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## AWI This Week

### **Monday, 25. 5. 09**

### **Departmental Seminar**

17.15-18.45

AWI 00.010

David Kelsey, University of Exeter Business School

"Information and Ambiguity: Herd Behaviour in  
Financial Markets"

### **Wednesday, 27. 5. 09**

### **Internal Seminar**

17.15-18.45

AWI 00.010

Julia Müller

"Taking punishment into your own hands"

### Departmental Seminar

David Kelsey

"Information and Ambiguity: Herd and Contrarian Behaviour in Financial Markets"\*

The paper studies the impact of informational ambiguity on behalf of informed traders on history-dependent price behaviour in a model of sequential trading in financial markets. Following Chateauneuf, Eichberger and Grant (2006), we use neo-additive capacities to model ambiguity. Such ambiguity and attitudes to it can engender herd and contrarian behaviour, and also cause the market to break down. The latter, herd and contrarian behaviour, can be reduced by the existence of a bid-ask spread.

\*with J. L. Fordy and W. Pangx

### Internal Seminar

Julia Müller

"Taking punishment into your own hands"

After experiencing an unfair split of their earnings from a real effort task, subjects have to decide whether and how to punish the person who decided on the distribution. Subjects decide in two stages: first they choose whether punishment is carried out and then who punishes. We find that subjects are willing to pay a positive price to punish personally, even when the total amount of punishment is not affected by that decision. This is not yet accounted for in theories of other regarding preferences.

## Talks and Research Visits

On May 13, 2009 Lars P. Feld attended a hearing of the Main Committee of the House of Representatives of Berlin dealing with the subject "Geplantes Kreditfinanzierungsverbot für die Landeshaushalte im Grundgesetz" (debt brake). Lars P. Feld was named as a referee by the group of the FDP to provide an opinion and answering questions from members of the Committee.

## Visitors

David Kelsey from the University of Exeter, UK, is staying at the AWI for joint research with Jürgen Eichberger on May 24-31 (room 01.012a).

**Editorial deadline for issue 14/2009 of the newsletter:  
Wednesday, May 27, 2009, 12 o'clock  
[newsletter@awi.uni-heidelberg.de](mailto:newsletter@awi.uni-heidelberg.de)**

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please contact the address above.