



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, 23.6.14

Departmental Seminar

17.15-18.45

Christopher Kilby, Villanova University

AWI 00.010

"Assessing the impact of World Bank preparation on project outcomes"

Tuesday, 24.6.14

Economics & Politics Seminar

14.15-15.15

Markus Tepe, University of Oldenburg

AWI 02.036

"You get what you asked for. A Laboratory Experiment On Framing Effects in Voting on Income Redistribution"

Wednesday, 25.6.14

Internal Seminar

12.15-13.15

Michael Schleicher, University of Heidelberg

AWI 02.036

"Community-based Health Insurance and Household Welfare – Empirical Evidence from Burkina Faso"

Wednesday, 25.6.14

Macro & Econometrics Seminar

17.00-18.00

Jörg Rieger, University of Heidelberg

AWI 00.030

"Financial Regulation and Transmission of Financial Shocks"

Departmental Seminar

Christopher Kilby

"Assessing the impact of World Bank preparation on project outcomes"

This paper assesses the impact of World Bank project preparation on project outcomes. Using a stochastic frontier model, I generate a measure of World Bank project preparation duration based only on variation in political economy factors that are exogenous to latent project quality. Panel analysis of project data finds that projects with longer preparation periods are significantly more likely to have satisfactory outcome ratings. This result is robust across a range of specifications but the effects are conditional on the degree of economic vulnerability. The impact of World Bank preparation is greater in countries experiencing debt problems that may have fewer alternatives. Examining the impact of aid agency inputs into project preparation and design offers an alternative approach to measure the contribution of these agencies to development.

Economics & Politics Seminar

Markus Tepe

"You get what you asked for. A Laboratory Experiment on Framing Effects in Voting on Income Redistribution"*

Does it matter if we ask people to decide on the question ``What share shall everyone contribute to redistribution?" or the question ``What should the minimal income be?". The Meltzer-Richard (1981) model (henceforth MR) has become the working horse model in the political economy of redistribution. Its prediction that non-egalitarian societies redistribute more has so far received mixed support from macro comparative research. Findings from recent laboratory experiments on the MR-model are more consistent with its prediction (e.g. Esarey et al. 2012a, Esarey et al. 2012b). This study explores the vulnerability of the MR-model towards frame manipulations in voting on income redistribution. In the MR-model the level of redistribution is based on a single parameter - the tax rate. Fixing the tax rate under a given set of gross incomes also fixes the minimal net income of the poorest member. That means that a decision on a minimal basic income can be translated into a linear tax rate. Political actors may seek to reap electoral benefit from framing the decision on redistribution in terms of minimal income rather than tax. To explore the impact of such purely rhetoric tactics on the individual and collective choice, we design a laboratory experiment in which we focus on a comparison of decisions about a linear tax rate and a minimal income using the same calculus of redistribution. Preliminary evidence from a between subject design implemented in zTree (Zurich Toolbox for Readymade Economic Experiments), indicates that even after providing subjects with a calculator to evaluate the consequences of their choices on either the tax rate or minimal income, individual demand for redistribution is greater in the minimal income frame. This framing-effect, however, vanishes at the group level after a communication phase.

*with Fabian Paetzel and Jan Lorenz

Internal Seminar

Michael Schleicher

"Community-based Health Insurance and Household Welfare – Empirical Evidence from Burkina Faso"*

This work evaluates the impact of a subsidy on community-based health insurance (CBHI) offered in 41 villages in Burkina Faso. While all households were offered CBHI, a 50 per cent subsidy on the insurance premium was offered to only the 20 per cent least wealthy households in each village. Each household's wealth status was determined upfront through community wealth rankings that were carried out village by village. Combining the wealth ranking data with a rich household panel data set, the subsidy assignment rule allows us to use a sharp regression discontinuity design to identify causal effects of the subsidy on insurance take-up, household expenditure patterns, and health outcomes. We find, first, that the subsidy resulted in an increase of insurance enrolment by about 12. percentage points implying that poor households' price elasticity of demand for health insurance is large and equal to about one. Second, we find that being eligible for the subsidy halves the probability that a household reported at least one lost day due to illness. We conclude that pricing of health-related micro-insurance products has large effects on both insurance take-up and household welfare in low-income countries.

*with Lisa Oberländer, Stefan Klonner, Aurélia Souares, Germain Savadogo, Rainer Sauerborn

Talks and Research Visits

Hans Diefenbacher was invited as expert to a hearing on climate policy of the *Ausschuss für Umwelt, Energie und Klimaschutz* of the Landtag in Niedersachsen that took place in Hannover, June 16.

Timo Goeschl presented the paper "Cooperation in a Large-Scale Public Good Game: An Extra-Laboratory Experiment" at the University of Bath, UK on June 4.

Peter Duersch presented his project "Executive functions, schizophrenia and economic preferences" (joint with Daniel Holt and Katlehn Rodewald) at the MBEES 2014 conference in Maastricht, June 2.

Timo Goeschl presented the paper "Learning by Negligence – Torts, Experimentation, and the Value of Information" at the Annual Meeting of the Society for Environmental Law and Economics in Chicago, May 22-24.

New Publications

Diefenbacher, Hans, Schweizer, Rike, Teichert, Volker and Oelsner, Gerd: *Leitfaden zur Erstellung von Nachhaltigkeitsberichten in kleinen und mittleren Kommunen*. Stuttgart/Karlsruhe: Ministerium für Umwelt, Klima und Energiewirtschaft Baden-Württemberg/Landesanstalt für Umwelt, Messungen und Naturschutz Baden-Württemberg, 2014, 50 S.

Miscellaneous

Hans Diefenbacher was invited as expert to a hearing on climate policy of the *Ausschuss für Umwelt, Energie und Klimaschutz* of the Landtag in Niedersachsen that took place on June, 16 in Hannover.

**Editorial deadline for issue 17/2014 of the newsletter:
Wednesday, June 25, 2014, 12 o'clock
newsletter@awi.uni-heidelberg.de**

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