



ALFRED-WEBER-INSTITUT FÜR WIRTSCHAFTSWISSENSCHAFTEN
BERGHEIMER STR. 58, 69115 HEIDELBERG, TEL. 06221/54-2941, FAX: 06221/54-3592
REDAKTION: FREYA SCHADT, EMAIL: NEWSLETTER@AWI.UNI-HEIDELBERG.DE

Upcoming Seminars

Monday, 6.7.15

Departmental Seminar

17.15-18.45
AWI 00.010

Andreas Glöckner, University of Göttingen
(invited by Christiane Schwieren)
"A Multi-national Investigation of Cross-cultural
Cooperation and Discrimination"

Tuesday, 7.7.15

Economics & Politics Seminar

13.30-14.30
AWI 02.036

Jonas Bunte, University of Texas at Dallas
"Debt Networks: How Sovereign Creditors Maximize the
Political Benefits of Bilateral Loans"

Wednesday, 8.7.15

Internal Seminar

12.15-13.15
AWI 00.010

Burcu Erdogan, University of Trier
(invited by Florian Kauffeldt)
"The Role of Uncertainty Avoidance in Foreign Investment
Bias"

Wednesday, 8.7.15

Internal Seminar

15.00-16.00
AWI 00.010

Jörg Rieger
"Does a Transaction Tax Increase Welfare?"

Friday, 10.7.15

1st HeiKaMEtrics Workshop

9.00-17.00
Karlsruhe, KIT Campus Süd,
Bdg. 20.12 room 002

Organizers:
Prof. Dr. Christian Conrad, Heidelberg University
Prof. Dr. Melanie Schienle, Karlsruhe IT

Departmental Seminar

Andreas Glöckner

"A Multi-national Investigation of Cross-cultural Cooperation and Discrimination"*

In a globalized world, establishing successful cooperation between persons from different nations becomes increasingly important. We present results from a first comprehensive investigation of cross-societal cooperation in one-shot prisoner's dilemmas involving population-representative samples from six countries around the world and identify crucial facilitators and obstacles for cooperation. Besides, we observe systematic discrimination towards some nations. In interactions involving mutual knowledge about the other players' nationality only, we demonstrate that people hold strong and transnationally shared expectations (i.e. stereotypes) concerning the cooperation level of interaction partners from other countries. These expectations are the strongest determinants of own cooperation behavior but ironically turn out to be incorrect stereotypes that correlate even negatively with reality. On top of these erroneous expectations, people demonstrate systematic positive and negative discrimination against specific nations driven by differences in actual and perceived wealth, and ingroup favoritism but not by spatial distance or cultural similarity between nations. These results indicate that people hold highly differentiated social preferences that vary dependent on the nationality of the interaction partner.

*with Angela Dorrough

Economics & Politics Seminar

Jonas Bunte

"Debt Networks: How Sovereign Creditors Maximize the Political Benefits of Bilateral Loans"

The decision of a government to lend to another government is more often guided by political payoffs than by economic considerations. With limited resources available, a creditor government must choose borrowers that are likely to maximize the political benefits of its financial outflows. To capture the political influences inherent in sovereign lending, we conceptualize credit relationships as a network, where loans from creditor to debtor constitute network ties. We argue that these ties are endogenous to the interactions of other actors in the network. In particular, the degree to which a particular loan provides political payoffs to the creditor—for example in the form of political goodwill, defense cooperation, support in multilateral organizations, and so on—depends on whether the recipient country also receives loans from competing creditors. Thus, in order to increase the political benefits of lending, creditors condition their lending behavior on the lending of others. Combining a novel dataset of creditor-debtor ties with inferential network models, we show that network influences endogenously determine government lending across multiple levels of interdependence.

Internal Seminar

Burcu Erdogan

"The Role of Uncertainty Avoidance in Foreign Investment Bias"

In this paper, I explore the determinants of foreign bias in international portfolio investment focusing on a behavioral explanation. Specifically, I investigate whether investors having a stronger uncertainty aversion perceive a foreign country to be more unfamiliar than those with less such aversion. I exploit systematic differences in uncertainty avoidance across countries in my analysis using Hofstede's (1980, 2001) findings for this purpose. I show that less familiarity with the foreign markets discourages investors from investing abroad and that this effect is more pronounced the more uncertainty averse the investor, even after controlling for different sources of risk. I provide compelling evidence that uncertainty avoidance helps to explain foreign bias and that it has an amplifying effect on unfamiliarity and should be accounted for when modeling portfolio choices.

Talks and Research Visits

At the 5th annual EPSA conference in Schloss Schönbrunn, Vienna, June 25-27, the following papers were presented: **Florian Kauffeldt**: "Crime, Incentives and Political Effort: A Model and Empirical Application for India"; **Christoph Vanberg**: "Legislative Bargaining with Heterogeneous Disagreement Values: Theory and Experiments" (with Luis Miller and Maria Montero).

Zeno Enders presented the paper "Growth expectations, undue optimism, and short-run fluctuations" at the annual meeting of the Society for Economic Dynamics in Warsaw, June 25-27.

At the 2nd Annual Conference of the International Association for Applied Econometrics, University of Macedonia – Thessaloniki, June 25-27, the following paper were presented: **Christian Conrad**: "Misspecification testing in GARCH-MIDAS models" (joint with Melanie Schienle); **Matthias Hartmann**: "Dynamics or Diversity? An empirical assessment of distinct measures of inflation uncertainty" (joint with Helmut Herwartz and Maren Ulm).

Stefan Trautmann presented the paper "Risk, Time Pressure, & Selection Effects" at the Department of Economics, University of Cologne, June 25.

At the 21st Annual Conference of the European Association of Environmental and Resource Economists in Helsinki, June 24-27, the following papers were presented: **Daniel Heyen**: "Information acquisition under Ambiguity -- Why the Precautionary Principle may keep us uninformed" (joint work with Timo Goeschl and Boris Wiesenfarth); **Tobias Pfommer**: "Learning by Negligence - Novel Technologies, Environmental Harm, and the Value of Information".

Miscellaneous

Andreas Lindenblatt, Ph. D. student at the AWI with supervisor Switgard Feuerstein, (international economics), has successfully defended his doctoral thesis on "Essays on prices and price convergence", Heidelberg University, July 2.

New and Leaving Staff

Robert Schmidt (room 00.012) joined the AWI as a Ph.D. Student and Research Associate at the Chair of Behavioral Economics in Mai 2015. He received his master's degree in Business Administration in 2014 from the Johann Wolfgang Goethe-Universität Frankfurt. His main research interests are in the areas of behavioral and experimental economics.



**Editorial deadline for issue 18/2015 of the newsletter:
Wednesday, July 8, 2015, 12 o'clock
newsletter@awi.uni-heidelberg.de**

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