



ALFRED-WEBER-INSTITUT FÜR WIRTSCHAFTSWISSENSCHAFTEN
BERGHEIMER STR. 58, 69115 HEIDELBERG, TEL. 06221/54-2941, FAX: 06221/54-3592
REDAKTION: FREYA SCHADT, EMAIL: NEWSLETTER@AWI.UNI-HEIDELBERG.DE

AWI This Week

Friday, 13.4.12

10.15-16:45

AWI 02.023

2nd HeiMaX – workshop

Heidelberg, Mannheim & neighbors,
experimental economics

Monday, 16.4.12

17.15-18.45

AWI 00.010

Departmental Seminar I

Jean-Jacques Herings, Maastricht University
"Farsighted Voting"

Wednesday, 18.4.12

17.15-18.45

AWI 00.010

Departmental Seminar II

Lata Gangadharan, University of Melbourne
"Empowering Neighbors versus Imposing Regulations:
An Experimental Analysis of Pollution Reduction
Schemes"

Jour Fix

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 I

P. Jean-Jacques Herings

"Farsighted Voting"*

At each moment of time nature chooses an alternative from a finite set, and the players sequentially cast a yes or a no vote. If the set of players casting a yes-vote is decisive for the alternative in question, the alternative is accepted and the game ends. Otherwise the next period begins. We first analyze the basic model where delay is costless and all actions are observable. We also extend the model to allow for discounted payoffs and incomplete information. We prove the existence of a subgame perfect equilibrium such that each players' strategy is pure and action-independent, and the corresponding collective strategy is simple and induced by two-step game-plans with a threshold of at most M . We show that this implies the existence of a sequential equilibrium in the extended model with incomplete information, under the assumption that the moves by nature are always observed. We show that each subgame perfect equilibrium of the basic model is also a subgame-perfect ϵ -equilibrium of the game where the payoffs are discounted, provided that the players are patient enough. We introduce a refinement of subgame-perfect ϵ -equilibrium called a discount adjusted subgame-perfect ϵ -equilibrium. We show that each subgame perfect equilibrium of the basic model induced by two-step game-plans with a threshold of at most M is a discount adjusted subgame-perfect ϵ -equilibrium of the game with discounted payoffs, provided that the discount factor is high enough.

*with Arkadi Predtetchinski

Departmental Seminar II

Lata Gangadharan

"Empowering Neighbors versus Imposing Regulations: An Experimental Analysis of Pollution Reduction Schemes"*

This paper presents an experimental study of two mechanisms that influence incentives to reduce emissions that increase ambient pollution levels. In the formal mechanism individuals face a penalty if the group generates total pollution that exceeds a specified target, whereas in the informal mechanism individuals can choose to incur costs to punish each other after observing their individual emissions. We examine the effectiveness of these mechanisms, in isolation and in combination. The results suggest that the formal targeting mechanism is significantly more effective than informal peer punishment in reducing pollution and increasing efficiency.

*with Timothy N. Cason

Talks and Research Visits

Andreas Fuchs presented his joint paper with Krishna Chaitanya Vadlamannati "The Needy Donor: An Empirical Analysis of India's Aid Motives" at the 2nd World Congress of the Public Choice Societies in Miami, March 10, as well as at the 2012 Annual Convention of the International Studies Association in San Diego, April 3.

The Workshop on **Game Theory, Behavioral Economics, and Mechanism Design**, organized by Jürgen Eichberger and Eyal Winter at the Hebrew University of Jerusalem, Israel, took place from March 25-26. The following faculty members of the AWI for economics took part by presenting:

Christoph Brunner: "Premium Auctions and Risk Preferences: An Experimental Study"; **Bram Driesen**: "Bargaining with Reference-Dependent Preferences"; **Peter Duersch**: "Benevolent and Malevolent Ellsberg Urns"; **Jürgen Eichberger**: "Ambiguity, Data, and Preferences for Information: A Case-Based Approach"; **Jörg Oechssler**: "Imitation: Theory and Experiments"; **Christoph Vanberg**: "Decision Costs in Multilateral Bargaining: An Experimental Analysis".

Benjamin Roth presented the paper "Does Good Advice come Cheap? On the Assessment of risk preferences others" (joint with Andrea Leuermann) at the International Industrial Organization Conference 2012 in Arlington, March 16-18.

Andrea Leuermann presented her paper "Does good advice come cheap? - On the assessment of risk preferences in the lab and the field" (joint with Benjamin Roth) at the IMEBE 2012 in Castellón, Spain, March 8-10th.

Israel Waichman was presenting the paper "Communication in Cournot Competition: An Experimental Study" at the International Meeting on Experimental and Behavioral Economics (IMEBE), in Castellon, Spain. March 8-10.

Daniel Römer presented the paper "The Extortion Game: An Experimental Investigation of Power and Exaction in Bargaining" (joint with Johannes Jarke) at the 8th International Meeting on Experimental and Behavioral Economics (IMEBE) in Castellon, Spain, March 8-10.

Andrea Leuermann presented her paper "Politics or Parents? – The Evolution of German's Values Since Reunification" (joint with Sarah Necker) at the 5th Annual NYU-CESSE Experimental Political Science Conference in New York, USA, March 1-2nd.

Christine Binzel presented her paper "Decline in Social Mobility: Unfulfilled Aspirations among Egypt's Educated Youth" at the World Bank seminar series of the Chief Economist of the Middle East and Northern Africa Region in Washington, D.C., USA, January 25.

New Working Papers

Eichberger, Jürgen, Grant, Simon, Kelsey, David: *When is Ambiguity-Attitude Constant?*, CESifo Working Papers, March 2012.

Bram W. Driesen: *The Asymmetric Leximin Solution*, Discussion Paper Series No. 523, Department of Economics, University of Heidelberg, February 2012.

Alec N. Sproten and Christiane Schwieren: *Age differences in the reaction to incentives – do older people avoid competition?*, Discussion Paper Series No. 522, Department of Economics, University of Heidelberg, February 2012.

Christian Conrad and Thomas A. Eife: *Explaining Inflation-Gap Persistence by a Time-Varying Taylor Rule* (Update of dp504), Discussion Paper Series No. 521, Department of Economics, University of Heidelberg, February 2012.

Malte Faber and Thomas Petersen: *Karl Marx: Herakles oder Sisyphos? Eine philosophische und ökonomische Untersuchung*, Discussion Paper Series No. 520, Department of Economics, University of Heidelberg, January 2012.

New Publications

Adam Dominiak and Jean-Philippe Lefort: *Agreeable Trade with Optimism and Pessimism*, Mathematical Social Sciences, forthcoming.

Miscellaneous

Stefan Behringer started his fixed-term professorship on April 1, 2012 at the AWI. He deputizes for the Marsilius-Kolleg Fellows Jörg Oechssler and Timo Goeschl over a period of two semesters.

New and Leaving Staff

Anna Lena Busse is a new doctoral student at the Chair of Labor Economics/New Political Economy (since March 15, 2012). Anna has just finished her diploma in Economics at the University of Mannheim. Her research interests are in the areas of migration and labor markets.



Hannes Koppel has taken up a research associate position at the Chair of Christoph Vanberg starting April 1st, 2012. Before that he was a research fellow at the Max Planck Institute of Economics in Jena. His main research interests are in behavioral and experimental economics often linked to questions in public economics. He currently focuses on topics in inter- and intragroup competition, corporate social responsibility and status seeking.



Andreas Reischmann is a new doctoral student at the Chair of Economic Theory of Jörg Oechssler. He finished his diploma in Math at the University of Heidelberg in February.



**Editorial deadline for issue 6/2012 of the newsletter:
Wednesday, April 18, 2012, 12 o'clock
newsletter@awi.uni-heidelberg.de**

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