Newsletter 13/2015

Upcoming Seminars

Monday, 8.6.15   **Departmental Seminar**

17.15-18.45   Guido Schwerdt, University of Konstanz

AWI 00.010   "The Effects of Test-based Retention on Student Outcomes over Time: Regression Discontinuity Evidence from Florida"

Tuesday, 9.6.15   **Economics & Politics Seminar**

13.30-14.30   Vianney Dequiedt, CERDI, Université d'Auvergne

AWI 02.036   "Local and Consistent Centrality Measures in Networks"

Wednesday, 10.6.15   **Internal Seminar**

12.15-13.15   Yilong Xu, Tilburg University

AWI 00.010   "Social Information and Selfishness"

Friday, 12.6.15   **Book Launch**

14.15-15.45   The authors:

South Asia Institute,   Sabina Alkire (Oxford University), James Foster (George
Library, INF 330   Washington University), Paola Ballon (Universidad Pacifico, Lima), and Suman Seth (Oxford University):

                            "Multidimensional Poverty Measurement and Analysis", Oxford University Press, 2015

                            Discussants: Martin Biewen, IAB, Tübingen University
                                           Stefan Klonner, SAI, Heidelberg University

Departmental Seminar

Guido Schwerdt

"The Effects of Test-based Retention on Student Outcomes over Time:
 Regression Discontinuity Evidence from Florida"

Many American states require that students who do not demonstrate basic reading proficiency at the end of third grade be retained and provided with remedial services. We exploit a discontinuity in the probability of third grade retention un- der Florida's test-based promotion policy to study the causal effect of retention on student outcomes over time. Although OLS estimates suggest negative effects of retention on achievement, regression discontinuity estimates indicate large positive effects on achievement and a reduced probability of retention in future years. The achievement gains from test-based retention fade out entirely within six years, however. We find no effect of retention on the probability that students graduate from high school.

*with Martin R. Westy and Marcus A. Winters

Economics & Politics Seminar

Vianney Dequiedt

"Local and Consistent Centrality Measures in Networks"*

The centrality of an agent in a network has been shown to be crucial in explaining different behaviors and outcomes. In this paper, we propose an axiomatic approach to characterize centrality measures for which the centrality of an agent is recursively related to the centralities of the agents she is connected to. This includes the Katz-Bonacich and the eigenvector centrality. The core of our argument hinges on the power of the consistency axiom, which relates the properties of the measure for a given network to its properties for a reduced problem. In our case, the reduced problem only keeps track of local and parsimonious information. Our axiomatic characterization highlights the conceptual similarities among those measures.

*with Yves Zenou

Internal Seminar

Yilong Xu

"Social Information and Selfishness"*

We study whether and how participants react to social information regarding the decisions of other participants in a twice-repeated dictator game, both with and without "earned" property rights of being the dictator. We find that anticipating allocations to be publicly revealed makes dictators more generous in the first round allocation, while learning the first round allocations of others makes dictators become more self-regarding in the second round. In fact, 32% of the dictators in our experiment decrease their offers by half or more after learning others' allocations, whereas this is only 15% without social information. The most self-regarding allocations are found in the second period after reviewing other dictators' allocations in case property right is earned.
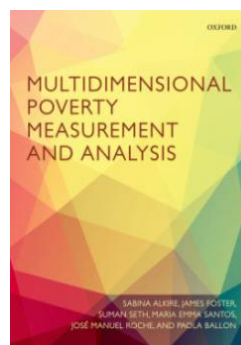
*with Jan Potters

Book Launch

Sabina Alkire, James Foster, Paola Ballon and Suman Seth:

"Multidimensional Poverty Measurement and Analysis",
Oxford University Press, 2015

Poverty is often defined by one-dimensional measures, such as income. But no one indicator alone can capture the multiple aspects that constitute poverty. Multidimensional poverty is made up of several factors that constitute poor people's experience of de privation – such as poor health, lack of education, inadequate living standard, disempowerment, poor quality of work and threat from violence. The Multidimensional Poverty Index (MPI), developed by Sabina Alkire and James Foster, has been included in the Human Development Reports of the United Nations Development Programme (UNDP) since 2010 and the release of national poverty measures in Chile, Mexico, Colombia, Bhutan and the Philippines. This book introduces the framework for multidimensional measurement and addresses practical implementation issues.

Talks and Research Visits

Sandra Schmidt presented her paper *Pure Money for a Sound Economy* at the *Second African Search and Matching Workshop*, Marrakesch, Morocco, May 28.

Christian Conrad presented the paper "Misspecification testing in GARCH-MIDAS models" (joint with Melanie Schienle) at the 11th BMRC-DEMS Conference on Macro and Financial Economics/Econometrics, Brunel University, May 18-19.

Visitors

Yilong Xu (room 01.016) is currently visiting Stefan Trautmann until July 22. He is a PhD student under the supervision of Charles Noussair at Tilburg University, the Netherlands. His main research interests are asset market experiments, decision making under risk and uncertainty, social preferences, and neuroeconomics.

New Publications

Dovern, Jonas and Florian Huber (2015). Global Prediction of Recessions. Economics Letters, forthcoming.

New Working Papers

Peter Duersch: *Decision confidence in the Ellsberg experiment,* Heidelberg University, AWI Discussion Paper Series, No 594, June 2015.

Miscellaneous

Zeno Enders participated in the Joint Spring Conference 2015 of the Banque de France and Deutsche Bundesbank, Eltville, May 1-2.

Axel Dreher participated in the Panel Discussion "Recognising the Role of Southern Providers of Aid in Development" at the European Development Days in Brussels, June 3, https://eudevdays.eu/topics/recognising-role-southern-providers-aid-development