practice implementation during the course: Among others, we were filmed twice, giving a personal presentation of ourselves and of our research project while wearing a proper job market dress. I guess this was a new, exciting and a little awkward experience for all of us. After watching each other and ourselves on the videos, we all came to the relieving conclusion: it wasn't as bad as we had feared. It actually was great fun! Thanks, Fadja, for that!"

# PLANNING TO DELIBERATE THOROUGHLY...

Johannes T. Doerflinger, Torsten Martiny-Huenger and Peter M. Gollwitzer

... If-then planned deliberation increases the adjustment of decisions to newly available information

*Journal of Experimental Social Psychology* 69 (2017), pp. 1-12.

**Abstract:** Planning our actions in advance is an important means of action control and increases the likelihood of initiating intended actions at critical points in time (Gollwitzer, 1999; Gollwitzer & Oettingen, 2016). In the current research, we investigate whether planning to deliberate thoroughly can also increase the likelihood of deliberation when it is needed. As an increase in deliberation is often associated with more thorough use of available information, we predict that planning to deliberate causes people to adjust their current course of action more closely to newly available information. We test this prediction in three experiments in which the participants are faced with the decision to continue with or disengage from a chosen course of action after new information has become available. The first experiment uses an established escalation of commitment paradigm (Study 1); the second and third experiment use a more naturalistic task based on the card game of poker (Studies 2 & 3). In all three studies, planning to deliberate at a critical point in time by forming implementation intentions reduced the tendency to stick to a failing course of action, suggesting that plans to deliberate can be used to increase the likelihood of deliberation and thereby the effective processing of newly available information.



Johannes Doerflinger is a PhD student at the Department of Psychology and the Graduate School of Decision Science. He investigates decisions under risk and uncertainty as well as morality. One of his interests both academically as well as in practice is the game poker.

**Maik Bieleke: Your paper is about gambling decisions in a poker game. How did you become interested in studying poker decisions?**

**Johannes Doerflinger:** Poker is an intriguing game for decision scientists. The basic rules are quite simple, which makes it easy to implement in an experimental setting – yet from this simplicity of rules emerges an astounding complexity in terms of gameplay situations. The game combines strategic, statistical, and social aspects; all of which are highly relevant in real life decision making as well. Back when



Maik Bieleke is a post-doctoral researcher at the Department of Psychology and in the DFG research group Psychoeconomics. His research focus is on information processing during perceptual and preferential decision making, with a particular focus on self-regulatory processing strategies.

we were designing the study, we were looking for a method to test a phenomenon called escalation of commitment. I remember being asked by a friend to explain this phenomenon and I used certain poker situations for illustration. At that point, I realised that we could let participants play a poker-like game to investigate escalation of commitment.

**MB: Escalation of commitment describes an inability to disengage from a faltering course of action. Could you explain how poker captures this phenomenon?**

**JD:** Escalating commitment is a common mistake (especially among novice players) in poker. In each round, players invest into their cards but they gain money only if they end up with having the best card combination. After each round of investments, additional shared cards are revealed that can change the value of the players' current hands. At the outset, a player might have a strong hand that is likely to win the game and it is smart to invest. Additional cards can, however, turn a promising hand into a card combination that will probably lose. At this point, a rational player would stop investing and opt out of the game. Many people, however, keep playing far too many bad hands after an initial investment. That is the definition of escalation of commitment.

We see similar examples for escalating commitment in a multitude of contexts. For example, a common problem in business decisions is that people keep investing money into failing projects. The same can be observed with large-scale building projects, where the costs sometimes increase drastically. Among the more infamous cases of escalation of commitment are the continued struggles of the United States in the Vietnam War.

**MB: Your research focuses on strategies people can use to avoid escalating commitment. Can you describe these strategies?**

**JD:** From a psychological perspective, escalation of commitment can be conceived as a problem of self-regulation. In escalation of commitment situations, decision makers have to regulate two conflicting behavioural tendencies. On the one hand people are typically inclined not to waste already made investments, on the other hand all available information indicates that continued investments will only lead to further losses.

A typical strategy to improve self-regulation is to let people make plans. In particular, if-then plans (so called “implementation intentions”) have been shown to be an extremely effective self-regulation tool. The basic idea is that people identify situations in which they intend to act and link it to specific actions. Such if-then plans have previously been shown to help against escalation of commitment.

**MB: But in your study, participants did not plan to perform specific actions?**

**JD:** This is correct. Escalation of commitment situations are often complicated and hinge on unforeseeable events. A decision maker might not know in advance which action is best suited in a future situation, and planning specific actions would not be very adaptive.

**MB: So you decided to let people plan a more open-ended, flexible way of evaluating new information.**

**JD:** Yes, we asked them to plan to think. The problem with escalation of commitment is that people ignore available information, which is why plans to think thoroughly about the decision at hand should be helpful. Thinking thoroughly can stop automatic action tendencies such as sticking to a bad investment. Thus we asked people to plan “If a new card is turned up, then I deliberate thoroughly.” One interesting aspect of this kind of plan is that, in the large majority of planning studies in the field, plans have been used to automate behaviour. We go the opposite route. Our “deliberation plans” work to break automatic behaviour and enforce reflective and effortful decision making.

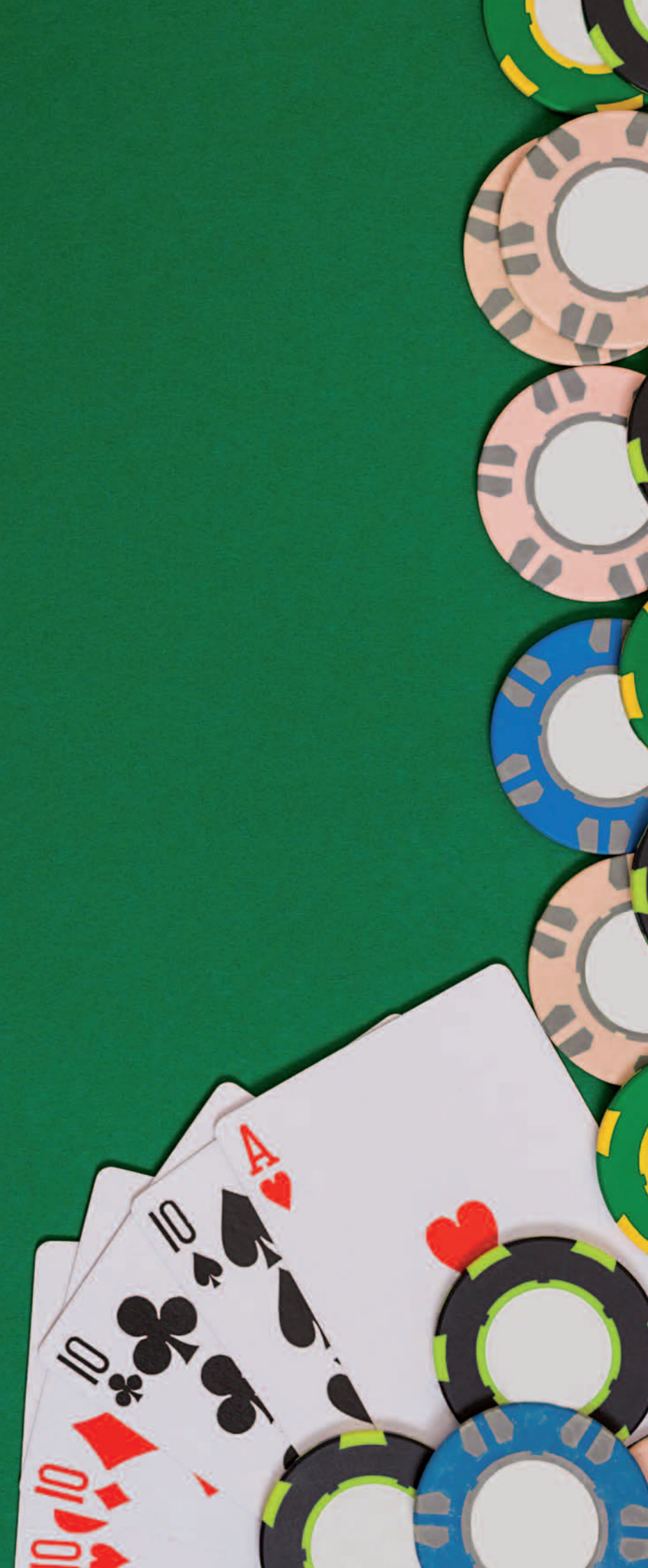
**MB: Can you describe how using these deliberation plans helped people improving their poker decisions?**

**JD:** We use a poker task in which participants play against a passive computer opponent. We can calculate the probability of winning or losing a turn at any stage of the game, given the information participants already have. You should keep investing only if the odds are in your favour but stop investing otherwise. We found that most participants kept investing even if their probability of winning was extremely low, indicating escalation of commitment. However, those who planned to deliberate thoroughly better aligned their decisions with their chances of winning the current turn. Importantly, they did

not just opt out earlier but instead showed more adaptive responding: they kept playing when the odds were in their favour and opted out sooner only when the odds were against them.

**MB: In the GSDS, psychologists, economists, and political scientists study decision making from various perspectives. What can they learn from your results?**

**JD:** I see three key findings that are important beyond the scope of our particular studies. First, we show that escalation can be counteracted by engaging in effortful deliberation. This finding is important for both political science as well as behavioural economics. Escalation phenomena are widespread, ranging from private individual decisions to large scale political agendas. Because escalation can be an extremely costly, non-adaptive behaviour, we need to understand its mechanisms and how to defend ourselves against it. Second, planning to think is a relatively underexplored mechanism in research about planning. In our particular case, planning to deliberate thoroughly was an effective way of improving decision quality. A challenge for future research is to figure out which thinking style might be the most beneficial in the situation at hand. Third and finally, the poker task we developed for our study can be used and adapted to study a multitude of phenomena that are of interest for decision scientists. Among these phenomena are decisions under risk versus uncertainty, social influences on decisions and strategic decision making. □





# HEURISTIC PORTFOLIO TRADING RULES WITH CAPITAL GAIN TAXES

Marcel Fischer and Michael F. Gallmeyer

*Journal of Financial Economics*, Vol. 119, Issue 3, March 2016, pp. 611–625.

**Abstract:** We study the out-of-sample performance of portfolio trading strategies used when an investor faces capital gain taxation and proportional transaction costs. Overlaying simple tax trading heuristics on trading strategies improves out-of-sample performance. For medium to large transaction costs, no trading strategy can outperform a 1/N trading strategy augmented with a tax heuristic, not even the most tax and transaction cost-efficient buy-and-hold strategy. Overall, the best strategy is 1/N augmented with a heuristic that allows for a fixed deviation in absolute portfolio weights. Our results thus show that the best trading strategies balance diversification considerations and tax considerations.

**Marco Menner:** In your recent work, you contribute to the literature on optimal portfolios under the consideration of capital gain taxes. Could you summarise the main goals of your paper?

**Marcel Fischer:** The departing point for our work are two more recent empirical observations in optimal portfolio choice. First, DeMiguel, Garlappi and Uppal show in a path breaking publication in 2009 that it is very difficult to beat a simple 1/N portfolio strategy that invests an equal share of wealth into every available asset out-of-sample, i.e., when backtesting the portfolio strategy with historical data. This is a very surprising finding, because it essentially says that there are no benefits from portfolio optimisation at all. Second, complementing the work of DeMiguel, Garlappi and Uppal, more recent research tried to find portfolio strategies that are able to beat 1/N out-of-sample. All of these portfolio strategies have on common feature, namely that they

all require investors to frequently trade significant parts of their portfolios. Given that all this work has been done under the assumption that no taxes or transaction costs apply, we wanted to investigate how these strategies perform under real-world tax legislations and in the presence of reasonable transaction costs.

**MM:** As you mentioned and the portfolio-optimising literature confirms, the 1/N portfolio is considered as a tough-to-beat benchmark. How does this finding translate when capital gain taxes are incorporated?

**MF:** As soon as taxation and transaction costs are taken into account, it is even more difficult to beat the 1/N strategy. This reflects upon the few strategies being able to beat 1/N in the absence of taxes and transaction costs requiring the investor to trade large parts of its portfolio on a frequent basis. Once transaction costs are taken into account, such trading behaviour leaves

the investor with a huge transaction costs burden. Simultaneously, trading a lot is very tax-inefficient, as it implies that the investor realises capital gains very frequently and thus does not take much advantage of the tax-timing option resulting from the fact that capital gains are first taxed when they are realised, i.e., when the asset bearing the gains is sold. We find that those trading strategies that are able to beat 1/N in the absence of taxes and transaction costs are no longer to beat 1/N once taxes and transaction costs are accounted for. In other words, the original puzzle that there is no optimising portfolio strategy that is able to systematically beat 1/N becomes even bigger.

**MM:** So, is there a strategy that is able to beat 1/N?

**MF:** We only find one portfolio strategy that is able to beat 1/N out-of-sample, namely a tax- and transaction-costs-optimised 1/N strategy that allows for a small no-trade region around the 1/N portfolio weights. This no-trade region represents a good tradeoff between the two goals of keeping the portfolio diversified and reducing the tax- and transaction-costs-burden.

**MM:** There is a large literature on calculating optimal portfolios in realistic circumstances such as shortselling restrictions or the presence of transaction costs. Given their empirical significance, why are capital gain taxes oftentimes ignored in that literature?

**MF:** One of the main reasons is probably that it is incredibly challenging to perform portfolio optimisations once transaction costs and taxes are incorporated in a realistic manner. For example, the realisation-based feature of capital gain taxation implies that the optimal trading behaviour in a given period depends on the level of unrealised capital gains in that position, which in turn depends on the trading behaviour in the past. That is, optimal portfolio decisions at different points in time become interrelated and have to be solved for simultaneously or, e.g., by using a method called backward induction that breaks the problem down into smaller subproblems that can be solved for consecutively. However, this method has the negative side-effect of requiring the user to solve a huge number of subproblems that grows in the number of the so-called state variables. Once the realisation-based feature of capital gain taxation is taken into account, it turns out that a huge number of these state variables are required, which implies that an incredibly large number of subproblems has to be solved, which is very demanding numerically – even with state-of-the-art supercomputers. In our paper we therefore do not try to find optimal portfolio strategies. Instead, we run horse races between different portfolio strategies and suggest simple rule-of-thumb tax-optimising heuristics to further improve the performance of these strategies once taxes and transaction costs are taken into account. └

*Marcel Fischer is a Professor of Finance at the University of Konstanz, an Associate Professor at Copenhagen Business School, a researcher at the GSDS at the University of Konstanz as well as part of the Household Finance and Economics and Pension Research Center at Copenhagen Business School. He has published in academic journals such as the Journal of Financial Economics, the Review of Financial Studies, and Review of Finance.*



*Marco Menner is a doctoral student at the Graduate School of Decision Science and research assistant for the Institute of Finance at the Department of Economics. His current research projects focus on empirical asset pricing and the information content embedded in financial option prices.*

# DIGITAL DISCRIMINATION

Nils B. Weidmann, Suso Benitez-Baleato, Philipp Hunziker, Eduard Glatz and Xenofontas Dimitropoulos

## Political bias in Internet service provision across ethnic groups

*Science* 09 Sep 2016,  
Vol. 353, Issue 6304,  
pp. 1151-1155.

**Abstract:** The global expansion of the Internet is frequently associated with increased government transparency, political rights, and democracy. However, this assumption depends on marginalised groups getting access in the first place. Here we document a strong and persistent political bias in the allocation of Internet coverage across ethnic groups worldwide. Using estimates of Internet penetration obtained through network measurements, we show that politically excluded groups suffer from significantly lower Internet penetration rates compared with those in power, an effect that cannot be explained by economic or geographic factors. Our findings underline one of the central impediments to “liberation technology,” which is that governments still play a key role in the allocation of the Internet and can, intentionally or not, sabotage its liberating effects.



*Nils Weidmann is Professor of Political Science and head of the “Communication, Networks and Contention” Research Group at the Department of Politics and Public Administration. His research deals with violent and non-violent conflict, with a particular focus on the impact of communication and information technology.*

*Claudia Diehl is currently a Professor of Microsociology in the Department of History and Sociology. Her main research interest lies in the field of migrants’ integration processes in Germany and in comparative perspective. She is co-applicant of the DFG/Norface funded research project “Migrants’ Welfare State Attitudes” (MIFARE) and PI of a new DFG funded research project on recent immigrants and refugees in Germany.*



**CD: What was the reason for you to look into the topic of “digital discrimination”?**

**Nils B. Weidmann:** I am working on a larger project where we study the impact of information technology on political mobilisation and protest. An obvious question within this project is how groups get access to the Internet in the first place. This question is highly relevant, both theoretically and methodologically. Since we were not able to find large, comprehensive studies on this topic, we conducted our own analysis, using the subnational estimates of Internet penetration we had developed in the larger project.

**CD: Five authors from four different countries contributed to this paper. How did this group come together and how important was this interdisciplinary and international collaboration for the study?**

**NW:** For the main project on Internet and protest, we needed subnational indicators for Internet penetration. In other words, we needed to know what regions of a country are well connected, and which ones are not. As we described in the paper, there is no comprehensive source of data that covers a large sample of countries. Therefore, I reached out to colleagues in computer science in order to develop alternative subnational indicators of Internet penetration using Internet traffic logs. The international collaboration with computer science experts was important, since these colleagues had access to a large dataset of Internet traffic that we could use for our analysis.

**CD: What were the biggest practical challenges you faced in assembling the unique dataset that you used for the analyses?**

**NW:** The biggest practical challenge was that the data contains potentially sensitive information (Internet addresses of senders and recipients), which meant that we could not directly process them on our computers. Instead, one of the members of our team, Suso Baleato, travelled to Zurich once a week to work there. At some point, the data were aggregated and stripped of identifying information, and we were able to do further analysis on our machines. Still, due to the large number of data points, we had to use some specialised server infrastructure, but that was not too difficult.



**CD:** As far as I understood, the idea behind the concept of digital discrimination is that governments exert power in limiting unfavourable minority groups' access to the internet. How does this strategy relate to more classical forms of censorship and misinformation?

**NW:** We believe it complements these strategies. Digital discrimination applies to cases where minorities are territorially separate (which means that technically, it is easy to limit the development of network infrastructure) and where there are few other incentives (e.g., economic ones) to build up the Internet. In other cases, these incentives do exist, digital discrimination is not possible and access is provided. In these cases, governments need to rely on censorship and surveillance.

**CD:** Your findings reveal that violent conflict of groups that are digitally discriminated is less affected by the internet than usually. Why didn't you choose a more general indicator for political mobilisation such as participation in political protest in general?

**NW:** We needed to have an indicator at the ethnic group level that tells us whether the group mobilised in some way. For the ethnic groups in our sample, the conflict indicator is the only one that exists. This is why it would be interesting to conduct further work, in order to see whether there is an effect for low-violence or non-violent mobilisation.

**CD:** You describe that the provision of less dense subnetworks in those regions that are predominantly inhabited by politically excluded groups is the most important strategy of digital discrimination. The most obvious competing explanation - that a low penetration rate reflects factors that are often correlated with political exclusion, most importantly economic disadvantage or geographic remoteness - is ruled out by controlling for economic and geographic variables. However, the suspected causal relationship can only be tested indirectly - a typical problem when using aggregate level data. Isn't it possible that certain regions have a low network density for technical reasons (e.g. related to their topography) and are therefore politically excluded?

**NW:** I agree that causal identification is certainly a challenge in this case. We try to rule out confounding by controlling for a number of factors, and topography is one of them. As we show in the analysis, more rugged regions have lower connectivity rates, but this does not eliminate the effect of exclusion. The same applies to remote regions, and those with low levels of development. But it is certainly possible that we have not done enough, which is a problem affecting many observational studies alike. Still, I believe that the results we present indicate that something interesting is going on, although we are not able to pin down the causal effect with as much certainty as for example in an experimental study.

**CD:** Is the political strategy of "digital discrimination" of politically excluded ethnic groups relevant within OECD countries as well?

**NW:** It may be, but to a much lower extent. First, in many of these countries ethnicity is simply not relevant as a political category. Even if it is, exclusion along ethnic lines is less of a problem. In addition, democratic institutions remove much of the need to "digitally control" the population for political reasons.

**CD:** Do you plan to keep working on this topic? Which other research questions will you tackle in the future that build upon this study?

**NW:** We are still working on the study of Internet and political protest, although without a focus on ethnicity. This is the focus of a book project we hope to complete later this year. In addition, I hope to obtain funding to study other kinds of politically motivated uses of digital technology, as for example cyberattacks. □

# THE MEDIATION OF POLITICS THROUGH TWITTER

An Analysis of Messages posted during the Campaign for the German Federal Election 2013

Andreas Jungherr, Harald Schoen and Pascal Jürgens

*Journal of Computer-Mediated Communication, Vol. 21, Issue 1, pp. 50–68.*



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**Abstract:** Patterns found in digital trace data are increasingly used as evidence of social phenomena. Still, the role of digital services not as mirrors but instead as mediators of social reality has been neglected. We identify characteristics of this mediation process by analysing Twitter messages referring to politics during the campaign for the German federal election 2013 and comparing the thus emerging image of political reality with established measurements of political reality. We focus on the relationship between temporal dynamics in politically relevant Twitter messages and crucial campaign events, comparing dominant topics in politically relevant tweets with topics prominent in surveys and in television news, and by comparing mention shares of political actors with their election results.

*Andreas Jungherr is Assistant Professor for Social Science Data Collection and Analysis at the Department of Politics and Public Administration. His research focuses on the role of digital technology in political communication and the use of digital trace data in the social sciences. He has published in, among other places, Journal of Communication, Journal of Computer-Mediated Communication, The International Journal of Press/Politics, and Politische Vierteljahresschrift.*

**David Schoch:** In the article, you analyse the mediation of political reality through digital trace data from Twitter. How does it fit into current research on Twitter data?

**Andreas Jungherr:** Currently, Twitter-based research is at an interesting inflection point. After an early phase when everyone was fascinated by Twitter as a data source we now seem to enter a phase in which research is much more conscious about the specific potentials and limitations of this

very specific data source. Here, I feel our paper fits perfectly in the current moment by theorising about the link between Twitter-data and underlying phenomena of interest. For research based on data collected on digital services to mature, we have to think much more explicitly about the specific data generating processes and their consequences for the legitimate interpretation of patterns found in the resulting data. I feel our article provides an early step towards the development of a broader measurement theory for digital

trace data that we as a field have to start consciously building if we want the use of digital trace data to reach the mainstream in the social sciences.

**DS:** You compare results from twitter data with traditional social science techniques like surveys. Do you think that social scientific methods augmented by data-driven approaches can help in analysing social phenomena instead of just relying on one of the two approaches?

**AJ:** Very much so! I believe one of the most promising avenues of future research lies in these hybrid research designs which do not rely on one specific data type but instead try to measure an underlying social or political phenomenon through a set of varying but complementary measurement approaches. In the best case, this triangulation allows for the compensation of biases inherent in each specific measurement approach and thus for a much more precise representation of the underlying phenomenon of interest.



*David Schoch is a GSDS graduate and currently a postdoctoral researcher at the Department of Computer & Information Science. His main research interests lie in the field of social network analysis. His current research involves measuring centrality in networks, analysing political astroturf on social media and topics in soccer analytics.*

**DS:** In your article, you state that “[It] is mandatory to understand whether and when digital trace data are useful in the analysis of social and political phenomena and how reconstructions of social and political reality based on digital trace data might be systematically distorted”. What kind of social and political phenomena could be directly studied with digital trace data? Further, if data is “systematically distorted”, do you see a way to adjust for inherent biases?

**AJ:** The link between digital trace data and underlying phenomena depends on how closely the data generating process of a platform under analysis corresponds with the phenomenon of interest. For example, if I am interested in the dynamics of public attention toward politics on a specific digital platform, the analysis of digital trace data of said platform will allow me to speak very directly to that phenomenon. It becomes slightly more difficult if I want to speak to public attention toward politics in general based on digital trace data. Here, I need a convincing bridge hypothesis on why the very specific population actively using a service should be representative of the general population with regard to political attention. Also, I need to discuss whether and how the expression of political attention found in user interactions on a specific service can be seen as proxy for political attention in general. Completely untenable becomes the attempt to use digital trace data as indicators of phenomena

with very little connection to the initial use of the platform producing the data. My favourite example here is the use of Twitter data to predict elections. There is very little reason to assume that the act of tweeting about political candidates validly indicates the intention of voting for them. Much more likely drivers of political mentions than political support are prominence in media coverage, contentious controversies, or the potential to poke fun at a political figure. To use Twitter-messages driven based on these motives to predict electoral success seems rather heroic, to put it mildly. In short, digital trace data offer an excellent view on usage behaviour with and through a specific digital service. For any insights going beyond phenomena directly giving rise to the data under examination we need a measurement theory.

**DS:** Comparing the mentions of political parties and results from polls, your article shows that the mentioning of parties is not necessarily indicative for election results and polls seem more accurate. In the recent US election, most polls suggested a landslide victory of Hilary Clinton. On the other hand, social media was flooded with topics concerning Donald Trump. After the election, he also claimed that his social media strategy was in part the reason for him to win the election. Does this point to a behavioural change in social media habits of people, i.e. is twitter becoming a mirror of offline behaviour, or was the election an exception of the rule?

**AJ:** No, I do not believe that Donald Trump’s mentions on Twitter before the election could have provided a better basis for assessing his electoral chances than polls. Instead, Trump is probably a case where media attention and public controversy incidentally coincided with him winning the election. If true, this could mean that his prominence in social media mentions was simply reflecting media attention and the intensity of the controversy surrounding him. But, as many politicians at the centre of controversy will tell you, both media attention and levels of controversy do not necessarily increase one’s electoral chances. Using Trump as a case of the possibility to reliably predict election results through Twitter data might simply mistake the phenomenon tweets were indicating.

**DS:** The focus of your paper is the social media platform Twitter. Other platforms exhibit different characteristics in how people interact with each other and also the composition of the user base might be different. On Facebook, for example, communication might be subjected to filtering and is less public than on Twitter. Do you think this leads to significant differences in political mediation?

**AJ:** Digital services vary based on their code, usage practices, usage motives, and the level of access they allow researchers. Given this, it is highly likely that the reflection of social or political reality emerging from data collected on different services diverges. But common to data

collected across all digital services is that their reflection of phenomena of interest skew based on the mediating factors raised in our article. What varies should be the degree of skewness based on each service’s data generating process.

**DS:** There has been a big debate and some public hysteria after the US election in 2016 concerning fake news on social media. Some people believe that they had considerable impact on the outcome of the election. How do you assess the influence of fake news on public opinion? More general, do you think that the usage of fraudulent means, like disseminating fake news or the usage of social bots, can be used to steer public opinions?

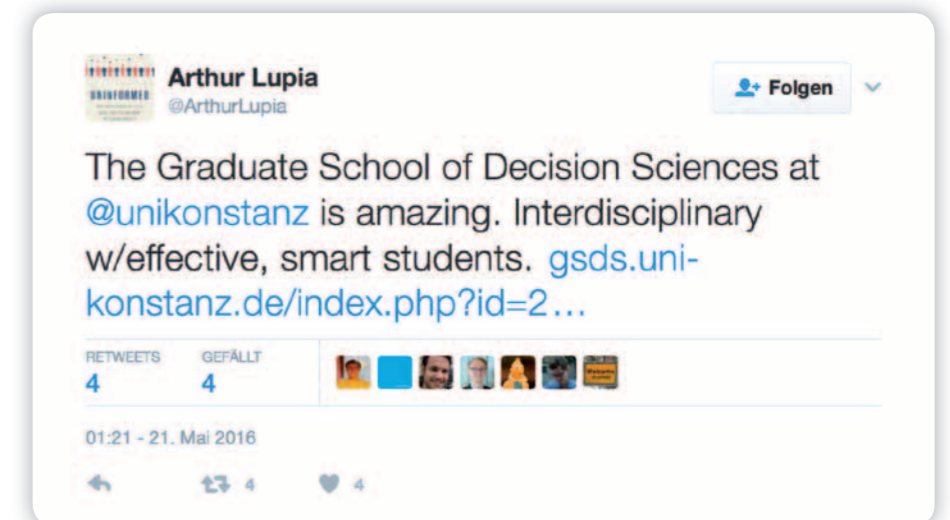
**AJ:** I would be highly sceptical of some of the more far-reaching claims in the current discussion. The shock of Donald Trump’s election seemingly has spun public imagination into overdrive. And fake news and social bots have been identified by some as culprits. Given what we know about the role information in public opinion formation it would be highly surprising to see fake news to have a direct effect on election results. Yet, it is highly likely that the current obsession with fake news in public debate leads to increased distrust in media in general. Similarly, the fascination with automated accounts, so-called social bots, on social media has not resulted in specific suggestions on how the presence of these accounts and their post might contribute to influencing public opinion in such a massive way as to sway elections. □



# EXPLORING IGNORANCE

The Acquisition, Selection and Processing of Information  
Interdisciplinary GSDS Research Symposium, 18–20 May 2016

The second research symposium of the Graduate School of Decision Sciences, which took place on May 18-20, 2016, in Hedicke's Terracotta in Konstanz, created a highly interdisciplinary and international dialogue on the role of information in decision making.



Using information is essential to virtually all areas of decision making, be it individual-level decisions or collective decisions in organisations or groups. Information reduces uncertainty, clarifies risks and is crucial in order to make decisions which are consistent with our preferences.

The GSDS symposium "Exploring Ignorance" brought together psychologists, economists and political scientists to analyse the unique and complex challenges facing a multidisciplinary discourse of state-of-the-art research on the acquisition, selection and processing of information. Organised by

six doctoral students of the Graduate School, the conference hosted around 80 participants coming from academic institutions from all over Europe, Asia and North America.

Keynote and focus sessions by distinguished experts provided participants with theoretical and empirical reviews of the newest insights into the role of information in different decision contexts. The topics ranged from basic research on cognitive processes, decision strategies and pro-social behaviour to more applied questions on group decision making, persuasion and political decision making.

In his opening talk, the neuroeconomist Ian Krajbich (Ohio State University) illustrated within the framework of sequential sampling models how attention to information can influence our subsequent choice. This branch of research adds the measurement of cognitive processes to the economic literature, which traditionally followed a more algebraic approach to describe how people make risky choices. Based on various different studies, Thorsten Pachur (Max-Planck-Institute for Human Development, Berlin) presented a new integrative approach to combine these two different schools to better understand how information is used in decisions under risk.

Keynote speaker Gerd Gigerenzer (Director of the Max-Planck-Institute for Human Development, Berlin) introduced the participants to the world of "homo heuristicus" and explained why ignoring information can be a smart decision strategy, especially in environments characterised by high uncertainty. That ignorance can be part of a strategy in social decisions was also shown in the talk by Susann Fiedler. In her eye-tracking studies, people systematically ignored information to decrease tension from self-interested behaviour but also to avoid discrimination and increase fairness.



Arthur Lupia (University of Michigan) changed the perspective in the second keynote speech by not looking at the decision maker himself but at the people aiming to educate the decision makers. In his inspiring talk he described how educators such as professors, civic leaders and journalists can successfully convey important information to the public.

Marco Steenbergen (University of Zurich) provided the audience with myths and realities of voter ignorance and reasons to be both optimistic and pessimistic about the wisdom of people.

Moreover, two talks addressed the question of how information is used in group decision making. At first, Alex Mintz (Director of the Institute for Policy and Strategy, IDC Herzliya) described how group dynamics shape political decisions and presented different models of group decision making. More precisely, he argued that conformity and disunity of perceptions of reality by groups involved in political decision making are critical for foreign policy decisions and provided several examples.

Secondly, Stefan Schulz-Hardt (University of Göttingen) provided the audience with psychological research on the topic and explained why despite the advantage of additional information groups often fail to create synergies. In addition to the focus and keynote sessions, Ph.D. students and postdocs got the opportunity to present their work in different paper and poster sessions allowing them to get feedback from an audience with a wide range of backgrounds and experience.

The academic programme of the symposium was completed by a dinner at Constanzer Wirtshaus. Enjoying typical Southern German cuisine and beer accompanied with a beautiful view on the Seerhein, participants were able to continue their discussions in an informal setting.

Overall, the second GSDS Symposium was again a great success. We want to express our gratitude for the generous support from the GSDS, the Thurgau Institute of Economics as well as the departments of Politics and Public Administration, Economics and Psychology.



Prof. Arthur Lupia  
(University of Michigan)



Prof. Gerd Gigerenzer (Max-Planck-Institute for Human Development)



Organisers (l.t.r.): Johannes Doerflinger, Nathalie Popovic, Julia Göhringer, David Grammling, Lucia Görke, Konstantin Käppner

# INVESTING IN EDUCATION IN EUROPE

Marius R. Busemeyer, Julian L. Garritzmann and Erik Neimanns

What do voters want their governments to do when reforming education policies? And what are their reform and policy priorities, given the oftentimes tight government budget constraints? In many European countries, education is at the top of the public agenda. In Germany, for example, there have been extensive debates on issues such as the expansion of early childhood education, PISA test scores, reforms of tracking in secondary schooling, and important reforms in the area of higher education, most prominently the introduction and abolishment of tuition fees. With regard to labour market training, the controversial Hartz reforms in the early 2000s increased training opportunities for some groups, but implied benefit cutbacks for others. Yet, apart from the general notion that “education” is very popular among the public, to what extent specific education policy reforms are in line with voter preferences or rather motivated by other, competing concerns is still poorly understood. This lack of knowledge is driven to a large extent by the lack of adequate data on public opinion towards education policies.

In the project “Investing in Education in Europe: Attitudes, Politics and

Policies” (Inveduc), funded by an ERC Starting Grant from 2013 to 2018, we address this gap. As a first step, we conducted our own comparative survey, fielded in 2014, on public opinion on a range of education policies in eight European countries. Marius Busemeyer as the principal investigator, Julian Garritzmann and Erik Neimanns, both (former) associate PhD students at the GSDS, constitute the project group.

The aim of the project is to assess which types of education (policy) citizens demand, also relative to other social policies, and how they would like the education system to be governed. Furthermore, we want to examine how citizens’ preferences are reflected in actual education policy making. Existing comparative surveys are flawed in that they pose unrealistic questions without budget constraints. In several paper projects, we pursue the question how public support for education spending changes once we take into account that increased spending on education would need to be financed by increases in taxes, public debt, or by cutbacks in other (social) policies. One central finding is that the close to unequivocal support for spending increases on education shrinks

considerably if this would imply higher levels of taxes or public debt. Nevertheless, in some countries, a majority of citizens remains in favour of spending increases under such circumstances. However, public support vanishes once spending increases would come at the cost of cutbacks in compensatory social policies such as pensions or unemployment benefits. We find that opposition to such reform proposals is partly due to the uncertainty associated with the implementation and outcomes of reforms. Citizens’ levels of political trust, however, can alleviate this uncertainty and grant governments some leeway for reforms.

During the last year, we presented first findings from the Inveduc survey at various international workshops and conferences. We organised a two-day workshop in Konstanz on “Public Opinion and Policy Feedback - Complex Interrelations in Welfare and Social Investment Policies” in July 2016, bringing together leading scholars from the US and Europe on public opinion, welfare state and education research. Furthermore, Marius Busemeyer’s book “Skills and Inequality: The Political Economy of Education and Training Reforms in Western Welfare States”,

published in 2015 by Cambridge University Press, was awarded the Stein Rokkan Prize for Comparative Social Science Research.

In 2017 we will start working on a book project in which we will bring together the various research questions motivating our project. We will

examine how public demand for investments in education translates into actual policymaking. To do this, we will complement the evidence from the Inveduc survey with data from qualitative interviews with experts, policymakers, and interest group representatives. Our findings will advance our understanding of

when and how public opinion becomes relevant for policymaking and will shed light on the various conditioning and constraining factors in the democratic decision making process that intervene between strong public support for education spending increases and varieties of reforms and non-reforms in education. ┌





# A SUMMER SCHOOL IN MOSCOW

Livia Shkoza

The International School in “Modelling and Forecasting of Socio-Economic Dynamics” took place in Moscow from 1st to 8th October 2016 on the invitation of the Plekhanov Russian University of Economics, a long-term partner of the Department of Economics at the University of Konstanz. A group of 10 students led by Prof. Winfried Pohlmeier and Prof. Ralf Brüggemann was accommodated in Moscow and participated in the International School together with fellow Plekhanov students and professors.



The focus of the International School was the exchange of knowledge regarding modern methods in statistics and econometrics. This was achieved by a very well-organised programme and the intense involvement of the participants. The International School started with a lecture held by Prof. Pohlmeier on model selection. In the following days, Prof. Brüggemann held two lectures on structural analysis of multivariate time series models, followed by a lecture on interval forecasting by Prof. Nikolay Tikhomirov. The Konstanz Master’s students presented their papers, which they had prepared for the seminar in “Big Data in Economics and Finance” and the PhD students presented their doctoral dissertations. The Plekhanov students presented their empirical studies.

After each presentation, we were free to ask questions and discuss ideas. Therefore, the students from both universities learned something new and gained a different perspective on a certain

topic. The research presented by the fellow Plekhanov students concerned real-world issues, such as the quantitative assessment of demographic potential in Russia, multivariate quantitative analysis of social tensions in the regions of the Russian Federation and interval assessment of radioactive risks. The Plekhanov students were open to any questions, suggestions or opinions on their work. The papers presented by our students focused more on methodological issues related to the analysis of “Big Data”. The students from both universities definitely broadened their academic horizons.

The week in Moscow was not only academically exciting. We were all pleased with the hospitality of our Russian partners, starting with the comfortable accommodation. The organisation of the seminar at the Plekhanov University was excellent. Students from both sides gained a lot from this experience. The Plekhanov students learned about academic life at the University

of Konstanz and asked many questions about the degree courses offered, the application procedure and about living in Konstanz. We also had the opportunity to discuss relevant academic and professional topics with the PhD students and the professors, and therefore gained a clearer idea of our future career plans. Furthermore, we took part in different excursions every day. On the first day after arrival, the Plekhanov University organised a city tour for us and on our last day, they took us to the Trinity Monastery of St. Sergei. From a cultural point of view, this was one of the most interesting and important experiences in Moscow. Moreover, we were lucky to have two Russian PhD students from Konstanz, who took us to different places every afternoon after the presentations. The most exciting experience was a guided tour through the campus of the International University in Moscow. In the end, we were all grateful for this memorable week in Moscow.

## COMMENTS FROM THE PARTICIPANTS

### GERHARD FECHTELER, MSC PROGRAMME IN ECONOMICS

The Plekhanov Summer School was surely a highlight of my studies. From a technical point of view, the seminar provided many insights into current and upcoming research topics. The variety of presented topics and research ideas broadened my view on econometric analysis. Whereas lectures are usually about established theories and tools, the seminar complemented this knowledge, by critically reflecting on the underlying assumptions of established theories. By focusing on the drawbacks of established methods and providing ideas for tackling the challenges, the presentations improved, on the one hand, our understanding of the known material and, on the other hand, induced more critical thinking, as well as thoughts on how to handle potential difficulties. All in all, the seminar helped us considerably to acquire a more complete view of the field of econometric theory. Moreover, the Summer School was an enrichment, not only from a technical, but also from a cultural point of view. We enjoyed the great hospitality of our friends in Moscow, who succeeded to make our stay perfectly pleasant. Tours of Moscow and a trip to the Sergijew Possad monastery provided insights into both the current life in the capital of Russia and the history and traditions of the city and country. Above all, I am happy about the many discussions, which I had with Russian students and teachers, the trips, and the welcome and farewell parties. We had a great time together and exchanged many thoughts. This personal contact, in my opinion, was one of the most valuable aspects of the International School. Finally, it remains for me to express my gratitude to all organisers and participants from both universities for making this an unforgettable event.

### PATRICK REISER, MSC PROGRAMME IN SOCIAL AND ECONOMIC DATA ANALYSIS

Participating in the Summer School at Plekhanov University was an unforgettable experience, both academically and culturally, for which I would like to thank the organisers. The possibility to exchange ideas on an international level provided new perspectives and inspiration for potential future research topics, and it also helped us to scrutinise current work from another point of view. The lectures and presentations of the participating professors, PhD and Master’s students provided interesting insights into the current status quo of econometric modelling techniques. Trips to various attractions in Moscow and to the monastery in Sergiyev Posad enabled us to learn about the Russian culture. These trips were also a good opportunity, which you do not typically receive as a student, to discuss both professional and personal topics with professors and PhD students. Finally, I would like to mention the great hospitality and organisational skills of our Russian friends, who ensured that we were optimally provided with everything we needed.

# VISITING PROFESSORS AND COURSES IN 2016

## **SAMUEL BOWLES**

Professor Emeritus,  
University of Massachusetts Amherst,  
Director of the Behavioural Science  
Programme, Santa Fe Institute  
"The Origins and Future of Economic  
Inequality"

## **CARLOS CARRILLO-TUDELA**

Associate Professor of Economics,  
Department of Economics,  
University of Essex  
"Labour Market Search"

## **XU CHENG**

Associate Professor of Economics,  
University of Pennsylvania  
"High-Dimensional Problems and  
Robust Interference "

## **SUSANN FIEDLER**

Max Planck Institute for  
Research on Collective Goods  
"Eye Tracking"

## **JAN GERTHEISS**

Clausthal University of Technology,  
Professor at the Institute of Applied  
Stochastics and Operations Research  
"Topics in Advanced Econometrics"

## **KRISTIAN SKREDE GLEDITSCH**

Professor of Political Science,  
Department of Government,  
University of Essex  
Research Stay

## **SUGATA MARJIT**

Reserve Bank of India,  
Professor of Industrial Economics,  
Centre for Studies in Social Sciences,  
Calcutta  
"Development Economics"

## **BRANISLAV L. SLANTCHEV**

Professor of Political Science,  
University of California, San Diego  
Research Stay

## **CHRISTINA J. SCHNEIDER**

Associate Professor of Political Science,  
University of California, San Diego  
Research Stay

## **CURTIS SIGNORINO**

Associate Professor of Political Science,  
University of Rochester  
"Selection and Strategic Models"

## **JEAN-ROBERT TYRAN**

Professor of Economics, Director of the  
Vienna Center for Experimental Economics  
"Scientific Writing and Publishing or  
How to Survive as a Young Academic in  
Economics"

## **ANSGAR WOHLSCHLEGEL**

Principal Lecturer at the  
University of Portsmouth  
"Law and Economics"

## **TOSHIO YAMAGISHI**

Professor Emeritus,  
Hokkaido University  
"Cultural and Institutional Approaches  
to Pro-Sociality"



# GRADUATES 2016

## NIKLAS HARDER

GSDS MEMBER: 11/2012 – 07/2016  
GRADUATION: 19/07/2016  
"INTRINSIC MOTIVATION IN PARTY POLITICS:  
EXPLAINING THE FULL RANGE OF POLITICAL BEHAVIOR"  
SUPERVISORS: Prof. Dr. Susumu Shikano  
Prof. Dr. Peter Selb  
Prof. Dr. Peter Gollwitzer



## VERENA MACK

GSDS MEMBER: 11/2012 – 07/2016  
GRADUATION: 20/07/2016  
"THE FINGERPRINTS OF FRAUD:  
AN IN-DEPTH STUDY OF ELECTION  
FORENSICS WITH DIGIT TESTS"  
SUPERVISORS: Prof. Dr. Susumu Shikano  
Prof. Dr. Nils B. Weidmann  
Prof. Dr. Thomas Hinz



## SABINE OTTO

GSDS MEMBER: 11/2012 – 02/2016  
GRADUATION: 29/02/2016  
"THE GRASS IS ALWAYS GREENER?  
ARMED GROUPS SIDE SWITCHING IN CIVIL CONFLICTS"  
SUPERVISORS: Prof. Dr. Nils B. Weidmann  
Prof. Dr. Gerald Schneider  
Prof. Dr. Kathleen Gallagher Cunningham,  
University of Maryland



## ESPEN GEELMUYDEN RØD

GSDS MEMBER: 11/2012 – 03/2016  
GRADUATION: 01/03/2016  
"PROTEST DYNAMICS IN AUTOCRACIES"  
SUPERVISORS: Prof. Dr. Nils B. Weidmann  
Prof. Dr. Håvard Hegre, Uppsala University  
Prof. Dr. Gerald Schneider



## KESHUN ZHANG

GSDS MEMBER: 11/2012 – 07/2016  
GRADUATION: 19/10/2016  
"FUEL IN THE FIRE:  
THE EFFECTS OF ANGER ON RISKY DECISION MAKING"  
SUPERVISORS: Prof. Dr. Thomas Götz  
Prof. Dr. Sarah Martiny, University of Tromsø, Norway  
Prof. Dr. Urs Fischbacher



SYMPOSIUM "EXPLORING IGNORANCE:  
ACQUISITION, SELECTION AND PRO-  
CESSING OF INFORMATION"  
May 18 - 20, 2016

While acquiring, selecting and processing information is central to virtually all decisions studied in Economics, Political Science, Sociology and Psychology, the systematic study of information in decision making today remains largely isolated within these disciplines. The aim of the symposium was to bring together an interdisciplinary group of researchers to foster an exchange on the common insights and challenges regarding the role of information in decision making processes. (p.58)

WORKSHOP "LABOR MARKET DYNAMICS: THE ROLE OF  
PRODUCT AND FINANCIAL MARKET IMPERFECTIONS"  
July 04 - 05, 2016

A total of 30 researchers and eight doctoral students participated in this workshop, which took place in the city hall of Konstanz. 12 research projects were presented and discussed by the participants. Gianluca Violante (New York University) delivered the keynote speech on procyclical hiring by firms. Multiple contributions dealt with the main theme of the workshop, the interdependence of product, financial, and labour markets. They included research on the impact of globalised product markets on local and sectoral labour markets, the role of credit markets for labour market dynamics, and the significance of household debt for the labour market. Other presentations dealt with occupational changes and the transition from unemployment to employment, and multiple innovative projects discussed the causes of wage inequality.

## NEWS & EVENTS IN 2016

WORKSHOP ON "INVESTMENT, PORTFOLIO  
CHOICE, AND ASSET PRICING" FOR  
PHD STUDENTS (KÖNIGSFELD)  
May 19 - 20, 2016

Every two years a workshop on Finance takes place with the University of Strasbourg. It supports the exchange of both universities in the field of finance. Prof. Jackwerth, Konstanz and Prof. Weill, Strasbourg organised the workshop in 2016. The presentations were devoted to various topics in the fields of investments, portfolio decisions, and asset valuations. In addition to the research exchange, it intensified contacts between the PhDs. The workshop is also a market place where new research ideas can be discussed.

DR. ANNA SLAVUTSKAYA RECEIVES  
AIRBUS-GROUP FORSCHUNGSPREIS  
"CLAUDE DORNIER"  
July 18, 2016

Dr. Anna Slavutskaya has been awarded the Airbus-Group Award "Claude Dornier" for her doctoral thesis "Three Essays on Hedge Funds."

WORKSHOP "CHALLENGES AND OPPORTUNITIES  
FOR DIVERSE WORK TEAMS"  
July 19 - 20, 2016

In this workshop, we connected our research on team performance (Dr. J. Lukas Thürmer, GSDS) and organisational diversity (Prof. Florian Kunze, GSDS) with small group research on deviance (Prof. John Levine, University of Pittsburgh) and social psychological research on intergroup relations (Prof. Johannes Ullrich, University of Zurich) to identify how organisations can master the challenges and reap the benefits of diverse work teams. Key note addresses by these established researchers laid out the framework for doctoral researchers Max Reinwald (University of Konstanz, GSDS), Neela Mühlemann (University of Zurich), Theresa Goecke (University of Konstanz), and Lucia Görke (University of Konstanz, GSDS) to present and discuss their ongoing projects. Several additional doctoral and post-doctoral researchers participated. Besides the intense discourse on team diversity, social events provided opportunities for networking. This workshop helped initiate a follow up-visit of Lucia Görke to the University of Pittsburgh (March 2017).

#### DOCTORAL WORKSHOP

##### "QUANTITATIVE DYNAMIC ECONOMICS"

September 16-17, 2016

This highly international workshop brought together researchers and doctoral students from Germany, France, and Spain. It gave the opportunity to 11 doctoral students to present their research on the business cycle and financial markets, monetary policy, as well as labour market dynamics and income inequality. Common to all research projects was the use of dynamic stochastic general equilibrium models, which allowed us to establish connections between different research projects. In general, the workshop deepened the cooperation between the participating universities of Aix-Marseille, Carlos III Madrid, Strasbourg, and Konstanz that had begun after a similar workshop in Konstanz in 2015, and supported networking of the doctoral students in Europe.

#### PRESENTATION AND COMMUNICATION TRAINING FOR THE ACADEMIC JOB MARKET

December 06-07, 2016

Doctoral students are used to presenting their results to peer groups. The approach of this course was not only to discuss the outlines of a convincing presentation but mainly to focus on self-presentation. In order to achieve clarity and develop a profound self-confidence for their presentation, the candidates gave presentations with video feedback, one focusses on their self-presentation, the second on their scientific presentation. (p. 42)



#### SUMMER SCHOOL

##### "MODELING AND FORECASTING OF SOCIO-ECONOMIC DYNAMICS"

October 01-08, 2016

The International School in "Modelling and Forecasting of Socio-Economic Dynamics" took place in Moscow from 1st to 8th October 2016 on the invitation of the Plekhanov Russian University of Economics, a long-term partner of the Department of Economics at the University of Konstanz. (p. 64)

#### 3RD GSDS RETREAT (KEMPTEN)

October 06-07, 2016

The Graduate School's Science Retreat took place at St. Raphael in Kempten. Its main purpose was to facilitate the exchange of ideas and research results as well as to develop new collaboration prospects, since daily occasional encounters at the University leave little time for this. There were 14 talks given by doctoral students of the Graduate School. Moreover, outside of the official programme, there was enough time to discuss research ideas and methods in small groups.

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BRANISLAV L. SLANTCHEV,  
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as a Consummate Campaigner

IAIN COUZIN | 10.05.2016  
From Democratic Consensus to Cannibalistic Hordes:  
The Principles of Collective Behavior

TAL SADEH, TEL AVIV UNIVERSITY | 17.05.2016  
The Politics of Fiscal Policy Signalling in Government Bond Issues

XU CHENG, UNIVERSITY OF PENNSYLVANIA | 24.05.2016  
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LEO KAAS | 12.07.2016  
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FADONG CHEN | 18.10.2016  
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CHRISTINA SCHNEIDER, UNIVERSITY OF CALIFORNIA, SAN DIEGO | 14.02.2017  
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