



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

Monday, 30.4.12

17.15-18.45

AWI 00.010

Departmental Seminar

Yukio Koriyama, École Polytechnique, France

"Optimal Apportionment"

Wednesday, 02.5.12

17.15-18.45

AWI 00.010

Departmental Workshop

Thomas Eife, University of Heidelberg

"Optimal Price Setting During a Currency Changeover:
Theory and Evidence from French Restaurants"

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

Yukio Koriyama

"Optimal Apportionment"*

This paper provides a theoretical foundation which supports the *degressive proportionality principle* in apportionment problems. The core of the argument is that each individual derives utility from the fact that the collective decision matches her own will with some frequency, with marginal utility decreasing with respect to this frequency. Then classical utilitarianism at the social level recommends decision rules which exhibit degressive proportionality. The model is applied to the case of the 27 states of the European Union.

*with Jean-François Laslier, Antonin Macé, and Rafael Treibich

Departmental Workshop

Thomas Eife

"Optimal Price Setting During a Currency Changeover: Theory and Evidence from French Restaurants"*

This paper studies firms' price-setting decision during a currency changeover. Buyers' difficulties with the new nominal price level create incentives to raise real prices temporarily but doing so comes at the risk of damaging a seller's reputation in the long run. We model firms' trade-off and study under which conditions increasing or decreasing prices is optimal. A key variable in the decision is buyers' information about a firm's conversion, which in turn is affected by (i) a firm's size, (ii) the proportion of regular buyers, and (iii) the visibility of a good's price. Difference-in-differences analyses based on micro-data of French restaurants strongly support the model's predictions empirically. Indeed, prices around the 2002 changeover in the European Monetary Union are less likely to rise in larger and non-tourist restaurants, especially when prices are advertised.

*with Nicoletta Berardi and Erwan Gautier

Talks and Research Visits

Sara Elisa Kettner presented "Climate Change Mitigation in Aging Societies: Evidence from a Laboratory Experiment" (joint with Timo Goeschl, Johannes Lohse, Christiane Schwierén) at the Resource Economics Department seminar of the University of Massachusetts, Amherst, USA, April 20.

Thomas Eife presented the paper "Explaining the Persistent Effect of the Euro-Changeover on German Restaurant Prices" at the annual meeting of the Swiss Society of Economics and Statistics, Zurich, April 12.

Publications

Israel Waichman: *Investment incentives under emission trading: An experimental study*, (with Eva Camacho-Cuena and Till Requate) was accepted for publication in *Environmental and Resource Economics*

**Editorial deadline for issue 8/2012 of the newsletter:
Wednesday, May 2, 2012, 12 o'clock
newsletter@awi.uni-heidelberg.de**

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