



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

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## Upcoming Seminars

### Monday, 30.5.2016

#### Departmental Seminar

17.15-18.15

AWI 00.010

Diemo Urbig, University of Wuppertal

(invited by Christiane Schwieren)

"Two experiments on the effect of using a foreign language on individual decision-making"

### Tuesday, 31.5.2016

#### Economics and Politics Seminar

13.45-14.45

AWI 01.030

Joseph F. Gomes, University of Navarra

"The Geography of Ethnic Diversity and the Provision of Public Goods"

### Wednesday, 1.6.2016

#### Internal Seminar

12.15-13.15

AWI 00.010

Sven Kunze

"The Effect of Tropical Cyclones on Economic Sectors Worldwide. A Panel Data Analysis using Geodata"

## Upcoming Conference

Axel Dreher and Stefan Klonner will organize the 2016 Development Economics and Policy Conference of the German Economic Association's Research Group on Development Economics on **June 3-4**. Everyone is welcome to attend the sessions:  
<http://entwicklungsoekonomischer-ausschuss.de/konferenzen/programm-der-tagung-2016/?lang=en>

### Departmental Seminar

Diemo Urbig, University of Wuppertal

"Two experiments on the effect of using a foreign language on individual decision-making"

An increasing globalization of business operations implies that ever-greater numbers of managers and employees are required to use languages other than their native tongue in the workplace. If language influences human decision-making, the exposition to foreign language contexts might substantially impact firms' market and innovation strategies. Recent research, indeed, documents that foreign language use influences individual's decision-making, including their loss aversion and their behavior in social and in ethical dilemmas. Two experimental studies are presented to advance our understanding of the specific mechanisms underlying these language effects. Both studies focus on substantially different behavioral outcomes and mechanisms along which foreign language use may affect decision-making. The first study discusses and empirically tests the role of comprehension in explaining the effect of using a foreign language on cooperation, i.e. setting prices, in a Bertrand duopoly. We demonstrate that foreign language use can both increase and decrease comprehension, depending on individuals' foreign language proficiency. Moreover, more comprehension is associated with less cooperation reflected by setting lower prices. Moderation effects suggest that indeed, the effect is based on switching from intuitive and heuristic to reflective and deliberate approaches to information processing and decision-making. The second study explores the effects of using a foreign language on evaluation of innovative projects in a public funding context with a specific emphasis on desirability and feasibility concerns. Our results suggest that foreign language use affects the perceptions of desirability (most likely through differently responding to emotional cues) and the relative relevance of desirability vis-à-vis feasibility for subsequent funding decisions.

### Economics and Politics Seminar

Joseph F. Gomes

"The Geography of Ethnic Diversity and the Provision of Public Goods"

We investigate the importance of the spatial distribution of ethnic diversity for the provision of public goods. We propose a model of public goods provision with voluntary contributions, where an individual's valuation of public goods depends on the antagonism he feels towards others in society. If the antagonism between individuals of different groups dissipates when they live together, and increases when they live apart, then the level of public goods provision decreases with a society's global diversity but decreases with a society's local diversity. Using newly constructed high-resolution data on diversity for more than 150 countries, we show that what matters for public goods provision is not a country's overall linguistic diversity, but rather the difference between a country's total linguistic diversity (global diversity) and the linguistic diversity people experience in their daily lives (local diversity). We extend our cross-country analysis to a sub-national district-level analysis for India, using data from more than 600,000 villages, and find similar results.

\*with Klaus Desmet and Ignacio Ortuno-Ortín

## Internal Seminar

Sven Kunze

"The Effect of Tropical Cyclones on Economic Sectors Worldwide. A Panel Data Analysis using Geodata"

In this paper I empirically analyze the contemporaneous and lagged effect of tropical cyclones on annual sectoral growth worldwide. The main explanatory variable is a self-constructed area-weighted measure for local tropical cyclone intensity based on meteorological data and is included in a panel analysis for at most 214 countries from 1971-2013. I find that the significantly negative influence of tropical cyclones on aggregate GDP growth can be attributed to contemporaneous negative effects on three sector aggregates including agriculture, trade and tourism. In subsequent years, tropical cyclones negatively affect the trade, tourism and construction sector.

## Talks and Research Visits

**Christoph Vanberg** presented his paper: "Legislative bargaining with heterogeneous disagreement values", University of Minho, Braga, Portugal, May 25.

**Stefan Trautmann** gave a talk on: "Climate Policy Commitment Devices", University of Innsbruck, May 24.

**Editorial deadline for issue 12/2016 of the newsletter:  
Wednesday, June 1, 2016, 12 p.m.  
newsletter@awi.uni-heidelberg.de**

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please contact the address above.