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## Upcoming Seminars

### **Monday, 2.7.2018**

#### **Departmental Seminar**

13.30-14.30

AWI 00.010

Devesh Rustag, Goethe University Frankfurt

(invited by Dietmar Fehr)

"Waiting for Napoleon? Democracy and Norms of Cooperation"

### **Tuesday, 3.7.2018**

#### **Economics and Politics Seminar**

13.45-14.45

AWI 01.030

Christopher Kilby, Villanova University, Villanova

"Do Domestic Politics Shape U.S. Influence in the World Bank?"

### **Wednesday, 4.7.2018**

#### **Internal Seminar**

12.15-13.15

AWI 00.010

Stefan Klonner

"Peer Effects in Health Insurance Demand: Evidence from Burkina Faso"

### **Wednesday, 4.7.2018**

#### **Macro & Econometrics Seminar**

14.00-15.00

AWI 01.030

Lora Pavlova

"Analyzing Consumers' Probability Forecasts of Inflation"

### Departmental Seminar

Devesh Rustag

"Waiting for Napoleon? Democracy and Norms of Cooperation"

This paper investigates the role of historical democracy in shaping norms of cooperation today. We exploit exogenous variation in historical democracy in medieval Switzerland induced by the extinction of a powerful noble dynasty from the absence of an heir, which resulted in some municipalities but not the others acquiring self-governance. Our results show that individuals from municipalities that experienced historical democracy display twice the level of cooperation than individuals from municipalities that acquired democracy after Napoleon liberated them. These differences persist because of cultural transmission and better quality of institutions in municipalities that democratized early.

### Economics and Politics Seminar

Christopher Kilby

"Do Domestic Politics Shape U.S. Influence in the World Bank?"

Do U.S. presidential administrations choose to exert more informal influence over international financial institutions when they have less control over bilateral aid because of a divided U.S. government? Reexamining four empirical studies of the World Bank, we demonstrate that findings of U.S. informal influence are driven by the years in which the U.S. government was divided. This provides a richer picture of when and why the U.S. exerts influence in multilateral settings and an alternate explanation to persistent questions about the role of international organizations in the international political economy.

\*with Erasmus Kersting

### Internal Seminar

Stefan Klonner

"Peer Effects in Health Insurance Demand: Evidence from Burkina Faso"

While access to formal finance for the poor through microfinance has improved enormously around the globe, the dissemination of microinsurance has thus far been far less successful. For various forms of microinsurance, e.g. against harvest losses and health shocks, enrollment rates have consistently fallen short of expectations. In this research we examine the role of peer effects in the demand for health insurance among poor households in Burkina Faso. Using an original instrumental variables approach, we find that concurrent neighbors' enrollment into health insurance greatly increases demand. Our main contribution is to identify the channel through which this "peer effect" works. Crowding out of informal risk sharing rather than social learning or social utility from being insured concurrently appears to its main driver. These findings shed a dubious light on the usefulness of subsidized microinsurance, at least when it is offered only temporarily.

## Macro & Econometrics Seminar

Lora Pavlova

### "Analyzing Consumers' Probability Forecasts of Inflation"

Expectations about inflation and the uncertainty attached to these expectations affect consumers' decision-making, and are thus of direct interest to economists and policymakers. This paper introduces a measure for the degree of uncertainty implied by a given probability forecast of inflation. Relating the measure to its ex post counterpart (available once the inflation rate is known) sheds light on whether consumers are able to assess the uncertainty surrounding their expectations. Using panel data from the Survey of Consumer Expectations recently introduced by the New York Fed, we find that most consumers underestimate the uncertainty associated with their forecast of inflation, 12 months ahead. Furthermore, we provide empirical evidence that some demographic groups appear to be systematically better at quantifying uncertainty than others.

## Talks and Research Visits

**Zeno Enders** presented the paper "Firm expectations and economic activity" at the LMU Munich, June 27.

**Christian König** presented the project "Active vs. Passive Risk Taking" (joint with Johannes Lohse und Anna Merkel) at the *Experimental Finance 2018* Conference, Heidelberg, June 22, and at the *Foundations of Utility and Risk 2018*, York, June 26.

**Sarah Langlotz** presented the paper "Community Cohesion in Times of Conflict: The Role of Foreign Interventions" at the 18th Jan Tinbergen European Peace Science Conference (Verona, June 20), where her paper has been awarded the NEPS Stuart A. Bremer Award.

**Robert Schmidt** presented the paper "The Effect of Experience on Social Norm Perception in Laboratory Experiment Participants" at the Summer Forum on "External Validity, Generalizability and Replicability of Economic Experiments" at the Barcelona Graduate School of Economics.

**Christian Conrad** presented the paper "Two are better than one: volatility forecasting using multiplicative component GARCH models" (joint with Onno Kleen) at the 11th Annual Meeting of the Society for Financial Econometrics, Lugano, June 14.

**Editorial deadline for issue 18/2018 of the newsletter:**  
**Wednesday, July 4, 2018, 12 p.m.**  
**[newsletter@awi.uni-heidelberg.de](mailto:newsletter@awi.uni-heidelberg.de)**

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please contact the address above.