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Upcoming Seminars

Monday, 29.6.15

Departmental Seminar

17.15-18.45
AWI 00.010

Georg Nöldeke, University of Basel
(invited by Jörg Oechssler)
"The Implementation Duality"

Wednesday, 1.7.15

Internal Seminar

12.15-13.15
AWI 00.010

Stefan Klöpper
"How to target the poor: Evidence from Burkina Faso"

Wednesday, 1.7.15

Macro & Econometrics Seminar

13.45-14.45
AWI 00.010

Matthias Hartmann
"When does information on forecast variance improve the performance of a combined forecast?"

15.00-16.00
AWI 00.010

Fabian Krüger, HITS
"Combining Density Forecasts under Various Scoring Rules: An Analysis of UK Inflation"

Departmental Seminar

Georg Nöldeke

"The Implementation Duality"*

We use the theory of abstract convexity to study adverse-selection principal-agent problems and two-sided matching problems, departing from much of the literature by not requiring quasilinear utility. We formulate and characterize a basic underlying implementation duality. We show how this duality can be used to obtain a sharpening of the taxation principle, to obtain a general existence result for solutions to the principal-agent problem, to show that (just as in the quasilinear case) all increasing decision functions are implementable under a single crossing condition, and to obtain an existence result for stable outcomes featuring positive assortative matching in a matching model.

*with Larry Samuelson

Internal Seminar

Stefan Klonner

"How to target the poor: Evidence from Burkina Faso"

The identification of beneficiaries, also known as targeting, is an essential element – and problem – of welfare programs in low and high-income countries alike. In this paper, we compare three alternative procedures for targeting the poor in the context of a subsidized micro-health insurance program in rural Burkina Faso, consumption poverty, proxy means testing and community-based targeting. Consumption-poverty targeting identifies all households whose consumption falls short of a pre-specified threshold. In proxy-means testing an asset-based index is calculated for each household and a household is identified as poor if the said index falls short of a pre-specified threshold. Community-based targeting leaves the identification of the poor to the villagers themselves, where the inhabitants of each village produce a list of beneficiary households in a community assembly. We first compare the differences in outcomes between the three procedures. Second, we investigate whether community-based or proxy-means targeting, the two procedures commonly applied in practice, performs better in identifying beneficiaries relative to two different reference targeting groups; consumption-poor and health-deprived households. We find that community-based targeting clearly outperforms proxy-means targeting in identifying health-deprived households and that community-based targeting also slightly outperforms proxy-means targeting when consumption-poverty is the benchmark. Third, we conduct a cost-benefit analysis of the two procedures and conclude that community-based targeting is more cost-effective for common welfare programs.

Macro & Econometrics Seminars

Matthias Hartmann

"When does information on forecast variance improve the performance of a combined forecast?"*

Forecast surveys such as the Survey of Professional Forecasters (SPF) provide cross sections of density forecasts for macroeconomic variables such as output growth, inflation or unemployment. Two widely employed measures for the ex-ante uncertainty associated with such forecasts are the average across individual variances on the one hand and the cross sectional dispersion of point forecasts ("disagreement") on the other hand. In this study, we compare the informative content of these statistics and ask under which circumstances they can be used to reduce the mean squared error of a combined forecast. We show that forecast precision can be enhanced if individual forecasters' objectives are characterized by the asymmetric Linex-loss function. Then, the average individual variance provides also the most predictive content. Moreover, we provide empirical evidence for these considerations based on data from the SPF.

*with Christian Conrad

Fabian Krüger

"Combining Density Forecasts under Various Scoring Rules: An Analysis of UK Inflation"

Density forecast combinations have been found to perform better than individual forecasts under the Log Score criterion, suggesting to combine rather than select forecasting methods. I analyze whether this result carries over to a range of alternative scoring rules for probabilistic forecasts, motivated on either statistical or economic grounds. To this end I consider a detailed empirical analysis of UK inflation, where the Bank of England's skewed two-piece-normal density is combined with Markov Chain Monte Carlo samples from two Bayesian Vector Autoregressive and two Markov Switching specifications.

Talks and Research Visits

Stefan Trautmann gave a lecture "Nudging - ein Ansatz für den gesundheitlichen Verbraucherschutz?" (Nudging – An Approach for Consumer Protection in the Health Sector?) at the Federal Institute for Risk Assessment (BfR) in Berlin, June 22.

At the annual meeting of the *Society for Experimental Finance* in Nijmegen, June 17-19, **Christian König-Kersting** gave a talk on "Good decision vs. good results: Outcome bias in financial agents' rewards" (with Monique Pollmann, Jan Potters und Stefan Trautmann); **Stefan Trautmann** presented his paper "Risk, Time Pressure, & Selection Effects".

Zeno Enders discussed the paper "Global Sunspots and Asset Prices in a Monetary Economy" by Roger E. A. Farmer at the Barcelona GSE Summer Forum, workshop Finance and Macroeconomics, June 15-16.

At the *Nordic Conference in Development Economics* in Kopenhagen, June 15, 2015, the following papers were presented: **Vera Eichenauer**: "Bilateralizing" multilateral aid? Aid allocation by World Bank trust funds"; **Andreas Fuchs**: "Aid on demand: African leaders and the geography of China's foreign assistance"; **Sarah Langlotz**: "Aid and growth. New evidence using an excludable instrument".

At the *Annual International Conference of the Research Group on Development Economics* in Kiel, June 12-13, the following papers were presented: **Andreas Fuchs**: "Aid on demand: African leaders and the geography of China's foreign assistance"; **Katharina Richert**: "Who is the development minister and does (s)he matter?". Posters were presented by **Vera Eichenauer** on "Bilateralizing" multilateral aid? Aid allocation by World Bank trust funds" and **Sarah Langlotz** on "Aid and growth. New evidence using an excludable instrument".

Miscellaneous

Axel Dreher participated at the yearly meeting of the Research Committee on Development Economics of the German Economic Association and has been elected as chairman of this committee.

**Editorial deadline for issue 17/2015 of the newsletter:
Wednesday, July 1, 2015, 12 o'clock
newsletter@awi.uni-heidelberg.de**

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please contact the address above.