

[April 18 und 19. 2008 in Bendorf \(Rhine\)](#)

The following presentations were held and discussed in Bendorf (Rhine) on April 18 and 19, 2008:

1. Case-based decisions and similarity-weighted frequencies

Prof. Dr. Jürgen Eichberger, Heidelberg University

We consider a decision maker who wants to learn a probability distribution about the results of an action from previously observed cases. With each observed set of cases, the decision maker associates a set of probability distributions that express his ideas about the underlying probability distribution. We propose a version of the concatenation axiom by BILLOT, GILBOA, SAMET AND SCHMEIDLER (2005) that ensures that the set of probabilities can be represented as a weighted sum of the frequencies of the observed cases. The weights of this sum are clearly determined. They reflect the similarities between the cases observed in the past and the case to be decided.

2. Vulture funds and the problem of creditor ranking among government debtors

Prof. Dr. Eva Terberger, University of Cologne

Mutual funds that specialize in buying up bad debts - as their name "Geierfonds" already signals - tend to have a negative public image, although empirical studies indicate that such funds play a positive role in the restructuring of companies in can play the financial crisis. Vulture funds buy up claims on sovereign debtors, particularly heavily indebted developing countries, and successfully sue their claims, and public outrage is particularly great. Here the question is examined whether the differences between companies and sovereign countries as debtors, in particular the lack of a framework in insolvency law and thus a determination of the creditor order,

Due to state sovereignty and immunity, creditors' ability to pursue claims of defaulting government debtors is limited in that it is possible to obtain a title, but enforcement of debtor assets is only possible under strictly limited conditions. This would tend to suggest that vulture funds could play a disciplining, debt-limiting moral hazard role. However, there is an informal debt restructuring system for sovereign debtors, in which the Paris Club, as an informal association of the main industrial creditor states, and the IMF, which supports reforms in the debtor country and whose claims are always served preferentially, play key roles. This informal system, vulture funds are disrupting the debt relief efforts of heavily indebted developing countries in recent years. However, it is not only vulture funds that benefit indirectly from the relief of the debtor countries by waiving the claims of the Paris club members, but also private creditors, especially bondholders, as well as other bilateral creditors, who do not participate in the debt waiver to a comparable extent as the club

members. In this respect, vulture funds appear to be an indication, but not the only, that the informal system of debt restructuring among government debtors that has functioned over the past decades has been disrupted. However, it is not only vulture funds that benefit indirectly from the relief of the debtor countries by waiving the claims of the Paris club members, but also private creditors, especially bondholders, as well as other bilateral creditors, who do not participate in the debt waiver to a comparable extent as the club members. In this respect, vulture funds appear to be an indication, but not the only, that the informal system of debt restructuring among government debtors that has functioned over the past decades has been disrupted. However, it is not only vulture funds that benefit indirectly from the relief of the debtor countries by waiving the claims of the Paris club members, but also private creditors, especially bondholders, as well as other bilateral creditors, who do not participate in the debt waiver to a comparable extent as the club members. In this respect, vulture funds appear to be an indication, but not the only, that the informal system of debt restructuring among government debtors that has functioned over the past decades has been disrupted. who do not participate in the waiver of claims to a comparable extent as the club members. In this respect, vulture funds appear to be an indication, but not the only, that the informal system of debt restructuring among government debtors that has functioned over the past decades has been disrupted. who do not participate in the waiver of claims to a comparable extent as the club members. In this respect, vulture funds appear to be an indication, but not the only, that the informal system of debt restructuring among government debtors, which has been functioning for the past few decades, has been disrupted.

3. Integration and coordination of supply chains

Prof. Dr. Ulrich Thonemann, University of Cologne

Many established companies have started to use virtual stores as a direct distribution channel in addition to their existing indirect retail channels. These companies must now decide on how to integrate these channels. The alternatives are to operate dedicated distribution channels for the virtual store and the retail stores or to tightly integrate the virtual store into the existing distribution channels. In such an integrated supply chain, retail stores would continue to serve all in-store customers, but excess stock at retail stores could be used to fill some online orders. We analyze this problem from a supply chain perspective by developing and solving mathematical models for both dedicated and integrated supply chains. We characterize the optimal inventory policy and quantify the expected cost savings that can be achieved by using an integrated supply chain over a dedicated supply chain. We show that the cost savings can be significant and that both retailers and customers benefit from an integrated supply chain. We also analyze how the optimal solutions depend on the characteristics of the supply chain and identify conditions under which it would be optimal to operate the virtual store without dedicating any inventory to the virtual store.

4. Who will be an entrepreneur? The Hansdampf-in-alley, but not the specialist

Prof. Dr. Uschi Backes-Gellner, University of Zurich

This paper studies the willingness to become an entrepreneur depending on an individual's composition of human and social capital. Our theoretical analysis is an application and

extension of Lazear's (2005) jack-of-all-trades theory. Our primary implication is that it is not individuals with a higher level of human or social capital but rather individuals with a more balanced portfolio of human and social capital that are more willing than others to become entrepreneurs. We use survey data from a sample of more than 2000 German students to test this hypothesis and find that the jacks-of-all-trades, ie the more balanced individuals are more likely to become entrepreneurs. On the other hand, the masters-in-one, ie the specialists, are better off being an employee and rightly prefer to be so.