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## Upcoming Seminars

### **Monday, 14.10.2019**

#### **Departmental Seminar**

13.30-14.30

AWI 00.010

Michel Maréchal, University of Zurich

(invited by Dietmar Fehr)

"The Right to be Heard: A Randomized Controlled Trial on Economizing Procedural Justice"

### **Wednesday, 16.10.2019**

#### **Internal Seminar**

12.15-13.15

AWI 00.010

Alice Solda

"Strategic Confidence in Negotiations"

### Departmental Seminar

Michel A. Maréchal

"The Right to be Heard: A Randomized Controlled Trial on Economizing Procedural Justice"\*

The right to be heard – Audi Alteram Partem – is a fundamental principle underlying most legal systems and constitutes a basic human right. Legal scholars argue that the right to be heard is essential for the rule of law because it helps achieving truth and legitimizes judicial sentencing. On the other hand, hearings are labor and time intensive, leading to an overloaded criminal justice system, particularly for mass crimes. We evaluate the importance of hearings in the context of a large-scale reform of the Swiss Criminal Procedure Code, which delegated sentencing power from courts to the prosecutors through the means of penal orders. As a consequence of the reform, prosecutors sentence offenders by sending them a penal order that is solely based on police reports in roughly 90% of all criminal proceedings, de facto removing the defendants' right of being heard. We conducted a field experiment in collaboration with a public prosecution office in Switzerland and randomly invited defendants to participate in a prosecutorial hearing, allowing us to investigate the causal effect of hearings on prosecutorial sentencing, perceptions of procedural fairness, and recidivism.

\* with Andreas Beerli, Lorenz Biberstein, Martin Killias, and Nora Markwalder

### Internal Seminar

Alice Solda

"Strategic Confidence in Negotiations"

Overconfidence often arises in the context of negotiations, leading to costly delays and agreement failures. In the shade of these costs, one can wonder why this bias persists in such context. A growing body of evidence now shows that overconfident agents can reach higher payoffs compared to their well-calibrated counterparts in certain social interactions. These two sets of findings suggest that while overconfidence tends to be detrimental for social efficiency, it can increase overconfident individuals' relative payoffs. The existence of such advantages could explain why overconfidence arises in negotiations despite its social cost. To test this idea, we conducted a controlled experiment based on a 3-stage bilateral negotiation in which we manipulate participants beliefs about their performance using a binary noisy signal. This exogenous manipulation allows us to investigate the causal effect of an increase in participant's beliefs about their relative contribution on both social efficiency and individual outcome of the negotiation. Our results show that an increase in confidence at the pair level increase delays that substantially reduce the total efficiency of the negotiation outcomes. In addition, we find that participants who are relatively more confident than their partner end up with larger payoffs at the end of the negotiation. These findings provide evidence of strategic confidence in negotiations that could explain the rise of overconfidence in this context.

## Talks and Research Visits

**Sven Kunze** presented his paper "Living on the Stormy Side? Tropical Cyclones and Human Settlements", at the Herrenhausen Conference on Extreme Events, October 9-11 and at the 4th Conference on Econometric Models of Climate Change at the University of Milano-Bicocca, August 29-30.

**Stefan Trautmann** presented a keynote lecture "Risky Decisions for Others and Financial Investment Advice: Experimental Evidence" at the Behavioral Research in Finance, Governance, and Accounting (BFGA) conference at Rauischholzhausen castle, organized by the University of Giessen, October 7; he also presented the paper "Implementing Fair Procedures?" at the University of Southampton on October 2, and at Exeter Business School on October 4.

**Andis Sofianos** presented his paper: "How Intelligent Players Teach Cooperation: Lower cognitive skills induce stricter strategies in the repeated prisoners dilemma", University of Cyprus, October 4.

**John Cruzatti C.** presented his work: "Free Trade Agreements and Local Economic Development: a Global Analysis with High-Resolution Data" at the 16th Public Economics at the regional and local level (PEARL) conference, organised by the Centre de recherche en économie & management, of the University of Rennes, September 26-27.

At the *Annual Meeting of the Verein für Socialpolitik*, Leipzig, September 22-25, the following papers were presented: **Johannes Diederich** "Subsidizing Quantity Donations: Matches, Rebates, and Discounts Compared"; **Zeno Enders**: "Monetary Policy Announcements and Expectations: Evidence from German Firms"; **Sven Kunze**: "Disastrous Discretion – The Nonlinear Political Bias in U.S. Hurricane Relief".

**Timo Goeschl** presented the paper "Endogenous vs. Exogenous Nudging in Social Dilemmas: An Online Experiment on Public Goods" (with J. Diederich & I. Waichman) at European Meeting of the Economic Science Association in Dijon, September 5-7 and at the Annual Meeting of the European Association of Law & Economics, University of Tel Aviv, September 19-21.

**Robbert Schaap** presented his paper "Prudence and Precautionary Saving by Natural Resource Users" at the BioEcon conference in Wageningen, September 13.

**Gerda Asmus** presented her paper "The Emergency: British detention camps and the origins of distrust in Kenya" (joint with Richard Bluhm and Tobias Korn) at the Economic History Association 2019 Annual Meeting, Atlanta, September 12-15.

**Johannes Diederich** presented the paper "How to Design the Ask? Funding Units vs. Giving Money" (with Raphael Epperson and Timo Goeschl) at the 6th Science of Philanthropy Conference, University of Chicago, on September 12.

**Hannes Rau** attended the ESA European Meeting of the Economic Science Association at the Burgundy School of Business in Dijon, France from September 4 to September 7. He gave a speech on "Do people exhibit more antisocial behavior if the income allocating process has been unfair? Experimental evidence."

**John Cruzatti C.** presented his work: "Free Trade Agreements and Local Economic Development: a Global Analysis with High-Resolution Data" at the 2nd Geography, Innovation and Complexity (GIC) conference, organised by MIT Media Lab and the Young Scholars Initiative. The conference took place in Utrecht, Netherlands, September 2-4.

At the *Annual Congress of the European Economic Association* at the University of Manchester, August 29, the following papers were presented: **David Vespermann**: "Effects of a European Unemployment Insurance" (joint work with Zeno Enders) and **Johannes Diederichs**: "Subsidizing Quantity Donations: Matches, Rebates, and Discounts Compared".

**Gerda Asmus** will be visiting Graduate Student at *UC San Diego* hosted by Christina Schneider for the academic year 2019/2020.

**Onno Kleen** is visiting Andrew Patton at the Department of Economics at *Duke University* North Carolina, from September to early December.

## New Working Papers

Angelika Müller, Utz Pape and Laura Ralston: "Broken Promises – Evaluating an Incomplete Cash Transfer Program", World Bank Policy Research Working Papers, No. 141859, September 2019.

Please also take note of the latest [AWI Discussion Papers](#) No 665-670, September/October 2019.

## New Publications

Timo Goesch: "Cold Case: The Forensic Economics of Energy Efficiency Labeling for Refrigeration Devices", has been published in *Energy Economics*.

Conrad, C., and O. Kleen (2019). "Two are better than one: Volatility forecasting using multiplicative component GARCH-MIDAS models", *Journal of Applied Econometrics*, forthcoming.

Oechssler, Jörg, Hannes Rau, and Alex Roomets, "Hedging, Ambiguity, and the Reversal of Order Axiom", *Games and Economic Behavior*, Volume 117, September 2019, Pages 380-387.

Nikiforakis, Nikos, Oechssler, Jörg, and Shah, Anwar, "Managerial bonuses and subordinate mistreatment", *European Economic Review*, Volume 119, October 2019, Pages 509-525.

Apesteguia, Jose, Oechssler, Jörg, and Weidenholzer, Simon, "Copy Trading", *Management Science*, forthcoming.

Schaap, R. & Richter, A., (2019), Overcapitalization and social norms of cooperation in a small-scale fishery, *Ecological Economics*, Volume 166, 106438.

Conrad, C., and O. Kleen (2019). "Two are better than one: Volatility forecasting using multiplicative component GARCH-MIDAS models." *Journal of Applied Econometrics*, forthcoming.

Trautmann, S. and C. Conrad (2019). "Book Review: A Crisis of Beliefs – Investor Psychology and Financial Fragility, Nicola Gennaioli and Andrej Shleifer." *Journal of Economic Psychology*, forthcoming.

Van den Broek, K.L. (2019). Household energy literacy: A critical review and a conceptual typology. *Energy Research & Social Science*, 57, 101256.

"Monetary Policy Announcements and Expectations: Evidence from German Firms" by Zeno Enders, Franziska Hünnekes (LMU), and Gernot Müller (Tübingen), forthcoming, *Journal of Monetary Economics*, Vol. 108, December 2019.

Van den Broek K. L.: "Stakeholders' perceptions of the socio-economic and environmental challenges at Lake Victoria", *Lakes & Reservoirs* 2019;00:1–7.

## New and Leaving Staff

Joep Lustenhouwer (Room 01.010) has joined the AWI as Junior Professor in Macroeconomics. He obtained his Ph.D. at the University of Amsterdam and had a Postdoctoral position at the University of Bamberg for the last two and a half years. His main field of research is bounded rationality in macroeconomics, focusing on monetary and fiscal policy. His research includes incorporating heterogeneous expectations and finite planning horizons in macroeconomic models and he is also active in the field of experimental macroeconomics.



Sina Klein (Bergheimer Str. 20, room 323) joined the Research Center for Environmental Economics as a postdoctoral researcher in October. Sina is a cognitive psychologist by training and joined us from the University of Landau where she completed her PhD a couple of months ago.



Alice Solda (Bergheimer Str. 20, room 218) joined the Research Center for Environmental Economics as a PostDoc in the COMPLIANCE project (Timo Goeschl). She undertook a joint PhD between University of Lyon (France) and Queensland University of Technology (Australia). Her research interests are within the field of behavioral and experimental economics, where she primarily studies strategic biases in how individuals form and update beliefs about themselves. Her current work is focused on compliance and audit mechanisms.



Mikaële Charpentier joined the Research Center for Environmental Economics as administrative support staff on October 1st. Previously, Mikaële worked for Airbus, where she was project manager and operative leader (language).



Fabian Krüger left the AWI to take up a position as an assistance professor at the KIT, Karlsruhe Institute of Technologie, October 1.

## Miscellaneous

Christopher Kops has received the Teaching Award of the Alfred Weber Institute for Economic Sciences 2019 for the lecture *Game Theory*.

**Editorial deadline for issue 22/2019 of the newsletter:  
Wednesday, October 16, 2019, 12 p.m.  
newsletter@awi.uni-heidelberg.de**

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please contact the address above.