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Upcoming Seminars

Wednesday, 23.5.2018 **Departmental Seminar**

12.15-13.15 Aldo Rustichini, University of Minnesota
AWI 00.010 (invited by Andis Sofianos)
 "Choice and Working Memory"

Wednesday, 23.5.2018 **Macro & Econometrics Seminar**

14.00-15.00 Lena Janys, Bonn University
AWI 01.030 "Selecting relevant outcomes using the group-sparse lasso
 in a multiple outcome setting"

Departmental Seminar

Aldo Rustichini

"Choice and Working Memory"

In real-life situations, most choices are among options considered sequentially, so a memory trace of the value associated with the options already met must be stored until all options have been considered. Thus, memory and choice are essentially linked. This feature is missing in typical experimental setups where choices among options are simultaneously available to the decision maker. We study theoretically and experimentally the role of working memory in choice, relying on a new design where participants see two options separated by a time delay of short random length, and choose after the two options are presented again simultaneously. We found that the option presented first is, everything else being equal, significantly and substantially less likely to be chosen. We show that this behavioral effect has a natural explanation in the information and choice process that brain imaging analysis reveals: the value of the first option is stored in a leaky working memory system in posterior parietal regions. When the second option is presented, its value is encoded in ventro-medial Pre-Frontal Cortex (vmPFC), while the value of the first option is recalled, with a reduction of value following the leak, and comparison of the two produces the selection of one of the two options. We provide a formal, neurally based model of the storage of memory value and of choice, providing a link between classical and neurally based decision theory.

Macro & Econometrics Seminar

Lena Janys

"Selecting relevant outcomes using the group-sparse lasso in a multiple outcome setting"*

Settings where one treatment is evaluated for many different outcomes are ubiquitous in applied economics, especially in field experiments and health economics. Typically, these outcomes are also correlated with each other, which makes selecting those outcomes for which the treatment is most relevant a difficult task. We propose a 'reverse' model selection procedure using the groups sparse lasso that evaluates all outcome equations simultaneously and regularizes the treatment effect in some (or all) equations to zero. We also show that the distribution of false positives is different depending on the correlation structure of the outcome vector, which suggests that post inference p-value adjustments, such as Bonferroni corrections might not perform as well in a correlated outcome setting. We apply our estimator to field experiment data in a development context.

*with Christopher Walsh

Talks and Research Visits

Zeno Enders discussed a paper by Andrea Ferrero at the 49th Konstanz Seminar on Monetary Theory and Policy, Reichenau, May 17-18.

At the 23rd Annual *Meeting of the Society of Labor Economists* (SOLE) in Toronto, May 4-5, **Christina Gathmann** presented the paper "College Openings and Local Economic Development" (joint with Francesco Berlingieri and Verena Lauber); **Eduard Brüll** presented the paper "Evolution of the East German Wage Structure" (joint with Christina Gathmann); and **Franziska K. Lembcke** presented the paper "From Licensing to Certification: An Analysis of Germany's Crafts and Trade Sector" (joint with Christina Gathmann).

Christina Gathmann presented the paper "Free Daycare and its Effects on Children and their Families" (joint with Anna Busse) at the Research Seminar of the Center for Macroeconomic Research, University of Cologne, May 16.

Franziska K. Lembcke presented her paper „From Licensing to Certification: Germany's Liberalization of the Crafts and Trade Sector" (joint with Christina Gathmann) at the 23rd Annual Meeting of the SOLE conference in Toronto, Canada, May 4-5.

Marco Lambrecht presented the project "Measuring skill and chance in games" (joint with Peter Duersch and Jörg Oechssler) at the Prague Conference on Behavioral Sciences 2018.

Timo Goeschl gave the keynote lecture on "Monitoring, Reporting, and Verification: Some Economics of the Paris Transparency Mechanism" at the conference "Economics and Politics of the Environment after the UN Paris Conference" at Baskent University, Ankara, April 30.

Timo Goeschl presented the paper "Torts, Experimentation, and the Value of Information" at the Economics Department Seminar at Bilkent University, April 27.

Timo Goeschl presented the paper "Cold Case: The Forensic Economics of Energy Efficiency Labeling in Domestic Refrigeration Appliances" at the École Polytechnique in Paris on April 6 and at the Environmental & Resource Economics Committee of the Verein für Socialpolitik in Münster, April 19.

New Publications

Johannes Diederich and Timo Goeschl. "Voluntary Climate Action Does Not Exhibit Locational Preferences". *Journal of Environmental Economics and Management*, forthcoming.

Timo Goeschl and Shunsuke Manabe. "Public In-Kind Relief and Private Self-Insurance". *Economics of Disasters and Climate Change*, forthcoming.

**Editorial deadline for issue 12/2018 of the newsletter:
Wednesday, May 23, 2018, 12 p.m.
newsletter@awi.uni-heidelberg.de**

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