## Upcoming Seminars

**Monday, 28.11.2016**  
**Departmental Seminar**  
17.15-18.15  
Yves Breitmoser, HU Berlin  
(Ainvited by Jörg Oechssler)  
"The Axiomatic Foundation of Logit"

**Tuesday, 29.11.2016**  
**Economics and Politics Seminar**  
13.45-14.45  
Alejandro Caparros  
"Multilateral Versus Sequential Negotiations over Climate Change"

**Wednesday, 30.11.2016**  
**Internal Seminar**  
12.15-13.15  
Florian Diekert  
"How Natural Variability Affects Risk Preferences and Cooperation Among Common-Pool Resource Users — Presentation of Research Design"

**Wednesday, 30.11.2016**  
**Macro & Econometrics Seminar**  
17.00-18.00  
Onno Kleen  
"Evaluating Systemic Risk Forecasts"

**Thursday, 1.12.2016**  
**Lecture Series: The End of Globalization?**  
18.00-19.30  
Hillel Rapoport  
"Combining Physical and Financial Solidarity in Refugee Protection: Tradable Quotas, Matching and EU Asylum Policy"
Abstracts

Departmental Seminar

Yves Breitmoser

"The Axiomatic Foundation of Logit"

Multinomial logit is the canonical model of discrete choice but widely criticized for requiring specific functional assumptions as foundation. The present paper shows that logit is behaviorally founded without such assumptions. Logit’s functional form obtains if relative choice probabilities are independent of irrelevant alternatives and invariant to utility translation (narrow bracketing), to relabeling options (presentation independence), and to changing utilities of third options (context independence). Least squares differs from logit only by making the additional assumption that utility is perceived to be quadratic around the utility maximizer, showing that logit is the more general model and least squares actually requires specific functional assumptions. Reviewing behavioral evidence, presentation and context independence seem to be violated in typical experiments, not IIA. Relaxing context independence yields contextual logit (Wilcox, 2011), relaxing presentation independence allows to capture "focality" of options.

Economics and Politics Seminar

Alejandro Caparros

"Multilateral Versus Sequential Negotiations over Climate Change"*

We discuss a model of gradual coalition formation with positive externalities in which a leading country endogenously decides whether to negotiate multilaterally or sequentially over climate change. We show that the leader may choose a sequential path, and that the choice is determined by the convexity of the TU-game and the free-rider payoffs of the followers. Except in a few clearly defined cases, the outcome of the negotiation process is always the grand coalition, although the process may need some time. This holds for the standard IEA game with heterogeneous players even if the grand coalition is not stable in a multilateral context. We also analyze the role of a facilitating agency. The agency has an incentive to speed up intra-stage negotiations and to extend the period between negotiation stages in a sequential process.

*with Jean-Christophe Pereau

Internal Seminar

Florian Diekert

"How Natural Variability Affects Risk Preferences and Cooperation Among Common-Pool Resource Users — Presentation of Research Design"

Are resource users that are exposed to larger natural variability more used to risk and hence less averse to it? How does resource variability, and in particular resource scarcity, affect the propensity to cooperate among common-pool resource users? Is more risk averting behavior conducive to sustainable common-pool resource management, or is risk averting behavior counter-productive because of the involved strategic uncertainty? This document elaborates on the motivation to study these
questions and presents the experimental research design that could provide a better understanding of how natural variability affects risk preferences and cooperation among common-pool resource users.

**Macro & Econometrics Seminar**
Onno Kleen
"Evaluating Systemic Risk Forecasts"
In the wake of Lehman Brothers filing Chapter 11 and the ensuing financial crisis, many proposals for measuring the systemic risk of financial entities have been made. These measures are conditional on a particular statistical model. However, choosing a model is difficult given the lack of formal methods for evaluating systemic risk forecasts. We propose such methods, based on a model's bivariate forecast distribution for firm and market returns. This distribution nests most existing measures of systemic risk, and can be evaluated using proper scoring rules.
*with Rebekka Gätjen, Fabian Krüger and Melanie Schienle

**Lecture Series: The End of Globalization?**
Hillel Rapoport
"Combining Physical and Financial Solidarity in Refugee Protection: Tradable Quotas, Matching and EU Asylum Policy"
The current EU Asylum policy is widely seen as ineffective and unfair. We propose an EU-wide market for tradable quotas on both refugees and asylum-seekers coupled with a matching mechanism linking countries' and migrants' preferences. We show that the proposed system can go a long way towards addressing the shortcomings of the current system. We illustrate this claim using the recent problems regarding relocation faced by the European Relocation from Malta (EUREMA) program.

**New Discussion Papers**

New and Leaving Staff

**Marta Curto**, who has been a postdoctoral researcher at the AWI since October 2013, will leave the Research Center for Distributional Conflict and Globalization by the end of November. In January 2017, she will join the Institutions and Political Economy Research Group at the University of Barcelona (Department of Economics). She will be a member of the ERC project "The Birth of Party Democracy. The Emergence of Mass Parties and the Choice of Electoral Laws in Europe and North America (1870-1940)". Mucho éxito!