



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, 8.12.14

Departmental Seminar

17.15-18.45

AWI 00.010

Andreas Leibbrandt, Monash University

"If One Price Is Good, Are Two Better?

Experimental Evidence On Pricing And Customer Antagonism"

Tuesday, 9.12.14

Economics & Politics Seminar

14.15-15.15

AWI 02.036

Liam F. McGrath, University of Essex

"The Politics of Post-Currency Crisis Reserve Accumulation"

Wednesday, 10.12.14

Internal Seminar

12.15-13.15

AWI 00.010

Andreas Fuchs

"Aid on Demand: African Leaders and the Geography
of China's Foreign Assistance"

Departmental Seminar

Andreas Leibbrandt

"If One Price Is Good, Are Two Better?
Experimental Evidence On Pricing And Customer Antagonism"

Although most sellers have some freedom to set prices and some knowledge about differences in their customers' willingness to pay, we often do not observe price discrimination. I use a novel experiment to gain insights into pricing and customer reactions to price discrimination. The study provides several new findings. First, most sellers price discriminate but rarely always. Second, the likelihood of price discrimination depends on the information environment and the customer pool. It is much more common when customers are unaware and if the differences in willingness to pay are large. Third, the reaction to price discrimination depends on its type. Customers are not deterred per se; they are less likely to buy if they are charged a higher price than another buyer and more likely to buy if they are charged a lower price. Fourth, occurrence and reaction to price discrimination is similar in monopoly and competitive market environments.

Economics & Politics Seminar

Liam F. McGrath

"The Politics of Post-Currency Crisis Reserve Accumulation"

In the aftermath of currency crises governments can attempt to insure themselves against future recurrence through the accumulation of foreign exchange reserves. Even so countries widely differ in their reserve levels after currency crises, with some maintaining pre-crisis levels whilst others over-insure by excessively accumulating reserves. This paper offers an explanation for this variation, by arguing that governments can learn different lessons from currency crises that occurred within their own country. Importantly governments update their beliefs on the probability of removal from office were a currency crisis to occur, and thus the benefits of insurance through reserve accumulation, by learning from the political experience of governments during previous currency crises. These predictions are tested on time-series cross-sectional data from 1970 - 2007, which lend support to the implications of the theory.

Internal Seminar

Andreas Fuchs

"Aid on Demand: African Leaders and the Geography of China's Foreign Assistance"

We investigate whether the political leaders of aid-receiving countries use foreign aid inflows to further their own political or personal interests. Aid allocation biased by leaders' selfish interests arguably reduces the effectiveness of aid, negatively affecting development outcomes. We examine whether more Chinese aid is allocated to the political leaders' birth regions and regions populated by the ethnic group to which the leader belongs, controlling for objective indicators of need. We have collected data on 117 African leaders' birthplaces and ethnic groups and geocoded 1,955 Chinese development finance projects across 3,553 physical locations in Africa over the 2000-2012 period. The results from various fixed-effects regressions show that current political leaders' birth regions receive substantially larger financial flows than other regions. We do not find evidence that leaders shift aid to regions populated by groups who share their ethnicity.

*with Axel Dreher, Roland Hodler, Bradley C. Parks, Paul A. Raschky, and Michael J. Tierney

Talks and Research Visits

Zeno Enders discussed a paper at the Workshop "Makroökonomische Analyse von Strukturreformen" in the Ministry for Economic Affairs and Energy, Berlin, November 28.

New Publications

Christiane Schwieren: *Contributing for myself, but free-riding for my group?* (with Yoshio Iida, Kyoto Sangyo University), was accepted in *German Economic Review*.

**Editorial deadline for issue 30/2014 of the newsletter:
Wednesday, December 10, 2014, 12 o'clock
newsletter@awi.uni-heidelberg.de**

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