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AWI This Week

Monday, 17. 01. 11 Departmental Seminar

17.15-18.45

Michèle Cohen, Université Paris I

AWI 00.010

"An Experimental Investigation of Imprecision Attitude and its Relation with Risk Attitude and Impatience"

Wednesday, 19. 01. 11 Departmental Workshop

17.15-18.45

Alec Sproten, University of Heidelberg

AWI 00.010

"Aging and Decision Making: How Aging Affects Decisions under Uncertainty"

Departmental Seminar

Michèle Cohen

"An experimental investigation of imprecision attitude and its relation with risk attitude and impatience"*

We report in this paper the result of three experiments on risk, ambiguity and time attitude. The first two differed by the population considered (students vs. general population) while the third one used a different protocol and concerned students and portfolio managers. We find quite a lot of heterogeneity at the individual level. Of principal interest was the elicitation of risk, time and ambiguity attitudes and the relationship among these (model free) measures. We find that on the student population, there is essentially no correlation. A non negligible fraction of the population behaves in an extremely cautious manner in the risk and ambiguity domain. When we drop this population from the sample, the correlation between our measures is also non significant. We also raise three questions linked to measurement of ambiguity attitudes that come out from our data sets.

*with Jean-Marc Tallon and Jean-Christophe Vergnaud

Departmental Workshop

Alec Sproten

"Aging and Decision Making: How Aging Affects Decisions under Uncertainty"*

In an aging society, it becomes more and more important to understand how aging affects financial decision making. Older adults have to face many situations that require consequential financial decisions. In the present study, the authors examined the effects of aging on decisions in two important domains of uncertainty: risk and ambiguity. For this purpose, a group of young and a group of older adults played a card game composed of risky and ambiguous conditions. In the risk condition, participants knew the probabilities of winning or losing the game (i.e., they had full information), whereas in the ambiguous condition, these probabilities were unknown (thus, there was lack of information). When confronted with risky decisions, the behaviour of older and young adults (as measured by the number of times participants chose a gamble instead of a sure amount of money) did not differ. In contrast, under ambiguity, there were significant age-effects in decision making: older people were less ambiguity-averse than young subjects. We conclude that there exist differences in uncertainty-processing between young and older adults, and discuss possible explanations of these differences. Further studies are needed to investigate the underlying processes of our findings.

*with Carsten Diener, Christian J. Fiebach and Christiane Schwieren

Jour Fixe

The AWI JOUR FIXE takes place at the Lounge on a weekly basis on Mondays from 16:30 till 17:15 (i.e., just before the departmental seminar). There you will have the opportunity to meet the speaker, enjoy a coffee, and exchange news and discuss research with other members of the AWI.

Miscellaneous

Within his lecture "Sozioökonomische Gesamtrechnung und Sozialstatistik" Hans Diefenbacher invites to the public lecture of Steffen Klink, referee of the *Gruppe Zensus des Statistischen Bundesamtes*, Friday, Januar 21, 14.00-15.30 h, Neue Uni, Universitätsplatz, Hörsaal 4a.

New and Leaving Staff

In January Karin Loch has taken up a position as a Ph.D. student at the AWI in the research group of Christian Conrad. She received her diploma in mathematics in December 2010 at the University of Heidelberg. She is particularly interested in financial econometrics.



**Editorial deadline for issue 03/2011 of the newsletter:
Wednesday, January 19, 2011, 12 o'clock
newsletter@awi.uni-heidelberg.de**

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please contact the address above