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AWI This Week

Monday, 17.12.12

Departmental Seminar

17.15-18.45

AWI 00.010

Katja Maria Kaufmann, Bocconi University

"Learning about the Enforcement of Conditional Welfare Programs: Evidence from the Bolsa Familia Program in Brazil"

Wednesday, 19.12.12

Departmental Workshop

17.15-18.45

AWI 00.010

Israel Waichman, University of Heidelberg

"Asymmetry and coordination in the collective-risk social dilemma"

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

Katja Maria Kaufmann

"Learning about the Enforcement of Conditional Welfare Programs:
Evidence from the Bolsa Familia Program in Brazil"*

Evaluations of government programs or policies provide estimates of the combined effect of formal program rules and the quality of implementation of these rules. To improve the design of policies or to make predictions about the success of a policy in a different context, it is crucial to disentangle the role of formal rules from the role of enforcement of these rules. Despite the fact that in many contexts enforcement is not perfect, this important dimension has received very little attention in the literature. In this paper we study the implementation of a large-scale government program "Bolsa Familia" in Brazil, which conditions transfers to poor families on children's school attendance. We analyze whether and how people learn about the quality of enforcement and how this affects their behavior. We find that individuals fine tune their behavior in response to signals about the quality of enforcement of program conditions. They learn both from private signals, observing the consequences of own noncompliance, and from public signals, that is observing the consequences from peers' noncompliance. Thus we show that enforcement does not only have a direct effect on the family affected, but also important spillover effects on other families, who learn from the experiences of their children's peers.

*with Eliana La Ferrara and Fernanda Brollo

Departmental Workshop

Israel Waichman, University of Heidelberg

"Asymmetry and coordination in the collective-risk social dilemma"*

The "collective-risk social dilemma" (CRSD) is essentially a threshold public good game that requires continual sacrifice from the group members over several periods in order to reach a target that would prevent a catastrophic event. This game models the global challenge in negotiation to prevent a dangerous climate change. Previous CRSD studies find that (a) the target is achieved only when the catastrophic risk is very high (Milinski et al., 2008), and (b) wealth asymmetry (stemming from past sacrifices of some members) reduces success in reaching the target, while communication increases success (Tavoni et al., 2011). Based on international climate change negotiation, we model two different types of asymmetries and compare them with the symmetric benchmark. Members differ with respect to their asymmetric endowment (rich vs. poor), or their loss rate (some members would suffer more than others in case of an event). Surprisingly, we find that the target is better achieved under both asymmetries than under symmetry. Nevertheless, the mechanisms leading to success are different in these different treatments.

*with Markus Karde, Till Requate and Manfred Milinski

Talks and Research Visits

Christina Gathmann organized as member of the Scientific Committee the SFB 884 Research Conference *Evaluation of Political Reforms* at the University of Mannheim, December 12-14, where she will present her paper on "Trial and Error? Policy Experimentation during the US Welfare Reform".

Jörg Oechssler presented his papers "Premium Auctions and Risk Preferences: An Experimental Study" (joint with Christoph Brunner and Audrey Hu) at ECARES, Brussels, December 11, and "Hierarchy, Coercion, and Exploitation: An Experimental Analysis" (joint with Nikos Nikiforakis and Anwar Shah) at the Tinbergen Institute Amsterdam, December 6.

New Publications

Zeno Enders, Gernot Müller, and Philip Jung: "Has the Euro changed the Business Cycle?", *European Economic Review*, forthcoming.

Merry Christmas and a Happy New Year 2013

**Editorial deadline for issue 1/2013 of the newsletter:
Wednesday, January 2, 2013, 12 o'clock
newsletter@awi.uni-heidelberg.de**

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