Season’s Greetings

This year’s Christmas dinner took place at the beautiful Restaurant Widder.
# Table of Contents

1 **Spotlight**  1  

1.1 Inaugural Forum for Economic Dialog  1  

1.2 Fabrizio Zilibotti achieved the “Grand Slam”  1  

2 **Events**  2  

2.1 Alumni Events  2  

3 **Publications**  2  

3.1 In Economics  2  

3.2 Others  3  

3.3 Books & Book Chapters  3  

3.4 Working Papers  3  

4 **People**  4  

4.1 Degrees  4  

4.2 Awards  5  

5 **Miscellaneous**  5  

5.1 Congresses, Conferences & Selected Presentations  5  

5.2 Research Stays  5
1 Spotlight

1.1 Inaugural Forum for Economic Dialog

The 2012 edition of the UBS Center for Economics in Society Forum for Economic Dialog focused on the interconnections between currency, banking, and debt crises. The one-day conference entitled “The Future of the International Financial System” took place in the Kaufleuten in Zurich city on November 19. The opening lecture was held by Jean-Claude Trichet, Chairman of the G30 and former President of the European Central Bank. Further panels involved leading experts and covered the following themes:

- Financial Crisis, International Capital Flows and Investment Strategies in Uncertain Times
- Monetary Policy and Currency Markets in a Volatile World
- Is Switzerland Still a Safe Harbor in Turbulent Times?

To conclude the conference, Professor Daron Acemoğlu from the Massachusetts Institute of Technology (MIT) delivered the first “Zurich Lecture of Economics in Society”. Prof. Acemoğlu is one of the leading economists worldwide and author of the bestseller “Why Nations Fail: The Origins of Power, Prosperity and Poverty.”

The event attracted a large audience, being attended by over 800 people.

1.2 Fabrizio Zilibotti achieved the “Grand Slam”

2 Events

2.1 Alumni Events

<table>
<thead>
<tr>
<th>date</th>
<th>schedule</th>
<th>title</th>
<th>venue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thu, Jan 10</td>
<td>from 19.00</td>
<td>2. New Year’s Apéro</td>
<td>Restaurant UniTurm</td>
</tr>
<tr>
<td></td>
<td></td>
<td>OEC ALUMNI UZH</td>
<td></td>
</tr>
<tr>
<td>Thu, Feb 7</td>
<td>12.00-14.00</td>
<td>Dr. Matthias Holzhey, UBS Wealth Management Real Estate Research Team «Schweizer Immobilien: Immer noch ein strong buy?»</td>
<td>Zunfthaus zur Meisen Münsterhof 20 8001 Zurich</td>
</tr>
<tr>
<td></td>
<td></td>
<td>OEC ALUMNI UZH-Lunch</td>
<td></td>
</tr>
</tbody>
</table>

3 Publications

3.1 In Economics

[http://dx.doi.org/10.3982/ECTA8910](http://dx.doi.org/10.3982/ECTA8910)

This paper proposes a dynamic politico-economic theory of fiscal policy in a world comprising a set of small open economies, whose driving force is the intergenerational conflict over debt, taxes, and public goods. Subsequent generations of voters choose fiscal policy through repeated elections. The presence of young voters induces fiscal discipline, that is, low taxes and low debt accumulation. The paper characterizes the Markov-perfect equilibrium of the voting game in each economy, as well as the stationary equilibrium debt distribution and interest rate of the world economy. The equilibrium can reproduce some salient features of fiscal policy in modern economies.

[http://dx.doi.org/10.1002/hec.1801](http://dx.doi.org/10.1002/hec.1801)

The bivariate probit model is frequently used for estimating the effect of an endogenous binary regressor (the ‘treatment’) on a binary health outcome variable. This paper discusses simple modifications that maintain the probit assumption for the marginal distributions while introducing non-normal dependence using copulas. In an application of the copula bivariate probit model to the effect of insurance status on the absence of ambulatory health care expenditure, a model based on the Frank copula outperforms the standard bivariate probit model.
3.2 Others


Optimal choices benefit from previous learning. However, it is not clear how previously learned stimuli influence behavior to novel but similar stimuli. One possibility is to generalize based on the similarity between learned and current stimuli. Here, we use neuroscientific methods and a novel computational model to inform the question of how stimulus generalization is implemented in the human brain. Behavioral responses during an intradimensional discrimination task showed similarity-dependent generalization. Moreover, a peak shift occurred, i.e., the peak of the behavioral generalization gradient was displaced from the rewarded conditioned stimulus in the direction away from the unrewarded conditioned stimulus. To account for the behavioral responses, we designed a similarity-based reinforcement learning model wherein prediction errors generalize across similar stimuli and update their value. We show that this model predicts a similarity-dependent neural generalization gradient in the striatum as well as changes in responding during extinction. Moreover, across subjects, the width of generalization was negatively correlated with functional connectivity between the striatum and the hippocampus. This result suggests that hippocampus-striatal connections contribute to stimulus-specific value updating by controlling the width of generalization. In summary, our results shed light onto the neurobiology of a fundamental, similarity-dependent learning principle that allows learning the value of stimuli that have never been encountered.

3.3 Books & Book Chapters


3.4 Working Papers


4 People

4.1 Degrees

DOCTORAL THERSES


MASTER THERSES

Serge Hoffman (Prof. Hoffmann). December 2012. Subject: «What’s wrong with LIBOR?»


Boris Smolinski (Prof. Fehr). November 2012. Subject: «Robustness of the identifiable victim effect to unsympathetic victims»


BACHELOR THERSES


Iskender Dogan (Prof. Woitek). October 2012. «Die Wachstumswirkungen der Einwanderung in der Schweiz»

Jan-Philipp Dueber (Prof. Zilibotti). December 2012. Subject: «Inequality and Saving Behavior in Rural and Urban China»


Lena Holderegger (Prof. Woitek). December 2012. Subject: «Der biologische Lebensstandard und die Kriegswirtschaft in der Schweiz in den 1940er Jahren»


Susanne Sayer (Prof. Woitek). October 2012. «Der biologische Lebensstandard und die Tauglichkeit der Stellungspflichtigen in Zürich um 1900»

Alexander Schneider (Prof. Woitek). November 2012. Subject: «Die griechische Schuldenkrise im historischen Kontext»

Roland Toth (Prof. Zweimüller). September 2012. Subject: «Economic Inequality and Environmental Degradation»


4.2 Awards

Melanie Trost was awarded the semester prize of the University of Zurich for her bachelor’s thesis “Innovationen und wirtschaftlicher Strukturwandel aufgrund der neuen Energiepolitik in der Schweiz” written under the supervision of Prof. Beat Hotz-Hart. Congratulations!

5 Miscellaneous

5.1 Congresses, Conferences & Selected Presentations

Ernst Fehr presented the FBBVA lecture of the European Economic Association on «The nature and consequences of human altruism» in Madrid, Spain, on November 28, 2012. Since 2004, an annual lecture has been jointly held by the European Economic Association and the Spanish BBVA Foundation; the first lecture takes place at the annual congress of the American Economic Association, and the second later in the same year at the foundation headquarters in Madrid. Ernst Fehr presented the first FBBVA/EEA lecture at the ASSA congress in Chicago in January.


5.2 Research Stays

Andreas Hefti (Prof. Schmutzler) has won an SNF-scholarship for a research stay at Harvard University for 2013.
Newsletter 58 will appear on February 14, 2013