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## AWI This Week

### **Monday, 3.2.14**

#### **Departmental Seminar**

17.15-18.45

Johannes Lohse, University of Heidelberg

AWI 00.010

"Intuition does not favor cooperation:  
Evidence from time-pressure in public good games"

### **Tuesday, 4.2.14**

#### **Economics & Politics Seminar**

14.15-15.45

Helmut Herwartz, University of Göttingen

AWI 02.036

"Persistence in the price-to-dividend ratio and its  
macroeconomic fundamentals"

### **Wednesday, 5.2.14**

#### **Internal Seminar**

12.15-13.15

Anna Busse, University of Heidelberg

AWI 00.010

"Free Public Childcare and its Effects on Labor Supply  
and Children in Germany"

### **Thursday, 6.2.14**

#### **Die Eurokrise: Ursachen. Lösungsstrategien. Folgen**

18.30-20.00

Prof. Dr. Lars Feld, Universität Freiburg

Campus Bergheim  
Hörsaal

"Währungsunion - Bankenunion - Fiskalunion:  
Europa benötigt Eurodisziplin."

### Departmental Seminar

Johannes Lohse

"Intuition does not favor cooperation: Evidence from time-pressure in public good games"

Recent experimental evidence suggests (Rand et.al, 2012) that contributions in one-shot public good games can be related to the underlying cognitive process employed by the decision maker. According to dual process theories the main distinction is between decisions based on intuition and decisions based on deliberation. We limit the deliberative capacities of our participants by constraining their decision time. While subjects under time pressure have to rely to a greater degree on their intuition, the unconstrained subjects in the baseline can devote more deliberative resources to their decision. We extend the existing evidence along two dimensions. By looking at decisions both in one-shot and repeated public good games, we analyze the effect of time pressure on strategic sophistication. Furthermore our design is set up to isolate the role of social preferences from the role of confusion. In a second decision situation subjects interact with artificial computer agents instead of human subjects (Houser and Kurzban, 2002). As a further robustness check we use data from a cognitive reflection test (CRT) to classify subjects according to their predisposition to rely on intuitive or deliberative cognitive processes. Overall we find that intuitive decision making significantly decreases contributions to the public good both in the one-shot and in the repeated context. While there is no direct treatment effect in the computer decision, we find that only subjects that can be classified as unconfused according to their behavior in the computer decision reduce contributions in the human condition under time pressure. Evidence from the CRT test supports the result, that more intuitive subjects contribute less in the public goods game.

### Economics & Politics Seminar

Helmut Herwartz

"Persistence in the price-to-dividend ratio and its macroeconomic fundamentals "

Persistent variations in the log price-to-dividend ratio (PtDR) have triggered a lively discussion in the literature. In this paper we estimate the latent time-varying long-run state of the PtDR by means of a state space model, and test the joint significance of three macroeconomic fundamentals of the long-run PtDR. While consumption risk, risking sharing among households, and the demographic structure of the population affect the long-run PtDR jointly, consumption risk is the dominating factor in shaping the variations in the long-run state of the PtDR throughout the entire last century.

## Internal Seminar

Anna Busse

"Free Public Childcare and its Effects on Labor Supply and Children in Germany"\*

In this project, we ask how the availability of free public childcare affects maternal labor supply and children's development. To shed light on the consequences of free public childcare, we make use of the staggered introduction of free child care for children between the ages of 2 and 6 in five German states between 2000 and 2011. Our results reveal a large and negative effect on the childcare attendance rates of 2-year olds. The childcare attendance of 3-years-old, in contrast, increases by almost ten percentage points. There is substantial heterogeneity in the responses to the free provision of public child care. The response is much weaker for kids of mothers with non-German citizenship and low educated mothers. For older preschool children, we find no effect on childcare attendance rates. The effects on maternal labor force participation follow a similar pattern but are overall less pronounced. To estimate the effect on child outcomes we consider summary scores of behavioral and health indicators in our data set. First results indicate positive effects of free child care on both behavioral development and child health.

\* with Christina Gathmann

## Talks and Research Visits

**Malte Faber and Thomas Petersen** are invited by *Die Linke SDS Mannheim* to give a lecture on "Marx und die Philosophie der Wirtschaft" at the University of Mannheim, Room KPMG-Hörsaal O 133 (Ostflügel), February 27, 19.00h.

**Malte Faber and Thomas Petersen** are invited to give a lecture on "Marx und die moderne Finanzkrise" in the workshop *Die Finanzkrise – Grundlage für eine Marx-Renaissance?* organised by Frank Beckenbach at the University of Kassel, Faculty of Economics, February 5.

**Andreas Löschel** gave a talk on "Einbindung der deutschen Energiewende in die globalen Märkte und internationalen Wirtschaftsbeziehungen", at the Ringvorlesung Energiewende in Deutschland, Energiewirtschaftliches Institut der Universität Köln, Köln, January 27.

**Andreas Löschel** gave a talk on "How do Decision Makers Perceive Economic Research, at the ZEW/Uni Mannheim Experimental Seminar, Mannheim, January 22.

**Alexandra Rudolph** participated in the expert discussion "Improvements in working conditions in the prostitution sector and regulation against human trafficking in the European context" at the Friedrich-Ebert-Foundation in Berlin, January 21.

**Andreas Löschel** gave a talk on "Internationale Klimapolitik und globale Wertschöpfungsketten - Eine modellgestützte Analyse", at the Fakultätsworkshop der Technischen Universität Dresden, Dresden, January 21.

## New Publications

Jonas Dovern, Ulrich Fritsche, Prakash Loungani and Natalia Tamirisa: *Information Rigidities: Comparing Average and Individual Forecasts for a Large International Panel*, was accepted for publication in the International Journal of Forecasting.

## Miscellaneous

Benjamin Roth, Ph.D. student at the chair of *Behavioral Finance & Vertragstheorie* has successfully defended his doctoral thesis, supervised by Andreas Roider, on "Essays on Risk and Uncertainty Preferences", University of Heidelberg, January 24.

Johannes Diederich, being on a parental leave since last year, completed his PhD in November. He is around in Heidelberg sometimes, teaching or completing research.

*There will be no AWI Newsletter before the start of the lecture period summer 2014.*

**Editorial deadline for issue 6/2014 of the newsletter:  
Wednesday, April 9, 2014, 12 o'clock  
newsletter@awi.uni-heidelberg.de**

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