



ALFRED-WEBER-INSTITUT FÜR WIRTSCHAFTSWISSENSCHAFTEN
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AWI This Week

Monday, 10.12.12

Departmental Seminar

17.15-18.45
AWI 00.010

Michael Lechner, University of St. Gallen
"Do Firms Benefit from Active Labour Market Policies?"

Tuesday, 11.12.12

Economics & Politics Seminar

14.15-15.15
AWI 02.036

Sylvia Marchesi, Università Milano-Bicocca
"Did high debts distort loan and grant allocation to IDA countries?"

Wednesday, 12.12.12

Departmental Workshop

17.15-18.45
AWI 00.010

Boris Wiesenfarth, University of Heidelberg
"A symmetric Hotelling Model with ambiguous Consumer Tastes"

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

Michael Lechner

"Do Firms Benefit from Active Labour Market Policies?"*

This paper investigates the link between variation in the supply of workers who participate in specific types of active labour market policies (ALMPs) and firm performance using a new exceptionally informative German employer-employee data base. For identification we exploit that German local employment agencies (LEAs) have a high degree of autonomy to determine their own mix of ALMPs and that firms' hiring regions overlap only imperfectly with the areas of responsibility of the LEAs. Our results indicate that in general firms do not benefit from ALMPs and in some cases may even be harmed by certain programs, in by subsidized employment and long further vocational training programs. These findings complement the negative assessment of the costeffectiveness of ALMPs from the empirical literature on the effects for participants.

*with Patrycja Scioch and Conny Wunsch

Economics & Politics Seminar

Sivia Marchesi

"Did high debts distort loan and grant allocation to IDA countries?"

We examine the allocation of net loans, net transfers and grants to IDA countries over the period 1982-2008 focusing on the role of debt and debt sustainability in the decisions of multilateral and bilateral donors. We find no evidence of defensive lending but strong evidence of defensive granting. A significant negative reaction of net loans to the debt ratio indeed characterizes the decisions of both multilateral and bilateral creditors. The impact of lower loans on the budget of debtor countries is however accommodated through higher grants, in addition to debt relief. These findings are consistent with a substitution of grants for loans and with the new approach to debt sustainability but question the efficiency and selectivity of foreign aid.

Departmental Workshop

Boris Wiesenfarth (with Florian Kauffeldt)

"A symmetric Hotelling Model with ambiguous Consumer Tastes"

We analyze a Hotelling location-then-price duopoly game with uniformly distributed consumers in a standard quadratic transportation costs scenario. The novelty of our approach consists of assuming that firms face ambiguity with respect to the exact location of the consumer distribution. Making use of an underlying π -MEU heuristics we derive the firms' optimal location decisions and price equilibria under ambiguity. Furthermore we investigate the influence of global optimism and pessimism on product differentiation and contrast our results with an environment of risky firms. We find that an increase of global optimism leads to a higher degree of product differentiation. Finally we assess our model from a welfare point of view by suggesting possible mandates for an ambiguous social planner. Conditional on the choice of a welfare functional we derive the resulting welfare losses in optimistic and pessimistic market environments.

Talks and Research Visits

Zeno Enders gave a talk on "Undue optimism and economic activity" at the 3rd Ifo Conference on Macroeconomics and Survey Data in Munich, November 30.

Christine Binzel presented her work "Does the Arrival of Formal Financial Institutions Affect Social Networks? Experimental Evidence from Village India" (joint with Rohini Pande and Erica Field) at the *Symposium on Economic Experiments in Developing Countries (SEEDEC)* in Berkeley, California, USA, November 29-30.

Hans Diefenbacher gave a lecture on "Energiepolitik heute – Erklärungsversuche auf den Spuren von Günter Altner" at the *Dies Academicus of the University of Koblenz*, November 21, and a lecture on "Woran sich Wohlstand wirklich messen lässt", Ringvorlesung "*Wohlstand ohne Wachstum?*", TU Berlin, November 22.

New Publications

Hans Diefenbacher: "Der Inclusive Wealth Index – ein neues Maß für nachhaltige Entwicklung?" in: *Ökologisches Wirtschaften*, Heft 4/2012, 23 – 25.

**Editorial deadline for issue 29/2012 of the newsletter:
Wednesday, December 12, 2012, 12 o'clock
newsletter@awi.uni-heidelberg.de**

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