



ALFRED-WEBER-INSTITUT FÜR WIRTSCHAFTSWISSENSCHAFTEN  
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## AWI This Week

**Monday, 18.07.11**

**Departmental Workshop**

17:15 – 18:45

Daniel Heyen, University of Heidelberg

AWI 00.010

"Active Learning under Ambiguity"

## Abstract

Daniel Heyen

"Active Learning under Ambiguity" \*

Agencies charged with regulating food safety, pharmaceuticals, or industrial processes frequently need to take decisions in settings characterized by ambiguity. What rules should guide those decisions? Since the 1990s, the Precautionary Principle (PP) has emerged as the preferred decision rule in policy circles, challenging traditional Cost-Benefit Analysis (CBA). We add to the debate on the relative merits of PP and CBA as the agency's rule from a novel angle, namely the impact of the choice of the decision rule on the agency's information gathering behavior. We find two countervailing effects. On the one hand, an agency mandated to employ the PP has a higher demand for precise information relative to CBA, affirming the common notion of the PP leading to better informed decisions. On the other hand, use of the PP leads to a reluctance to learn an inconvenient truth and hence to a lower demand for signal precision. For a broad set of parameters, this net result is that in settings in which ambiguity can be reduced, an agency employing the PP will prefer to stay uninformed. We discuss the implications for setting agency decision rules.

\* with Timo Goeschl and Boris Wiesenfarth

## Talks and Research Visits

**Bram Driessen** gave a talk on "The Asymmetric Leximin Solution" at the SING7 conference, organized at Télécom Paristech, Paris, July 18.

**Jörg Oechssler** presented the paper "Imitation: Theory and Experiments" at the Applied Micro Seminar of the DIW Berlin, July 14.

**Peter Dürsch** presented the paper "Malevolent and Benevolent Ellsberg Urns" (joint with Adam Dominiak) at the IAREP/SABE/ICABEEP Conference in Exeter, July 12-15.

**Julia Müller** presented the paper "Can Personality Explain What is Underlying Women's Unwillingness to Compete?" (joint with Christiane Schwielen) at the ESA International Conference in Chicago, July 7-10.

## New and Leaving Staff

Smarandita Tapalaga Gheorghinca started working at the AWI in July (2011) towards her Ph.D. under the coordination of Christiane Schwielen. She is now part of the research team studying economic decision making under stress and she is particularly interested in Neuroeconomics, Behavioral and Experimental Economics.



Andreas Roider has accepted an offer for a W3-professorship of economics at the *University of Regensburg*. He will leave the AWI in April 2012. ☺

Adam Dominiak has accepted an offer as an Assistant Professor at the *Department of Economics, Virginia Tech*, Blacksburg, VA, US. He will leave the AWI in August.

***There will be no newsletter until October.***

**Editorial deadline for issue 21/2011 of the newsletter:  
Wednesday, October 5, 2011, 12 o'clock  
[newsletter@awi.uni-heidelberg.de](mailto:newsletter@awi.uni-heidelberg.de)**

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please contact the address above.