

WWZnewsletter 02'2014

Aktuelle Informationen aus dem Wirtschaftswissenschaftlichen Zentrum der Universität Basel | News and Events at the Faculty of Business and Economics

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1. SCCER CREST Opening

On May 15, 2014 the SCCER CREST was officially inaugurated as the new competence center for energy research. About 100 guests from industry, public administration and academia came to celebrate the opening of SCCER CREST at the University of Basel, which is the leading house of CREST.

A welcome address of Prof. Dr. Yvan Lengwiler (Dean of the WWZ) and a speech of Prof. Dr. Edwin Constable (Vice Rector research of University of Basel) opened the event. Prof. Constable highlighted the importance of energy research for the University of Basel, where energy and sustainability research is one of the new focal areas of research. An overview of the planned research of Prof. Dr. Frank Krysiak (Head of SCCER CREST) and a presentation by Prof. Dr. Bettina Furrer (Deputy Head of SCCER CREST) on the bridging the gap between research and practice finished the first part of the evening. In order to get a better insight into the actual work of SCCER CREST, representatives of the three work packages then presented examples from their domains. Claudio Cometta (ZHAW, Co-Leader of Work Package 1) showed how the research would support innovation activities on a firm level. Paul Burger (University of Basel, Leader of Work Package 2) illustrated how a combination of social science, economics and psychology will contribute to a better understanding of individual energy use and options for increasing efficiency and promoting sufficiency. Lucas Bretschger (ETHZ, Leader of Work Package 3) demonstrated the role played by integrated assessment models for the design and analysis of Swiss energy policy.



The evening was rounded off with an "Apéro Riche", where the invitees had a chance to exchange experiences and clink the glasses to a fantastic project and many years of successful interdisciplinary collaboration to come.

For further information see <https://sccer-crest.unibas.ch/>



*The **SCCER CREST** will contribute to the energy transition in Switzerland by providing detailed, evidence-based recommendations on policies that help to reduce energy demand, foster innovation, and increase the share of renewables in a cost-efficient way. It will cover the complete action area “economy, environment, law and behavior” with three lines of research that develop innovative concepts for energy policy, provide an in-depth analysis of drivers and barriers to energy efficiency, produce detailed strategies that help firms and regions in adjusting to the new energy system, and develop novel assessment tools for policies and technological solutions. The **SCCER CREST** will bring together research groups from almost all major Swiss research institutions and fill important gaps in the research landscape. It will be one of the strongest research centers in this field worldwide, cooperate closely with partners from industry, public administration, and policy consulting, and will work together closely with the technical SCCER.*

In cooperation with the CTI



Energy
Swiss Competence Centers for Energy Research



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra
Swiss Confederation

Commission for Technology and Innovation CTI

Presenters at the SCCER CREST Opening



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Dr. Claudio Cometta, ZHAW
Co-Leader of Work Package 1
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2. Interview with Prof. Ronald W. Jones, Department of Economics, University of Rochester by Rolf Weder

For a number of years, Ronald Jones has been a “Guestprofessor of Globalization — Internationalization of Industry” at our faculty, offering a lecture series that focuses on his own major contributions in international trade theory within the Master course “Advanced International Trade”. This gave many master students the opportunity to follow the thoughts of a towering figure in the field and discuss current challenges in trade theory and policy.¹

Rolf Weder²: Looking back, what do you consider your greatest success in research?

Ronald W. Jones: I suppose I would sort of agree with what others have said that it is my 1965 paper on “The Structure of Simple General Equilibrium Models” (JPE). The reason is that I was able to make the study of general equilibrium models in trade formally a little bit easier than it was before. I realized that focussing on, e.g., the amount of labor per unit of output is a much simpler question as the amount of labour used in total output. This allowed me to simplify the general equilibrium models and to show the usefulness of the “hat notation” leading, e.g., to the “magnification effect”.

¹ This guestprofessorship has been made possible by a number of sponsors from the region of Basel who supported this project in the past. This year, the guestprofessorship has been sponsored by Endress+Hauser Consulting AG, Reinach.

² Rolf Weder is Professor and Dean of Studies at the Faculty of Business and Economics. He is head of the International Trade and European Integration Group and in 2007 initiated the guestprofessorships in this field (‘‘Globalisierung - Internationalisierung der Wirtschaft. Eine Serie von Gastprofessuren.’’)

Rolf Weder: Did you realize this at the time?

Ronald W. Jones: No, I was trying to make the trade literature easier than it has been; trying to make things more simple. This always has been a driving force of what I have been doing.

Rolf Weder: How do you do research?

Ronald W. Jones: I try to think of what interesting question one could ask. For example: about fragmentation and outsourcing — I try to approach the issue in a somewhat different way. This was at a time when economists asked questions about services, particularly what services are and how they could be defined. Henryk [Kierzkowski — a co-author] and I, instead of asking what services are and how they differ, we looked at what services do in the production process (so we did not look at the type of services that you get if you go to the dentist as many did at the time). This led to our emphasis of service links and their costs in the process of (international) fragmentation of production.

Rolf Weder: Now, you have the question. What then?

Ronald W. Jones: I do not think of a particular model to use. I look at the literature — my own and that of others. I ask: “How much do I really know about this?” Often, looking at things from a different perspective helps me to understand. I think I have a comparative advantage which is that I know if I do not know. This is important.

Rolf Weder: What would you recommend to a PhD student, today?

Ronald W. Jones: Make sure you get other PhD students to ask you to explain what you do. This forces you to constantly improve your own understanding. A lot of people tend to avoid of being asked that question. Well, you know the situation of the professor being in the lecture hall putting together his notes after the last student has left. The janitor comes along to clean the blackboard and looks at it with some question marks in his eyes. “Can you explain it to the janitor?”, that is the test.

Rolf Weder: Has our profession changed, compared to the past?

Ronald W. Jones: International trade has changed a lot. The availability of getting firm data on lots of activities and lots of countries has opened up an area that must be appealing to younger people looking for various possibilities where they can make a contribution. With data at hand, we seem to be able to tell exactly what has happened. My problem is that how interesting this may be, theory in my field does not consist of giving a finer explanation of what is. I think theory asks the more interesting question of “why”. To answer this question, there is a difference between getting more and more data, on the one hand, and greatly simplifying things, on the other hand, by looking for a quite simple model with relatively few unknowns. The goal of getting a better picture with lots of details is not the same as getting a better understanding. Good theory often asks what to put aside in order to answer deep questions.

Rolf Weder: Is the change in trade theory — that to some extent is a result of your described availability of data — for good?

Ronald W. Jones: It is my belief that the basic general equilibrium models of perfect competition are still capable of suggesting useful possibilities in global markets. However, I assume that this opinion is not shared by many, by fewer and fewer economists.



May 16, 2014 Prof. Jones, Prof. Weder, Klaus Endress and researchers came together for a sandwich lunch.

3. Economists and Sports

Economists ought to keep their minds fit by being up to speed on theory and research methods. Yvonne Mery wondered how fit they are when it comes to physical activity.



Gabriele, from your visits in Basel we learned that you like to run. Is playing sports an important part in your daily life?

Gabriele Camera: Absolutely. It is very important because I sit in an office all day! Moreover, Basel is such a wonderful city for runners. Great for barefoot runners in the summer and fall, because the streets are clean and the surface quite smooth.

Scott, you also like to work out regularly. You had a guest pass ("Gästeausweis") from the University and went to the University's Gym. What kind of status do sports have in your daily life? What sorts of sports do you practice on a regular basis?

M. Scott Taylor: I try to do something active for an hour everyday even when I travel. In addition to these daily workouts, I mix it up with other sporting activities. In the winter I try to downhill ski on the weekends, and in the summer hike in the mountains in nearby Banff National



Park, or bike along bike paths in Calgary. I used to be a runner and our department has an annual 10K race in Banff every September, but injuries now have me working out on a

cross-trainer, which has low impact. I hope someday to return to regular running.

Due to your profession you travel a lot. Do you work out wherever you go?

Gabriele Camera: Yes. I try to choose hotels close to running routes and I spend some times finding running routes before I travel.

M. Scott Taylor: Yes. I find that I am just much more productive and happy when I am working out even when I travel. I book hotels with gyms, and if that is not possible I will walk for two hours or more a day – especially in Europe where gyms are not the norm in hotels. When I stay for longer periods I typically get a gym membership at the University or a nearby private gym. I have visited gyms all over North America, Germany, the Czech Republic and of course Basel. Comparing the gyms is quite interesting. Last year I visited Berkeley for a month where the student gym was a very loud, noisy and very social place almost like a night club. Students met, talked, and actively tried to outdo each other. It was quite a show. In Basel, the gym is quiet (only headphones are allowed), is impeccably clean, and is more a place of personal contemplation than socializing. It is very different from most gyms in North America, and is run with typical Swiss efficiency.

**UNI.SPORT
FITNESSCENTER**

Exercising and being physically active - empty words or commonplace for you?

Reto Odermatt: I would definitely lack something in my everyday life without such activities! I love to do research and the WWZ is a nice place for that, but I need the moments when I leave the office to get physically involved. It somehow assures me that I'm able to experience the world with the full spectrum of my senses.

Ulf Schiller: Commonplace.

Sabine Böckem: Running and cycling are always part of my weekly program.

Vera Calenbuhr: It's rather commonplace. Jogging needs a bit of motivation to get started, but then you quickly reach a routine. Sailing is different: it's like breathing.

Brigitte Guggisberg: As I trained to become a professional dancer during my teenage years, it has actually become very commonplace to me since then. I always used to move a lot and being forced to sit at my desk for a whole day still drives me crazy.

Beat Hintermann: If I'm not physically active my back hurts so much that I can't be mentally active. No sports, no papers.

Mr. Hintermann it seems you are quite passionate not only in playing sports but also try to motivate others to do so. As the captain of the WWZ united soccer team what is the most important thing for you: to have fun, the team spirit or healthy aspects?

Beat Hintermann: team building. Considering that **UNI.SPORT** Basel is the only academic sports program that carries out its team championships in a single day, rather than over the



course of a semester like the other Swiss universities, the health aspect of these championships is minimal. Most people limp off the field at the end of the "Grümpeli" (game for amateurs) anyway. We need continuous championships over the course of a semester.

The biggest plus of playing sports on a regular basis from your point of view is ... ?

Reto Odermatt: In economic terms I would claim that engaging in (any kind of) sports has an increasing marginal utility. It could be modeled as a positive addictive good – the more you exercise, the more skills you acquire and the more fun it is! Another aspect is that even though one feels great after exercising, we all know that it's not always easy to get off the cosy sofa in order to exercise. Doing it on a regular basis makes it a habit and hence it demands less and less willpower.



Ulf Schiller: Biggest (among many others): feeling strong and healthy.

Sabine Böckem: Feeling fit, staying healthy hopefully, being well-adjusted and cheerful.

Vera Calenbuhr: Jogging helps to maintain your physical fitness. Sailing requires this fitness and it is a direct path to experiencing the beauty of nature - and classical yachts; to experience the unique sensation of feeling like being one with nature; to experience living on totally different time scales; and to experience everything from relaxation to action packed strong wind and regatta situations.

Brigitte Guggisberg:not to become nuts ;-). No seriously, I just need a certain amount of sports to feel comfortable.

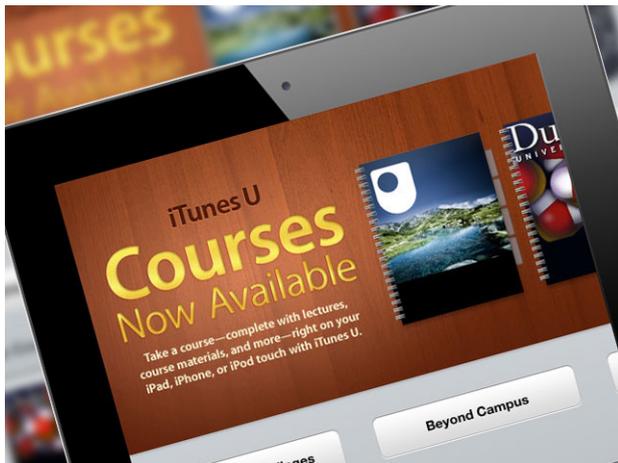
Any disadvantages from your point of view, Mrs. Guggisberg?

Brigitte Guggisberg: It's time consuming. That's why I try to move around while working. Instead of writing a long email for example I am quick in jumping up, knocking at the person's office door and talking things over directly. Apart from getting me away from my desk, there are further advantages in this form of direct communication.

While working out, can you manage to refrain from thinking about economic issues? Would you actually consider that as an aim, or, on the contrary, do you think it is a good way to ponder economic issues, work and your agenda, while at the same time getting into physical shape as an additional plus?

Gabriele Camera: Not always. I usually think about research while I run, trying to solve problems I have been facing. Or I think about how to organize my teaching during the day etc. Running allows one to multitask, to a certain extent. That's something I cannot do while swimming, for example, because I have to count laps... So, that's an additional plus of running.

M. Scott Taylor: When school is in session and I am teaching, I can prepare lectures while I work out. While I would prefer to let my mind wander, time is short so I often do this on lecture days. In general, I try to take the time at the gym as time out from work although I often watch lectures on iTunes U during this time, and have used these daily hours on the cross-trainer to "sit through" complete courses in history, mathematics and physics from great speakers at Yale and MIT.



Same question to the others: economics in your head while working out? Plus: do you see a difference between working out alone versus in teams?

Reto Odermatt: Both! There are activities such as running which allows the mind to ponder research questions. Sometimes this even releases innovative ideas. However, when I manage not to think about my research while playing sports, this signals to me that I was really absorbed by the physical activity, which in turn is a great feeling. I think this happens more often when I play sports together with others as it adds a social component or additional complexity, but probably that's a matter of taste.

Sabine Böckem: I never think about economics while playing sports, I simply cannot. And this is a big plus, as once I return to my desk, my mind is fresh and eager again.

Vera Calenbuhr: I do think about scientific problems when jogging, indeed. But I don't think about anything but sailing related (like trim, navigation, weather, crew) when sailing. Sailing is just sailing. I enjoy the solitude when running through a forest, for instance. And I enjoy the team spirit on a boat. It's amazing what can be achieved by a team. It's all about trust, respect and appreciation; the appreciation of the different and complementary roles and responsibilities that make a team.



Ulf Schiller: Those are several questions: 1. Mostly, yes. Sometimes not. 2. Definitely not a good idea to think about work. Thinking isn't that rigorous when working out. 3. Big difference btw workouts alone and in groups. Alone: better tailored to one's own abilities, but it's difficult to keep motivated. Group: Just the reverse.

Brigitte Guggisberg: Depends on what is going on. There are situations in which it is very helpful to have a long undisturbed run and think things over. It gives you kind of a change in perspectives. On the other hand I don't have the slightest problem leaving all my work behind me when I close the office door.

Beat Hintermann: This depends very much on the sport I do. While jogging and swimming I think about economics, but when playing soccer there is no mental time for thinking about a proof. I would think that team sports generally have that effect, because you have to react to others' actions on the spot and cannot think complicated thoughts. I need sports neither to think about economics, nor to stop thinking about it, but simply to stay healthy enough to do my job as an economist.

Prof. Böckem, Reto, you both are also a member of in the university's committee on sports. What kind of issues do you deal with there?

Sabine Böckem: Almost everything aside from the day-to-day business of university sports. Budget review, strategic discussion of the programs offered or providing special financial support to top athletes are examples of our work. The opening of the fitness center was a fine project 2 years ago.

Reto Odermatt (represent of the Ph.D. students): The committee primarily is the supervisory board of **UNI.SPORT**, which provides a great variety of sport facilities to all students and employees of the University of Basel (see www.unisport.ch). The board also decides on applications for financial support of the University's sports teams and the awarding of the yearly sports price of the University. This price honours exceptional achievements at sport events or extraordinary engagement for the sport at the University of Basel. In a nutshell, the committee aims at facilitating and motivating faculty members to get physically active. We should make use of it!

4. Publikationen

Aussenwirtschaft und Europäische Integration

Rutzer, Christian: A Theory of Trade Liberalization and Innovations with Heterogeneous Firms. WWZ Discussion Paper 2014/02.

Finanzmarkttheorie

Staub, Markus: Regulierung in der Krise. Schweizerische Bankenregulierung und Finanzkrise – ökonomische Lagebeurteilung und kritische Synopsis. NZZ Libro, 2014. ISBN 978-3-03823-896-6 (Buch) 978-3-03823-997-0 (eBook)



Regulierung in der Krise

Schweizerische Bankenregulierung und Finanzkrise – ökonomische Lagebeurteilung und kritische Synopsis

Markus Staub (Autor)

Im Zusammenhang mit der jüngsten Finanzkrise haben verschiedene Bereiche der schweizerischen Bankenregulierung tief greifende Änderungen und Verschärfungen erfahren.

Der Autor gibt in kompakter Form einen Überblick über relevante Neuerungen und getroffene Massnahmen, und zwar mit explizitem Bezug auf die institutionelle Ausgangslage auf dem Finanzplatz Schweiz. Schwerpunkte sind Eigenkapital- und Liquiditätsregulierung, das «Too big to fail»-Paket sowie die Regulierung zur Verbesserung der Systemstabilität. Die Darstellung erfolgt aus einer ökonomisch fundierten Perspektive, wobei bewusst ein hoher Bezug zur regulatorischen und regulierungspolitischen Praxis angestrebt wird. Der Autor nimmt eine Lagebeurteilung aktueller Probleme und Herausforderungen vor und diskutiert Leitlinien für die zukünftige Ausgestaltung der Bankenregulierung. Sowohl geeignet für Studierende der Wirtschaftswissenschaften als auch für eine interessierte Öffentlichkeit.

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Wirtschaft und Politik

Powdthavee, Nattavudh and Alois Stutzer (2014). Economic Approaches to Understanding Change in Happiness. IZA Discussion Paper No. 8131. Bonn: Institute for the Study of Labor.

Luechinger, Simon, Mark Schelker and Alois Stutzer (2014). Governance, Bureaucratic Rents and Well-Being Differentials Across U.S. States. *Oxford Economic Papers* 66(2): 443-464.

Wirtschaftspolitik

Borner, Silvio: Über Schulden und Überschuldung. Warum die Politik versagt. NZZ Libro, 2014. ISBN 978-3-03823-891-1 (Buch) 978-3-03823-994-9 (eBook)



Über Schulden und Überschuldung
Warum die Politik versagt
Silvio Borner (Autor)

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Neu!

Private Schulden verursachen in der Regel keine direkten Schäden für die Allgemeinheit, – staatliche Schulden in einer Demokratie hingegen schon.

Schulden sind das zentrale Problem in der heutigen Gesellschaft. Nach einem allgemeinen Überblick über Finanz- und Schuldenkrisen geht Silvio Borner auf die Verschuldung der privaten Haushalte und Unternehmen ein. Private Schulden sind in der Regel kein volkswirtschaftliches Problem, weil die Entscheidungsträger auch die Konsequenzen tragen – staatliche Schulden in einer Demokratie hingegen schon. Der Grund liegt zum einen in der kollektiven Entscheidung über das Budget, zum andern in dessen gemeinschaftlichen Charakter. Kollektive sind keine haftenden Einheiten, und gemeinschaftliches Gut wird übernutzt, weil die individuellen Anreize fehlen. Die einzige Sicherheit öffentlicher Schulden ist der zwangsbewehrte Zugriff auf die Steuerzahler. Die Analyse zeigt, weshalb die Schweiz diesbezüglich besser dasteht als das Euroland. Zum Schluss werden institutionelle Mechanismen vorgestellt, die Wege aus der politikbedingten Schuldenfalle aufzeigen.

5. Veranstaltungen

Mo, 26. Mai 2014, 17:15 Uhr	<p>Buchvernissage: Regulierung in der Krise Schweizerische Bankenregulierung und Finanzkrise von und mit Autor Dr. Markus Staub, Prof. Dr. Yvan Lengwiler und Prof. Dr. Heinz Zimmermann</p> <p>Ort: WWZ Auditorium, Erdgeschoss, Wirtschaftswissenschaftliche Fakultät, Peter Merian-Weg 6, 4052 Basel</p>
Di, 24. Juni 2014, 18:15 Uhr	<p>Finanzmarkttheorie: aktuelle Fragen mit historischen Bezügen: Vortrag von Prof. Dr. Heinz Zimmermann</p> <p>Ort: Schweizerisches Wirtschaftsarchiv SWA, Wirtschaftswissenschaftliche Fakultät, Peter Merian-Weg 6, 4052 Basel</p>

Editorial

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