



ALFRED-WEBER-INSTITUT FÜR WIRTSCHAFTSWISSENSCHAFTEN
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AWI This Week

Monday, 5.5.14

Departmental Seminar

17.15-18.45

AWI 00.010

Maria Bigoni, University of Bologna

"Money is not memory: an experiment"

Wednesday, 7.5.14

Internal Seminar

12.15-13.15

AWI 00.010

Boris Wiesenfarth, University of Heidelberg

"Preventive health-care measures under ambiguity"

Departmental Seminar

Maria Bigoni

"Money is not memory: an experiment"*

Abstract We study how monetary systems can sustain cooperation in groups of strangers. In a monetary exchange, an agent trades resources today for money, which in turn can be used to purchase resources in the future. Money has a record-keeping role that in principle could be achieved also through a primitive form of memory: a sort of imaginary balance sheet for each agent. When an agent gives resources to someone else, his balance rises, while when he receives resources from others his balance decreases. One's balance hence conveys summary information on his past behavior. In an experiment we show that this technological equivalence between money and memory does not translate into a behavioral equivalence. With money subjects achieve more efficient outcomes than with memory, and they employ trade strategies that remove the incentives to free ride.

*with Gabriele Camera and Marco Casari

Internal Seminar

Boris R. Wiesenfarth

"Preventive health-care measures under ambiguity"

Preventive health-care measures enable decision-makers to actively influence disease probabilities. This paper is divided into two parts. In the first part, I am going to analyze the role of a decision maker's risk attitude on the selection of optimal prevention levels. I find that a higher degree of (relative) risk-aversion increases demand for prevention. As a second step I analyze the effect of compulsory insurances with fair premia on preventive efforts. Risk-averse agents reduce preventive efforts, whereas risk-loving agents increase their preventive efforts as soon as compulsory insurances are introduced, yielding a standard moral hazard result. In the second part of the paper, I relax the assumption that decision-makers have perfect knowledge about the relationship between preventive efforts and disease probabilities. Ambiguity aversion seems a suitable tool to account for such imperfections. Making use of neo-additive capacities, I derive optimal prevention levels and investigate the influence of ambiguity and ambiguity attitude on optimal preventive effort. Finally, I am going to discuss a variety of applications of this model, as e.g. drug and alcohol prevention programs or workout and nutritional programs offered by health insurances.

Talks and Research Visits

Andreas Löschel gave a talk on "Herausforderungen für eine erfolgreiche Energiewende in Deutschland", *Mehr Power für Schondorf*, CDU Schondorf, Deutschland, April 16.

Alexandra Rudolph presented the paper "Human Trafficking: Measuring clandestinity by the structural equation approach", Spring Meeting for Young Economists, Vienna, April 24-26 and "When is Human Trafficking - Perspectives on the Boundaries of the Use and Abuse of Human Bodies", Institut of Anthropology, University of Heidelberg, April 16-17.

Andreas Löschel gave a talk on "Zum Stand der Energiewende", ZEW Mannheim, April 11.

Andreas Löschel gave a talk on "Wie erreicht die Energiewende die Gesellschaft", Energietag Baden-Württemberg, VDI, Stuttgart, March 28.

Visitors

Julia Müller, Erasmus Universiteit Rotterdam, stayed at the AWI for research visit with Peter Dürsch, April 29-30.

Topi Miettinen, Hanken School of Economics, Helsinki, stayed at the AWI for Research visit with Christoph Vanberg, April 22-25.

New Publications

Wei Chu, Andreas Löschel und Bing Liu (2013): *An Empirical Analysis of the CO2 Shadow Price in Chinese Thermal Power Enterprises*, *Energy Economics*, 40, 22-31.

Miscellaneous

Karin Loch will intern at the European Central Bank in Frankfurt from May to September. She will be working on research projects in the Directorate General Macro-Prudential Policy and Financial Stability.

**Editorial deadline for issue 10/2014 of the newsletter:
Wednesday, May 7, 2014, 12 o'clock
newsletter@awi.uni-heidelberg.de**

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