



ALFRED-WEBER-INSTITUT FÜR WIRTSCHAFTSWISSENSCHAFTEN
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AWI This Week

Monday, 6. 06. 11

Departmental Seminar

17.15-18.45

Karim Sadrieh, University of Magdeburg

AWI 00.010

"Behavioral Correlates of Poverty, Lack of Prospects, and Vandalism"

Wednesday, 8. 06. 11

Departmental Workshop

17.15-18.45

Stefan Klonner, University of Heidelberg

AWI 00.010

"Does semi-formal credit help to cope with aggregate shocks? Evidence from Rotating Credit Groups and the Indian Ocean Tsunami"

Jour Fixe

The AWI JOUR FIXE takes place at the Lounge on a weekly basis on Mondays from 16:30 till 17:15 (i.e., just before the departmental seminar). There you will have the opportunity to meet the speaker, enjoy a coffee, and exchange news and discuss research with other members of the AWI.

Departmental Seminar

Karim Sadrieh

"Behavioral Correlates of Poverty, Lack of Prospects, and Vandalism"

Recent experimental research reveals that people are not always altruistic and philanthropic, but under some circumstances tend to destructive behavior. Since vandalism is the most common form of destructive behavior, we use a complex experimental design to uncover, whether vandalism is motivated by relative poverty, by the lack of future prospects, or by a combination of the two. In our experiment we observe that half of the participants are willing to destroy a public good, even though destruction is costly. We find that while neither poverty nor negative prospects alone are significantly correlated to vandalistic behavior, the combination of both factors leads to a significant increase in destruction choices. Our results go well beyond the current literature on inequity aversion and anti-social behavior, pointing out that policies that affect the future economic perspectives in a society may be used as powerful instruments to enhance societal cooperation and to reduce destructive behavior.

Departmental Workshop

Stefan Klonner

"Does semi-formal credit help to cope with aggregate shocks?
Evidence from Rotating Credit Groups and the Indian Ocean Tsunami"

We analyze the effects of the 2004 Indian Ocean Tsunami on credit demand in Rotating Savings and Credit Associations (Roscas) in South India, where the allocation of loans is determined by competitive, open bidding for the interest rate. We combine financial data from a semi-formal financial intermediary with geophysical data on the Tsunami. Exploiting the feature that credit supply in Roscas is fixed on the short term, we estimate the extent to which the price of credit changed in response to this shock. Comparing branches affected and unaffected by the Tsunami before and after the Tsunami hit, we find an increase in the interest rate of 4.9 per cent on average in branches affected by the Tsunami. Interest rates increased most dramatically in the first three months after the Tsunami and decreased subsequently over the year 2005. We conclude that (i) funds provided by Roscas did play a role for coping with this large negative shock, (ii) repercussions of the Tsunami in the Rosca credit market were limited in terms of the order of magnitude of effects, and (iii) the effects are most pronounced directly after the aggregate shock suggesting that semi-formal credit and official aid appear to be substitutes as disaster coping mechanisms rather than complements.

Talks and Research Visits

Alec Sproten has given a talk on "Neuro- und Verhaltensökonomik: Wie sich der Alterungsprozess auf das ökonomische Entscheidungsverhalten auswirkt" at the annual forum of the Heidelberg Graduate School for Humanities and Social Sciences, May 27.

Miscellaneous

The Research Committee for International Economics (Ausschuss für Außenwirtschaftstheorie und Außenwirtschaftspolitik) of the "Verein für Socialpolitik" has its annual meeting at the Alfred-Weber-Institut June 2-4, 2011. About 40 members of the committee will discuss their research results and current economic policy problems, e.g. the crises of the European Monetary Union. The meeting is organised by Switgard Feuerstein (press statement).

**Editorial deadline for issue 14/2011 of the newsletter:
Wednesday, June 8, 2011, 12 o'clock
newsletter@awi.uni-heidelberg.de**

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please contact the address above