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AWI This Week

Monday, 15.12.08

Departmental Seminar

17.15-18.45
AWI 1017

Maros Servatka, University of Canterbury, NZ
"Words Speak Louder Than Money"

Monday, 22.12.08

Departmental Seminar

17.15-18.45
AWI 1017

Jun Jie Wu, Oregon State University
"Environmental Amenities and Urban Spatial Structure"

Wednesday, 17.12.08

Internal Seminar

17.15-18.45
AWI 1017

Liana Jacobi, University of Melbourne
"Climbing the Drug Staircase: A Bayesian Analysis of
the Initiation of Hard Drug Use"

Departmental Seminar

Maros Servatka, University of Canterbury, NZ

"Words Speak Louder Than Money"

This paper reports on an experiment studying the effectiveness of two types of mechanisms for promoting trust: pecuniary and non-pecuniary as well as their mutual interaction. Our data provide evidence that both mechanisms significantly enhance trust in comparison to the standard investment game. However, we find that the pecuniary mechanism performs significantly worse than the non-pecuniary one. Our results also point to the fact that pecuniary mechanism, which depends on monetary incentives, can be counterproductive when combined with mechanism which relies primarily on psychological incentives.

(with Steven Tucker and Radovan Vadovič)

Invited by Jörg Oechssler.

Internal Seminar

Liana Jacobi

"Climbing the Drug Staircase: A Bayesian Analysis of the Initiation of Hard Drug Use"

Empirical studies have found that cannabis commonly precedes consumption of drugs like amphetamine, ecstasy, cocaine and heroin. As a result a causal linkage between cannabis and subsequent hard drug use has been hypothesized. Despite mixed empirical evidence and a limited understanding of possible transmission mechanisms, the causal gateway hypothesis has been influential in formulating a strict drug policy in many western countries. Individual differences in proneness and accessibility, however, provide alternative, non-causal explanations for the observed "staircase" pattern and yield potentially different policy implications. We propose a Bayesian estimation and predictive framework to analyze the effects and relative importance of previous cannabis use, proneness and accessibility factors on hard drug initiation and to explore potential policy implications, using data from a unique recent survey of young adults in Norway. We present a novel modelling approach that is motivated by the gateway transmission channels proposed in the literature and allows for a partially heterogeneous effect of previous cannabis use on hard drug uptake and a more flexible correlation pattern for the unobservables. We find that proneness, accessibility and previous cannabis use contribute to the observed higher drug use pattern among cannabis users. The latter has the largest effect and is driven by various transmission channels (heterogeneous gateway effect).

Invited by Jürgen Eichberger.

Talks and Research Visits

On December 16-18, Balázs Cserna will attend the 21st Australian Finance and Banking Conference in Sydney Australia for presenting the paper "How Efficient are Credit Default Swap Markets? An Empirical Study of Capital Structure Arbitrage Based on Structural Pricing Models", joint with Mr. Björn Imbierowicz. On this conference, he will also serve as a discussant of the paper "Do Credit Watch Procedures Act as Coordination Mechanisms? An Empirical Investigation, by H. Chan, Robert W. Faffm, Paula Hill and Harald Scheule".

On December 17-20, Balázs Cserna will also attend the Quantitative Methods in Finance 2008 Conference, in Sydney Australia for presenting the paper "How Efficient are Credit Default Swap Markets? An Empirical Study of Capital Structure Arbitrage Based on Structural Pricing Models", joint with Mr. Björn Imbierowicz".

Last week, Peter Dürsch presented his paper "Sick Pay Provision in Experimental Labor Markets" (joint with Jörg Oechssler and Radovan Vadovic) at the IAAEG at the University of Trier.

On December 4, Jörg Oechssler presented his paper "Sick Pay Provision in Experimental Labor Markets" co-authored with Peter Dürsch, at the Max Planck Institute of Economics, Jena.

Visitors

Florian Englmaier (LMU Munich) visits Andreas Roider to work on joint projects from December 10-12.

Maros Servátka from the University of Canterbury, NZ, is staying at the AWI from December 15-20 (room 4144). His main fields of interest are Experimental Economics and Behavioural Economics.

**Editorial deadline for issue 12/2008 of the newsletter:
Wednesday, December 17, 2008, 12 o'clock
newsletter@awi.uni-heidelberg.de**

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please contact the address above.