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AWI This Week

Monday, 23.4.12

17.15-18.45

AWI 00.010

Departmental Seminar

James Tremewan, University of Vienna

"Social Preferences and Bounded Rationality in the Centipede Game"

Wednesday, 25.4.12

17.15-18.45

AWI 00.010

Departmental Workshop

Israel Waichman, University of Heidelberg

"Do Short-term Laboratory Experiments Provide Valid Descriptions of Long-term Economic Interactions?"

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

James Tremewan

"Social Preferences and Bounded Rationality in the Centipede Game"

In this paper we use a group identity manipulation to examine the roles of social preferences and bounded rationality in an experimental centipede game. Contrary to what social preference theory would predict, we find that players continue longer when playing with outgroups. We estimate a "prospective reference theory" model where subjects' predictions about their partner's behaviour can be given more or less weight relative to a prior belief of uniform randomization over strategies. Subjects playing an ingroup member behave as though their prediction is fully informative, whereas subjects playing an outgroup member behave as though their prediction is only partially informative. We conclude that any effect of social preferences that may exist is outweighed by the greater uncertainty subjects have about the behaviour of outgroups. This experiment provides evidence that attention should be given to the possibility that discriminatory behaviour can be driven by uncertainty about outgroups rather than social preferences, and earlier field data and experimental results should be re-evaluated in this light. A more general contribution is the finding that increased uncertainty in a strategic

Departmental Workshop

Israel Waichman

"Do Short-term Laboratory Experiments Provide Valid Descriptions of Long-term Economic Interactions?"*

One key problem regarding the external validity of laboratory experiments is their duration: while economic interactions out in the field are often lengthy processes, typical lab experiments only last for an hour or two. To address this problem, we compare standard laboratory experiments (two Cournot duopoly variants) lasting one hour with treatments taking more than a month. In the long-term treatments, subjects play the same Cournot games and make the same number of decisions as in the short-term counterparts, but they decide once a day via the internet. We find no appreciable differences between treatments.

*with Hans-Theo Normann and Till Requate

Talks and Research Visits

Christian Conrad presented the paper "Anticipating Long-Term Stock Market Volatility" (jointly with Karin Loch) at the annual meeting of the Swiss Society of Economics and Statistics, Zurich, April 12, 2012.

Daniel Rittler presented the paper "Carbon and the Stock Market: A Policy Evaluation of the EU-ETS" at the annual meeting of the Swiss Society of Economics and Statistics, Zurich, April 12, 2012.

Karin Loch presented the paper "Anticipating Long-Term Stock Market Volatility" (joint with Christian Conrad) at the Society for Nonlinear Dynamics and Econometrics 20th Annual Symposium in Istanbul, April 5-6.

Krishna Chaitanya Vadlamannati presented the following papers:

"How Kind the Good Samaritan? An Empirical Test of Scandinavian Aid and the Promotion of Peace and Human Rights, 1960–2009"(with Indra de Soysa and Marthe A. Strømmen), presented at Ministry of Finance, Norwegian Government, in Oslo, Norway, April 13, 2012.

"A Geographic Exploration of the Maoist Violence as Decision Support for Case Study Fieldwork Location" (with Jan Ketil Røed and Katinka Sætersdal Remø) presented at Staff Meeting in Norwegian University of Science and Technology, in Trondheim, Norway, April 12, 2012.

"Did Economic Reforms Redistribute Wealth from Rich to the Poor? An Empirical Investigation, 1970–2000", presented at staff seminar of Peace Research Institute (PRIO) in Oslo, Norway, April 11, 2012.

"Fighting Corruption or Fighting Elections? The Politics of Fighting Corruption in India: A Subnational Study, 1988-2009", presented at World Congress Public Choice Society, Miami, USA, March 8–11, 2012.

"Race to the Top or Race to the Bottom? Competing for Investments in Special Economic Zones: Evidence from Indian States, 1998–2010", presented at seminar on Hidden Risks in Emerging Superpower organized by Peace Research Institute (PRIO) in Kathamandu, Nepal, February 19-21, 2012.

"Fighting Corruption or Fighting Elections? The Politics of Fighting Corruption in India: A Subnational Study, 1988-2009", presented at 5th RGS Doctoral Conference in Economics, University of Duisburg-Essen, Germany, February 27–29, 2012.

Visitors

Manoel Bittencourt from the University of Pretoria is visiting the Institute from April 10th until June 23rd as a guest researcher of Axel Dreher. His research interests are mostly in economic growth, political economy and applied panel data analysis. He is sitting in room 01.012a.

New Working Papers

Malte Faber and Thomas Petersen: "The Environmental Aspect of 'Making People Rich as the Top Priority' in China: a Marxian Perspective", Discussion Paper Series No. 526, Department of Economics, University of Heidelberg, March 2012.

Philipp Massier and Daniel Römer: "On the Obligation to Provide Environmental Information in the 21st Century – Empirical Evidence from Germany ", AWI Discussion Paper Series No. 525, Department of Economics, University of Heidelberg, March 2012.

Christian Conrad, Karin Loch and Daniel Rittler: "On the Macroeconomic Determinants of the Long-Term Oil-Stock Correlation", Discussion Paper Series No. 524, Department of Economics, University of Heidelberg, March 2012.

**Editorial deadline for issue 7/2012 of the newsletter:
Wednesday, April 25, 2012, 12 o'clock
newsletter@awi.uni-heidelberg.de**

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