



ALFRED-WEBER-INSTITUT FÜR WIRTSCHAFTSWISSENSCHAFTEN
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AWI This Week

Monday, 19.12.11

Departmental Seminar

17.15-18.45

Roberto Weber, University of Zurich

AWI 00.010

"Pre-Play Communication with Forgone Costly
Messages: Experimental Evidence on Forward
Induction"

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

Roberto Weber

"Pre-Play Communication with Forgone Costly Messages: Experimental Evidence on Forward Induction"*

We experimentally study optional costly communication in stag-hunt games. In contrast to prior research on these games where the communication option is absent, we find that there is a tendency for efficiency to be achieved without communication. This observed difference between unavailable and unused options is reminiscent of forward induction and poses an interesting challenge for theory. The non-equilibrium approach to forward induction, viz., extensive-form rationalizability, agrees with our data to the extent that it rules out strictly dominated strategies. Govindan and Wilson's (*Econometrica*, 2009) recent definition of forward induction (GW-FI), which makes use of putative equilibrium outcomes as reference points, has added explanatory power. We apply GW-FI to the effective game in which players are restricted to semantically plausible strategies. Among the pure-strategy equilibrium outcomes GW-FI selects the one where efficiency is achieved without communication.

*with Peter H. Kriss and Andreas Blume

Talks and Research Visits

Bram Driesen will give a talk on "Lexicographic solutions and proportional concessions" in Besancon (Université de Franche-Comté) on December 15, and in Saarbrücken (Saarland University) on December 19.

Joerg Oechssler gave a talk on "Imitation - Theory and Experimental Evidence" at DICE, University of Düsseldorf, December 13.

Krishna Chaitanya Vadlamannati presented his paper "Fighting Corruption or Fighting Elections? The Politics of Fighting Corruption in India: A Subnational Study, 1988-2009" in Development Economic Staff Seminar at University of Goettingen, Goettingen, December 13.

Axel Dreher gave a talk on "The Effectiveness of Aid for Development", Institute for Economic Analysis (CSIC) and a talk on "The costs of favoritism: Is politically-driven aid less effective?", Barcelona Graduate School of Economics, Barcelona, Spain, December 12-13.

Andreas Roider has visited NYU Stern School of Business from December 5-16, where on December 9th he gave a talk on "Optimal incentive contracts under moral hazard when the agent is free to leave" (joint with Florian Englmaier and Gerd Mühlheusser).

New Publications

Axel Dreher, Peter Nunnenkamp and Hannes Öhler: *Why it pays for aid recipients to take note of the Millennium Challenge Corporation: Other donors do!*, *Economics Letters*, forthcoming.

Israel Waichman and Christiane Ness: *Farmers' performance and subject pool effect in decentralized bargaining markets*, *Economics Letters*, forthcoming.

Julia Müller and Christiane Schwierén: *Can Personality Explain what is Underlying Women's Unwillingness to Compete?*, *Journal of Economic Psychology*, forthcoming.

Krishna Chaitanya Vadlamannati and Indra de Soysa: *Do Pro-Market Economic Reforms Drive Human Rights Violations? An Empirical Assessment, 1981-2009*, *Public Choice*, forthcoming. Recently, the findings of this paper were subject of discussion in Danish financial daily, Børsen: (<http://borsen.dk/arkiv/artikel/3163806/>) and in Australian Broadcast Corporation's (ABC) online news segment: (<http://www.abc.net.au/unleashed/3613530.html>).

Merry Christmas and a Happy New Year 2012

**Editorial deadline for issue 1/2012 of the newsletter:
Wednesday, January 4, 2012, 12 o'clock
newsletter@awi.uni-heidelberg.de**

If you would like to receive the newsletter by email,
please contact the address above.