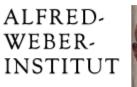
Newsletter 2/2014





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AWI This Week

Monday, 13.1.14	Departmental Seminar
17.15-18.45 AWI 00.010	Eric Danan, Université de Cergy-Pontoise "Individual and social indecisiveness under risk"
//// 00.010	
Tuesday, 14.1.14	Economics & Politics Seminar
14.15-15.45	Karin Mayr, University of Vienna
AWI 02.036	"Birthplace diversity of the workforce and productivity spill-overs in firms"
Wednesday, 15.1.14	Departmental Seminar II
Wednesday, 15.1.14	Departmental Seminar II David Cooper, Florida State University
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12.15-13.15	David Cooper, Florida State University "Coordination with Endogenous Contracts: Incentives,
12.15-13.15 AWI 00.010	David Cooper, Florida State University "Coordination with Endogenous Contracts: Incentives, Selection, and Strategic Anticipation"

Departmental Seminar

Eric Danan

"Individual and social indecisiveness under risk"

We analyze the preference aggregation problem without the assumption that individuals and society have fully determined and observable preferences. More precisely, we endow individuals and society with sets of possible von Neumann-Morgenstern utility functions over lotteries and generalize the classical aggregation results in the single-profile and multi-profile settings.

*with Thibault Gajdos and Jean-Marc Tallon

Economics & Politics Seminar

Karin Mayr

"Birthplace diversity of the workforce and productivity spill-overs in firms"

We analyze the effect of workforce composition by birthplace on workers' wages. In our model, we endogenously determine the workforce composition of firms when workers' productivity may depend on whether co-workers are of the same or of a different birthplace. In equilibrium, wages depend both on the relative size of worker groups as well as on the production structure of firms. We empirically test our theoretical hypotheses about the effect of co-worker birthplace on wages and find evidence for complementarities between workers of different birthplace and a negative effect of own group size, in line with our model.

Departmental Seminar II

David J. Cooper

"Coordination with Endogenous Contracts: Incentives, Selection, and Strategic Anticipation"*

Increased incentives to coordinate, assigned by a random, exogenous process, can help groups escape from coordination traps but do not always work. This paper explores the effect of endogenous assignment of increased incentives to coordinate. We find that endogenously assigned incentives lead to significantly higher coordination than occurs with exogenous assignment. The groups that endogenously do NOT receive increased incentives have significantly worse performance than would occur with exogenous assignment. Our experimental design allows to decompose how much of this effect can be attributed to selection versus strategic anticipation (forward induction). We find that more than two thirds of the effect of having endogenous assignment is due to selection. There is a small but statistically significant effect that can be attributed to strategic anticipation.

*with Christos A. Ioannou, & Shi Qi

Talks and Research Visits

Christine Binzel presented her paper "Does the Arrival of a Formal Financial Institution Alter Informal Sharing Arrangements? Experimental Evidence from Village India" (joint with Erica Field and Rohini Pande) at the AEA Annual Meeting in Philadephia, USA, Jan 3-5.

Zeno Enders presented the paper 'On the Existence and Prevention of Speculative Bubbles' at the research department of the IMF, Washington, December 19.

Miscellaneous

Stefan Trautmann started his work as full professor of the chair *Behavioral Finance & Contract Theory* (room 01.029) January 2014. He was holding an associate professorship at the Department of Economics of *Tilburg School of Economics and Management* before.

Malte Faber and Thomas Petersen are invited to give a lecture on "Karl Marx und die Philosophie der Wirtschaft" in the Deutsch-Amerikanischen Institut (DAI), Heidelberg, Sofienstr. 1, Thursday, January 16, 20.00 h. Further Information are available under http://www.daiheidelberg.de/content/e2/e212/index_ger.html?veranstaltungs_id=2951&sdate=2014-01-16

Editorial deadline for issue 3/2014 of the newsletter: Wednesday, January 15, 2014, 12 o'clock newsletter@awi.uni-heidelberg.de

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