



## Upcoming Seminars

### **Wednesday, 24.5.2017 Internal Seminar**

12.15-13.15

Lorenz Hartmann

AWI 00.010

"A Definition of Perceived Ambiguity and its Application to Games"

### **Wednesday, 24.5.2017 Macro & Econometrics Seminar**

17.00-18.00

Johannes Brumm, KIT

AWI 01.030

"Re-use of Collateral: Leverage, Volatility, and Welfare"

## Abstracts

### **Internal Seminar**

Lorenz Hartmann

"A Definition of Perceived Ambiguity and its Application to Games"

Building on the definition of perceived ambiguity by Ghirardato et al. (2004), we propose an alternative definition of perceived ambiguity. Our definition aims to be more precise and provides a clear separation of ambiguity and ambiguity attitude. We show that our approach is well suited to study behaviour of players with ambiguous beliefs in normal-form games. We highlight the potential of our framework in proving existence of equilibria under ambiguity in well-known and much applied preference subclasses and generalize certain existence results from the literature on ambiguous games.

## Macro & Econometrics Seminar

Johannes Brumm

"Re-use of Collateral: Leverage, Volatility, and Welfare"

We assess the quantitative implications of the re-use of collateral on financial market leverage, volatility, and welfare within an infinite-horizon asset-pricing model with heterogeneous agents. In our model, the ability of agents to re-use frees up collateral that can be used to back more transactions. Re-use thus contributes to the build-up of leverage and significantly increases volatility in financial markets. When introducing limits on re-use, we find that volatility is strictly decreasing as these limits become tighter, yet the impact on welfare is non-monotone. In the model, allowing for some re-use can improve welfare as it enables agents to share risk more effectively. Allowing reuse beyond intermediate levels, however, can lead to excessive leverage and lower welfare. So the analysis in this paper provides a rationale for limiting, yet not banning, re-use in financial markets.

\*with Michael Grill, Felix Kubler, and Karl Schmedders

## Talks and Research Visits

At the *ZEW Public Finance and Development Conference*, Mannheim, May 8 the following papers were presented: **Andreas Fuchs**: "Does Aid Help Refugees Stay? Does Aid Keep Refugees Away?" (joint work with Axel Dreher and Sarah Langlotz); **Angelika Müller**: "Aid donors" (joint work with Andreas Fuchs); **Katharina Richert**: "The International Finance Corporation's hidden lending motives" (joint work with Axel Dreher).

**Christina Gathmann** hosted the International Workshop on Health Economics and Health Policy at IWH (Internationales Wissenschaftsforum Heidelberg), April 28- 29.

**Christina Gathmann** gave a talk on "Regionale Wirtschaftsförderung – was kann, was soll sie tun?" at Dresden on April 26, 2017. This talk is part of the series *Dresdner Vorträge zur Wirtschaftspolitik*, organized by ifo Institute, Dresden branch.

**Christina Gathmann** attended the 65<sup>th</sup> *Economic Policy Panel* at Malta, April 21-22.

**Editorial deadline for issue 12/2017 of the newsletter:**  
**Wednesday, May 24, 2017, 12 p.m.**  
**[newsletter@awi.uni-heidelberg.de](mailto:newsletter@awi.uni-heidelberg.de)**

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