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AWI This Week

Monday, 26.5.14

Departmental Seminar

17.15-18.45

AWI 00.010

Rema Hanna, Harvard Kennedy School

"Information is Power: Identification Cards and Food Subsidy Programs in Indonesia?"

Tuesday, 27.5.14

Economics & Politics Seminar

14.15-15.45

AWI 02.036

Benjamin Elsner, IZA, Bonn

"Let's be selective about migrant self-selection"

Departmental Seminar

Rema Hanna

"Information is Power:

Identification Cards and Food Subsidy Programs in Indonesia?"*

This paper studies how governments can improve aid programs by providing information to beneficiaries. In our model, programs are administered by local officials, who bargain with recipients over how much the official will keep. We test how information affects the distribution of aid empirically through a large-scale, randomized field experiment in over 550 Indonesian villages in which identification cards with information about beneficiaries' rights were mailed out by the central government to beneficiaries of a subsidized rice aid program. To tease out mechanisms through which the cards matter, we randomly varied the number of cards distributed, the precise information written on the cards, and whether information about the program was publicly posted. We find that overall, eligible households received about 25 percent more of the subsidy in identification card villages. Ineligible households did not get less, so this represents a reduction in leakage. Adding a single line to the cards showing the official copay price led to a 12 percent increase in subsidy received, compared to cards without the copay price information. We show that providing public information increased higher-order beliefs about program eligibility, and also led to a 15 percent increase in subsidy received compared to the cards with only private information. On net, the results show that increased transparency about program rules and eligibility can substantially reduce leakage and improve aid programs.

*with Abhijit Banerjee, Jordan Kyle, Benjamin A. Olken, Sudarno Sumarto

Economics & Politics Seminar

Benjamin Elsner (IZA, Bonn)

"Let's be selective about migrant self-selection"

Migrants are typically self-selected from their home country population. While the causes of self-selection are well-understood, we turn in this paper to its consequences. We focus on the mass migration from Norway to the US in the 1880s, and from Mexico to the US in the 2000s, and quantify the welfare impact of migrant selection on sending and receiving countries. Based on a combination of non-parametric estimation and calibrated simulation, we find that the positive selection of Norwegians had virtually no aggregate impact, neither in Norway nor the US. The strong negative selection of Mexicans significantly increased Mexican income per capita, while it had a small negative effect in the US. These results suggest that migrant selection only has an aggregate impact under fairly extreme conditions.

Talks and Research Visits

Peter Duersch participated in a panel discussion at the conference "Spieltrieb - instynkt gry" in Cracow, Mai 16.

Marta Curto presented the paper "Does electoral competition curb partisan favoritism?" at the *2014 Political Economy Workshop*, Catholic University of Milan, May 12-13.

Malte Faber and **Thomas Petersen** gave a talk on "Gerechtigkeit und Finanzkrise" within series of lectures on justice organised by the Delta Verein associated with the Department of Philosophy at the University of Heidelberg, May 8.

Christina Gathmann presented her paper "Returns to Citizenship: Evidence from Germany's Immigration Reform" at the Conference of the Society of Labor Economists (SOLE), Arlington/Virginia, May 2-3, 2014.

New Publications

Nicoletta Berardi, Thomas Eife, Erwan Gautier: *Optimal price setting during a currency changeover: theory and evidence from french restaurants*, *Applied Economics*, Vol. 46, Iss. 23, 2014.

New Working Papers

Stefan Klonner and Christian Oldiges: *Safety Net for India's Poor or Waste of Public Funds? Poverty and Welfare in the Wake of the World's Largest Job Guarantee Program*, *AWI Discussion Paper Series*, No. 564, May 2014.

Editorial deadline for issue 13/2014 of the newsletter:
Wednesday, May 28, 2014, 12 o'clock
newsletter@awi.uni-heidelberg.de

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