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## Upcoming Seminars

### **Tuesday, 2.6.15**

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

13.30-14.30

AWI 02.036

Levi Littvay, Central European University, Budapest

"Belief in conspiracies and its impact on Radicalization, Endorsement of Violence and Populism"

### **Wednesday, 3.6.15**

#### **Internal Seminar**

12.15-13.15

AWI 00.010

Anna Merkel

"Fast and fair? An experimental comparison of two theories"

### **Wednesday, 3.6.15**

#### **Macro & Econometrics Seminar**

15.00-16.00

AWI 00.010

Jonas Dovern

"Systematic Errors in Growth Expectations over the Business Cycle"

### Economics & Politics Seminar

Levente Littvay

"Belief in conspiracies and its impact on Radicalization, Endorsement of Violence and Populism"\*

Conspiracy theories recently received attention in the political science literature. It is timely as with increased political conflict in contemporary democracies, with high levels of political polarization in the US and beyond and the rise of contentious politics there is no shortage of conspiracy theories about what the other side of the political spectrum is doing that is not OK. Far right is on the rise in the EU and it is not uncommon for them to be caught up in some conspiracy theory that often becomes central in their communication strategy. Most of the recent political studies follow the lead of psychology where over a decade of articles attempted to explain why some people are susceptible to conspiracy theories. While the topic is interesting in itself, it is a bit self-serving. For this reason we attempt to incorporate how one's belief in conspiracies can explain their political attitudes and potentially behaviors. We seek how conspiracies can help us explain political phenomenon such as radicalization, endorsement of violence and populism.

\*with Andre Krouwel, Bruno Castanho Silva, Federico Vegetti, Paul T. Weith and Kirk Hawkins

### Internal Seminar

Anna Merkel

"Fast and fair? An experimental comparison of two theories"

Recently, several authors have claimed that different levels of deliberation explain the presence of cooperative and selfish behavior in Public Good Games. While cooperative choices are seen to reflect intuitive or fast reasoning, selfish choices are seen to reflect deliberative or slow reasoning. If true, this theory implies that fast choices should always be associated with higher levels of cooperation. An alternative theory proposes that the benefits of cooperation determine whether cooperative choices are faster than selfish choices. If true, this theory implies that fast choices can be associated with cooperative or selfish choices, depending on the payoff structure.

We conduct an experiment to distinguish between these two alternative theories. We observe choices in three different Prisoners Dilemmas, in which we vary the benefits of cooperation. For each subject we collect these choices twice. First, subjects decide under time pressure, thus constrained in their ability to exert deliberation over their choices. Second, subjects decide under time delay, thus incentivized to exert deliberation over their choices. The design of the experiment allows us to test the predictions of both theories by comparing within- and between-subject behavior.

## Macro & Econometrics Seminar

Jonas Dovern

"Systematic Errors in Growth Expectations over the Business Cycle"

Using real-time data, we analyze how the systematic expectation errors of professional forecasters in 19 advanced economies depend on the state of the business cycle. Our results indicate that the general result that forecasters systematically overestimate output growth (across all countries) masks considerable differences across different business-cycle states. We show that forecasts for recessions are subject to a large negative systematic forecast error (forecasters overestimate growth), while forecasts for recoveries are subject to a positive systematic forecast error. Forecasts made for expansions have, if anything, a small systematic forecast error for large forecast horizons. When we link information about the business-cycle state in the target year with quarterly information about its state in the forecasting period, we find that forecasters realize business-cycle turning points somewhat late. Using cross-country evidence, we demonstrate that the positive relationship between a change in trend growth rates and forecast bias, as suggested in the literature, breaks down when only focusing on forecasts made for expansions.

## Talks and Research Visits

Zeno Enders participated in the 46. Konstanz Seminar on *Monetary Theory and Policy*, May 19-22.

Zeno Enders discussed a Paper by Wouter den Haan at the IMF/DFG/Uni Bonn Conference 'Labor Markets in/after Crises', May 14-15.

Zeno Enders presented the paper "Growth expectations, undue optimism, and short-run fluctuations" at the RWTH Aachen, May 12.

## New Publications

Jonas Hedlund: *Persuasion with communication costs*, forthcoming in *Games and Economic Behavior*.

Kocher, M. G., J. Pahlke, and S.T. Trautmann (2015). An Experimental Study of Precautionary Bidding. *European Economic Review*, forthcoming.

## New Working Papers

Magdalena Buckert, Christiane Schwieren, Brigitte M. Kudielka, Christian J. Fiebach *How stressful are economic competitions in the lab? An investigation with physiological measures*, Heidelberg University, AWI Discussion Paper Series, No 593.

Adam Dominiak and Peter Duersch: *Benevolent and Malevolent Ellsberg Games*, Heidelberg University, AWI Discussion Paper Series, No 592.

## Miscellaneous

Kai Gehring, Ph.D. student, has successfully defended his doctoral thesis on *Political Economy in a globalized world – How politics, culture, and institutional incentives shape economic and political outcomes*, supervised by Axel Dreher, May 22, 2015.

Daniel Heyen, Ph.D. student at the AWI, has successfully defended his doctoral thesis on *Five Essays in the Economics of Climate Engineering, Research, and Regulation under Uncertainty*, supervised by Timo Goeschl, May 19, 2015.

**Editorial deadline for issue 13/2015 of the newsletter:  
Wednesday, June 3, 2015, 12 o'clock  
[newsletter@awi.uni-heidelberg.de](mailto:newsletter@awi.uni-heidelberg.de)**

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please contact the address above.