



ALFRED-WEBER-INSTITUT FÜR WIRTSCHAFTSWISSENSCHAFTEN  
BERGHEIMER STR. 58, 69115 HEIDELBERG, TEL. 06221/54-2941  
REDAKTION: FREYA SCHADT, EMAIL: NEWSLETTER@AWI.UNI-HEIDELBERG.DE

---

## Upcoming Seminars

### **Monday, 25.1.2016**

#### **Departmental Seminar I**

17.15-18.15

AWI 00.010

Wendelin Schnedler, University of Paderborn  
(invited by Christoph Brunner)  
"Curse of Crowds"

### **Tuesday, 26.1.2016**

#### **Economics and Politics Seminar**

13.45-14.45

AWI 01.030

Marina E. Henke, Northwestern University Evanston, IL  
"Allies for Sale"

### **Wednesday, 27.1.2016**

#### **Departmental Seminar II**

12.15-13.15

AWI 00.010

Francesco Guala, University of Milan  
(invited by Israel Waichman)  
"The Effect of Group Identity on Distributive Choice:  
Social Preference or Heuristic?"

### **Wednesday, 27.1.2016**

#### **Macro & Econometrics Seminar**

17.00-18.00

AWI 01.034

David Vespermann  
"Does Romania form an optimum currency area with  
the Euro area?"

**Thursday, 28.1.2016**

**Tauschen, Teilen, Tricksen**

18.00-20.00

Grabengasse 3-5,

NUni HS 7

Abschlussveranstaltung

Getauscht, geteilt, getrickst. Disziplinäre Einsichten und interdisziplinäre Ausblicke aus der Ringvorlesung

Dr. Georg Mildenberger, Prof. Dr. Ekkehart Reimer und Prof. Dr. Guido Sprenger

**Abstracts**

**Departmental Seminar I**

Wendelin Schnedler

"Curse of Crowds"\*

Many decisions are entrusted to groups of people rather than individuals because 'the many know more than the few.' This paper points out that under reasonable conditions optimally employing this knowledge requires a lot of common understanding between individuals. This understanding is harder to obtain the larger the group. Crowds do not only seem blessed by more knowledge but also cursed in the sense that they cannot make optimal use of this knowledge. Building on existing models, we illustrate the curse and present experimental evidence.

\*with Darius Schlangenotto and Radovan Vadovic

**Economics and Politics Seminar**

Marina E. Henke

"Allies for Sale"

Most military interventions today are multinational. To explain the tendency to form coalitions, International Relations (IR) theorists have traditionally looked to theories of alliance formation. Such theories maintain that states with common interests, values, threats or institutions tend also to coalesce militarily. This seems intuitive. States band and fight together because they share threat perceptions, political ideology, norms and values. Yet the behavior of states in multilateral coalitions overtly contradicts what classical alliance theory leads us to expect. Most importantly, many countries are paid to participate in multilateral coalitions either in cash or in concessions on other international issues (i.e., they receive side-payments or issue-linkages). Troop contributions to modern multilateral military coalitions can in fact be purchased. At a minimum, gaps in a coalition line-up can be filled with 'bought' contributions. In short, allies are for sale. A large majority of participants in the coalitions fighting the Korean War, the Vietnam War, the Gulf War and the Iraq War received financial or other rewards from the United States in exchange for troop contributions. The same is true for many coalition participants that served in the North Atlantic Treaty Organization (NATO) operations in Kosovo and Afghanistan; United Nations (UN) operations in Somalia, Liberia, Sierra Leone, East Timor, Haiti, Lebanon, and the Democratic Republic of Congo; Economic Community of West

African States (ECOWAS) operations in Liberia and Sierra Leone; African Union (AU) operations in Darfur and Somalia, and European Union (EU) operations in Chad and the Central African Republic to name just a few. This paper is a first attempt to bring some analytical order into this universe of "coalition compensation payments." Most importantly, I try to understand: who gets paid and how are prizes for coalition contributions determined?

## **Departmental Seminar II**

Francesco Guala

"The Effect of Group Identity on Distributive Choice: Social Preference or Heuristic?"

Group identity can influence significantly people's attitudes toward monetary allocations. In this paper we reassess the representation of group identity using social preference models. First, we show that the influence of group identity varies unsystematically across different types of mini-dictator games and cannot be described using a well-behaved preference function. Second, we demonstrate that the effect is not robust to slightly increasing the complexity of the task, suggesting that group identity is a framing effect that can be easily displaced by alternative decision heuristics.

## **Macro & Econometrics Seminar**

David Vespermann

"Does Romania form an optimum currency area with the Euro area?"

European Union treaties imply that member states are obliged to join the European Monetary Union. This paper examines whether Romania's accession to the Euro area would be in accordance with optimum currency area theory. For this purpose, we employ a VAR model to identify structural shocks and use the results to calibrate a New-Keynesian two-country business cycle model. Our findings suggest that the economies have tended towards an optimum currency area in the last years. However, the benefits of forming a monetary union are not evident at present.

## **Talks and Research Visits**

**Jürgen Eichberger** presented the paper "Equilibrium under Ambiguity for Belief Functions" at the Workshop on "Decisions under Uncertainty: Theory and Applications" held at the University of Cergy-Pontoise, January 15.

**Malte Faber** was invited to give a lecture on "An Environmental Perspective on Hotel Management" at the Lycee Hotelier Guillaume Tirel in Paris, January 13.

**Andreas Fuchs** was speaker at a public panel discussion on "Global Economic Governance in Transition" at the Brigham Young University, Provo, USA, January 12.

At the Political Economy of International Organizations Conference in Salt Lake City, Utah, USA, January 7-9, **Vera Eichenauer** presented her paper "What determines earmarked funding to international development organizations? Evidence from the new multi-bi aid dataset", and **Andreas Fuchs** gave a talk on "Aid on Demand: African Leaders and the Geography of China's Foreign Assistance".

## Miscellaneous

Zeno Enders has been awarded a Marsilius Fellowship for the class of 2016. He will work together with experimental physicist Rüdiger Klingeler on an interdisciplinary project entitled "Interactions and dynamics in complex systems: External influences in magnetism and macroeconomics."

**Editorial deadline for issue 4/2016 of the newsletter:  
Wednesday, January 27, 2016, 12 p.m.  
newsletter@awi.uni-heidelberg.de**

If you would like to receive the newsletter by email,  
please contact the address above.