



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, 14.10.13

Departmental Seminar

17.15-18.45

Han Bleichrodt, Erasmus School of Economics, Rotterdam

AWI 01.010

"Making Case-Based Decision Theory Directly Observable"

Abstract

Departmental Seminar

Han Bleichrodt

"Making Case-Based Decision Theory Directly Observable"*

Gilboa and Schmeidler's case-based decision theory (CBDT) is an alternative to Savage's state-space model for uncertainty. In CBDT, preferences are determined by similarities with cases in memory, reflecting natural decision processes. This paper introduces a nonparametric method to measure CBDT that requires no commitment to parametric families and relates directly to decisions. We thus make CBDT directly observable (and falsifiable). Two experiments on real estate investments demonstrate the feasibility of our method. Our implementation of real incentives avoids not only the income effect, but also interactions between different memories. We confirm CBDT's predictions except for one violation of separability of cases in memory. CBDT gives plausible predictions and new insights into (real estate investment) decisions.

*with Martin Filko, Amit Kothiyal, & Peter P. Wakker

Talks and Research Visits

Axel Dreher presented the paper "Geopolitics, Aid and Growth" (with Vera Eichenauer and Kai Gehring) at the Department of Economics, University of Milano-Bicocca, Italy, October 9.

Andreas Fuchs presented the paper "Home Biases in Sovereign Ratings" (joint with Kai Gehring) at the Annual Meeting of the American Political Science Association in Chicago, August 29-September 1, and at the KOF Research Seminar at the ETH Zurich, September 25.

Zeno Enders presented the paper "Growth expectations, undue optimism, and short-run fluctuations" at the Annual meeting of the Verein für Socialpolitik in Düsseldorf, September 4-7.

Andreas Fuchs presented the paper "Emergency Aid 2.0" (joint with Nils-Hendrik Klann) at the Jahrestagung des Vereins für Socialpolitik in Düsseldorf, September 4-7.

Christine Binzel presented her paper "Education, Social Mobility and Religious Movements: A Theory of the Islamic Revival in Egypt" (joint with Jean-Paul Carvalho) at the EEA Annual Congress in Gothenburg, Sweden, August 28.

Christina Gathmann chaired the session "Political Economy II" at the EEA/ESEM Conference in Gothenburg/Sweden, August 26-30, and presented her paper „Trial and Error? Policy Experimentation during the US Welfare Reform“

Zeno Enders presented the paper "Growth expectations, undue optimism, and short-run fluctuations" at the Annual meeting of the European Economic Association in Gothenburg, August 26-30.

Christine Binzel participated in the EEA Women in Economics (WinE) Mentoring and Networking Retreat that took place pre-Congress in Gothenburg, Sweden, August 25-26.

Christina Gathmann took part as discussant and presented her paper "Trial and Error? Policy Experimentation during the US Welfare Reform" at the 69th Annual Congress of the International Institute of Public Finance, Taormina/Sicily, August 22-25.

Christine Binzel served as a discussant at the IZA/WZB Workshop "Field Days 2013: Experiments Outside the Lab", Wissenschaftszentrum Berlin für Sozialforschung, Germany, August 22.

Visitors

David Kelsey, University of Exeter, stays at the AWI October 7-13, for research with Jürgen Eichberger.

New Publications

The paper "Paying a Visit: The Dalai Lama Effect on International Trade" by Andreas Fuchs and Nils-Hendrik Klann has been published in the Journal of International Economics 91(1): 164-177, September 2013.

The paper "Determinants of Donor Generosity: A Survey of the Aid Budget Literature" by Andreas Fuchs, Axel Dreher and Peter Nunnenkamp has been accepted for publication in World Development.

Johannes Diederich and Timo Goeschl: "To Give or Not To Give: The Price of Contributing and the Provision of Public Goods", has been published as National Bureau of Economic Research (NBER) Working Paper No. 19322.

Christian Almer and Timo Goeschl: "The Sopranos Redux: The Empirical Economics of Waste Crime", has been accepted for publication in *Regional Studies*.

Miscellaneous

Christina Gathmann has been appointed to the Academic Advisory Board at the Federal Ministry of Economics and Technology, Berlin.

The German Research Foundation (DFG) decided to fund Christina Gathmann's research project "Political Reforms and the Mortality Decline: An Empirical Analysis for Swiss Cantons."

New and Leaving Staff

Marta Curto Grau (room 00.023a) has joined in October 2013 the Research Center for Distributional Conflict and Globalisation at the AWI. She earned her PhD in Economics from the University of Barcelona in May 2013. She is an applied economist with research interests on public economics, political economy, fiscal federalism and development economics.



Alejandro Donado (room 00.006) is a new Post-Doc at the AWI (since October 1). He was previously an assistant professor at the University of Würzburg from where he holds a Ph.D. in economics. His main research interests are in the areas of international economics, cultural economics, and labor economics.



Jonas Dovern (room 01.010) is a new Post-Doc at the Chair of Macroeconomics of Zeno Enders. Jonas finished his PhD in Quantitative Economics at the University of Kiel in 2009 and has since been active in economic research and consulting with his company Kiel Economics Research & Forecasting. His main research interests are in the fields of monetary policy, the interaction of business cycle and financial markets and the analysis of macroeconomic forecasts and expectations.



Jonas Hedlund (room 01.009) is a new Post Doc at the AWI, starting October 1st. His research interests are in Microeconomic- and Game Theory, Behavioral Economics and Information Economics. Currently he focuses on topics of boundedly rational social learning, in both decision theoretic and strategic contexts. He also studies the meeting point between hard and soft signaling in models of strategic transmission of information.



Sarah Langlotz (room 01.021) is a new doctoral student at the Chair of International and Development Politics since September 2013. She has finished her diploma in Economics at the Friedrich-Schiller-University in Jena. Her research interests are in Development Economics in Sub-Saharan Africa and Economics of Conflict.



Anna Merkel (room 00.004) is a new Ph.D. student at Prof. Vanberg's chair of Public Economics starting on October 15. Anna has completed her Masters degree in Economics at the LMU Munich in September. Her main research interests are in the areas of Behavioral and Experimental Economics as well as in Search and Matching Theory.



Katharina Richert (room 01.022) is a new doctoral student at the Chair of International and Development Politics of Axel Dreher. She completed her Master's degree in International Economics at Göttingen University and just finished the Postgraduate Training Programme of the German Development Institute. Her research interests are in development economics in the field of aid effectiveness and globalization linked to poverty reduction.



**Editorial deadline for issue 22/2013 of the newsletter:
Wednesday, October 16, 2013, 12 o'clock
newsletter@awi.uni-heidelberg.de**

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