



Upcoming Seminars

Monday, 14.11.2022

Departmental Seminar

13.30-14.30
AWI room 00.010

Maria Waldinger,
ifo Center for Labor and Demographic Economics
"The Revolution Suffocates Its Children - The Short- and
Long-Term Effects of Air Pollution in Socialist East
Germany"
(host: Ferdinand Rauch)

Wednesday, 16.11.2022

Internal Seminar

12.15-13.15
AWI room 00.010

Zain Chaudry
"Fickle Groups: An Experimental Assessment of Time
Preferences"

Abstracts

Departmental Seminar

Maria Waldinger

"The Revolution Suffocates Its Children - The Short- and Long-Term Effects of Air Pollution in Socialist East Germany"

Measuring the detrimental effects of air pollution on individuals is difficult. In this paper, we leverage a natural experiment occurring in socialist East Germany in the 1980s. Suddenly and unexpectedly, the Soviet Union reduced and capped East Germany's access to imported fossil fuels, leading the socialist party dictatorship to rapidly substitute Soviet oil with domestic brown coal at the cost of increased ambient air pollution. Comparing regions within East Germany with and without natural brown coal deposits, we find that the switch to brown coal led to an immediate and permanent increase in mortality, infant mortality and a reduction in birth weights. We use administrative social security data after German reunification to show that, in the

next 40 years, individuals that lived in areas within the GDR exposed to the shift to brown coal spent less time in employment, earned lower wages and retired earlier. The authoritarian nature of the East German government makes this natural experiment particularly insightful by ruling out spatial sorting behaviour, competitive housing markets, and labour market adjustments as channels through which the estimated effects of air pollution could have been confounded.

Internal Seminar

Zain Chaudry

"Fickle Groups: An Experimental Assessment of Time Preferences"*

Groups with potentially heterogeneous time preferences, in households or firms, regularly make intertemporal decisions jointly related to consumption, savings, education, and investment. While there is theoretical work on groups' intertemporal preferences, it has yet to be fully empirically tested. This paper uses reduced-form and structural methods to study the empirical relationship between individual and group time preferences. Unlike previous work, (i) we measure time preferences through the allocation of costly tasks over time, not monetary methods, (ii) use randomly created groups, (iii) and know the time preferences of both groups as well as their constituent individuals. We find that groups are much more present-biased than individuals. Connecting group behavior with individual members' behavior, we find that individuals with higher present bias drive group decisions within groups. Further, we find that groups exhibit greater present bias when the difference in discount rates within-group is larger. Finally, we find that present bias in the group decisions is reduced when bargaining power in the group is less symmetric.

*with Karrar Hussain

New Working Papers

Johannes Kammerer, Santiago Gómez-Cardona, and Chrisphine Nyamweya: "Size selective fishing: The effect of size selectivity on the equilibrium yield in the Nile perch fishery of Lake Victoria", AWI Discussion Paper Series No.720, October 2022.

New and Leaving Staff

Teresa Hailer started her Ph.D. at the University of Heidelberg in September. Her thesis is supervised by Axel Dreher and she works for Switgard Feuerstein's International Economics working group. Her research interests rest mainly in political economy, especially on the role of women. Teresa completed her Master degree in Philosophy and Economics at the University of Bayreuth, where she also worked as a research and teaching assistant. In the present semester she attends graduate courses at the University of Mannheim and joins AWI in January.



Editorial deadline for issue 23/2022 of the newsletter:
Wednesday, November 16, 2022, 12 p.m.
newsletter@awi.uni-heidelberg.de