The Department of Economics is hosting two upcoming events with Nobel Prize winner James J. Heckman
# Table of Contents

1 Spotlight

1.1 Workshop on Early Childhood Development with James J. Heckman

2 Events

2.1 Guest Presentations
2.2 Short Courses
2.3 Inaugural Lectures
2.4 Alumni Events

3 Publications

3.1 In Economics
3.2 Others
3.3 Books & Book Chapters
3.4 Working Papers
3.5 Mainstream Publications & Appearances

4 People

4.1 Visiting Guests & Research Stays
4.2 Degrees

5 Miscellaneous

5.1 Congresses, Conferences & Selected Presentations
5.2 Research Stays
1 Spotlight

1.1 Workshop on Early Childhood Development with James J. Heckman

The Department of Economics is organizing a Workshop on Early Childhood Development which will take place on March 22, 2013 at the University of Zurich.

The main focus of the workshop is on motivational and self-regulation skills. What do we really know about the impact of educational interventions on motivational and self-regulation skills? How does the type and intensity of parental investment in early childhood affect motivational and self-regulation skills?

The workshop is open to invited guests only. If you are interested in participating, please send an e-mail to maura.wyler@econ.uzh.ch.

Public event on March 21, 2013

On March 21, 2013 at 18.15h Professor Heckman will give a presentation about “Economics of Inequality and Human Development” at the main auditorium (KOL-G-201) of the University of Zurich. The public event is organized by the Department of Economics and the Excellence Foundation Zurich with the support of the Jacobs Foundation.

2 Events

2.1 Guest Presentations

<table>
<thead>
<tr>
<th>date</th>
<th>schedule</th>
<th>title</th>
<th>venue</th>
</tr>
</thead>
</table>
| Wed, Feb 20     | 16.15-18.00 | Vincenzo Galasso, University of Lugano  
Men Vote in Mars, Women Vote in Venus: Evidence from a Survey Experiment (co-authored with Tommaso Nannicini, Bocconi) | RAI-J-031   |
| Thu, Feb 21     | 17.15-18.30 | Enriqueta Aragones, IAE and Barcelona GSE  
Microeconomics Seminar (ETH/UZH) | K02-F-175   |
| Fri, Feb 22     | 12.00-13.00 | Devesh Rustagi, ETH  
Experimental and Behavioral Economics Seminar | BLU-003     |
| Tue, Feb 26     | 16.15-18.00 | Anup Malani, Chicago  
Identifying Placebo Effects with Data from Clinical Trials (Lecture)  
Workshop & Lecture Series in Law & Economics | SOD-1-104   |
<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Speaker</th>
<th>Institution</th>
<th>Topic</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wed, Feb 27</td>
<td>16.15-18.00</td>
<td>Anup Malani, Chicago</td>
<td></td>
<td>«What can be Learned from Conflict of Interest Disclosures in Medical Journals» (Workshop)</td>
<td>ETH ML F 38</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wed, Feb 27</td>
<td>16.15-18.00</td>
<td>Ben Craig, Federal Reserve Bank of Cleveland</td>
<td></td>
<td></td>
<td>RAI-J-031</td>
</tr>
<tr>
<td>Th, Feb 27</td>
<td>17.15-18.30</td>
<td>Glen Weyl, University of Chicago</td>
<td></td>
<td>«Concordance among Holdouts» (joint with S. D. Kominers)</td>
<td>KO2-F-175</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fri, Mar 1</td>
<td>12.00-13.00</td>
<td>Ilana Ritov, Hebrew University</td>
<td></td>
<td></td>
<td>BLU-003</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thu, Mar 7</td>
<td>17.15-18.30</td>
<td>Roland Strausz, Humboldt University of Berlin</td>
<td></td>
<td></td>
<td>KO2-F-175</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thu, Mar 7</td>
<td>17.15-18.30</td>
<td>Marcelo Olarreaga, University of Geneva</td>
<td></td>
<td></td>
<td>ETH WEH-D7</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fri, Mar 8</td>
<td>12.00-13.00</td>
<td>Charles Sprenger, Stanford University</td>
<td></td>
<td></td>
<td>BLU-003</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fri, Mar 8</td>
<td>15.15-16.30</td>
<td>Alexei Onatski, University of Cambridge</td>
<td></td>
<td>Research Seminar in Statistics</td>
<td>ETH HG G 19.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tue, Mar 12</td>
<td>16.15-18.00</td>
<td>James Greiner, Harvard</td>
<td></td>
<td>«Casual Inference in the Law: Randomized Trials and Observational Studies» (Lecture)</td>
<td>SOD-1-104</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wed, Mar 13</td>
<td>16.15-18.00</td>
<td>James Greiner, Harvard</td>
<td></td>
<td>«How Effective are Limited Legal Assistance Programs? A Randomized Experiment in a Massachusetts Housing Court» (Workshop)</td>
<td>ETH ML F 38</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wed, Mar 13</td>
<td>16.15-18.00</td>
<td>Pascal Michaillat, Federal Reserve Bank of Cleveland</td>
<td></td>
<td></td>
<td>RAI-J-031</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thu, Mar 14</td>
<td>17.15-18.30</td>
<td>Rabah Amir, University of Arizona</td>
<td></td>
<td></td>
<td>KO2-F-175</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thu, Mar 14</td>
<td>17.15-18.30</td>
<td>Daniel Bernhofen, University of Nottingham</td>
<td></td>
<td></td>
<td>ETH WEH-D7</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Fri, Mar 15 12.00-13.00 Charles Bellemare, Université Laval
Experimental and Behavioral Economics Seminar
BLU-003

Thu, Mar 21 10.30-11.45 Catherine Tucker, MIT
Applied Microeconomics Seminar
KOL-F-123

Thu, Mar 21 17.15-18.30 Sanjeev Goyal, University of Cambridge
Microeconomics Seminar (ETH/UZH)
KO2-F-175

Tue, Mar 26 17.15-18.30 Sebnem Kalemli-Ozcan, University of Maryland
Seminar in International Economic Policy (KOF-ETH-UZH)
ETH WEH-D7

Tue, Mar 26 16.15-18.00 Ezra Friedman, Northwestern
«Chilling, Settlement and the Accuracy of the Legal Process» (Lecture)
Workshop & Lecture Series in Law & Economics
SOD-1-104

Wed, Mar 27 16.15-18.00 Ezra Friedman, Northwestern
«A Safety Valve Model of Equity as Anti-Opportunism» (Workshop)
Workshop & Lecture Series in Law & Economics
ETH ML F 38

Wed, Mar 27 15.15-16.30 Patrik Guggenberger, UC San Diego
Research Seminar in Statistics
ETH HG G 19.1

Wed, Mar 27 16.15-18.00 Baster Weel, Maastricht
Macro-Finance-Labor Seminar
RAI-J-031

Tue, Apr 9 16.15-18.00 Alan Schwartz, Yale
«A Law and Economics View of Contract Interpretation» (Lecture)
Workshop & Lecture Series in Law & Economics
SOD-1-104

Wed, Apr 10 16.15-18.00 Alan Schwartz, Yale
(Workshop)
Workshop & Lecture Series in Law & Economics
ETH ML F 38

Wed, Apr 10 16.15-18.00 Gilles Saint-Paul, Toulouse University
Macro-Finance-Labor Seminar
RAI-J-031

Thu, Apr 11 10.30-11.45 Thomas Otter, University of Frankfurt
Applied Microeconomics Seminar
KOL-F-123

Thu, Apr 11 17.15-18.30 Ron Siegel, Northwestern University
Microeconomics Seminar (ETH/UZH)
KO2-F-175

2.2 Short Courses

<table>
<thead>
<tr>
<th>date</th>
<th>schedule</th>
<th>title</th>
<th>venue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mon, Mar 4</td>
<td>14.00-16.00</td>
<td>Charles Bellemare, Université Laval</td>
<td>BLU-003</td>
</tr>
<tr>
<td>Wed, Mar 6</td>
<td>14.00-16.00</td>
<td>Mini-course on «Specification and estimation of structural models using experimental data from the lab and the field»</td>
<td></td>
</tr>
<tr>
<td>Tue, Mar 12</td>
<td>14.00-16.00</td>
<td>Doctoral Program in Economics</td>
<td></td>
</tr>
<tr>
<td>Wed, Mar 13</td>
<td>16.00-18.00</td>
<td>Doctoral Program in Economics</td>
<td></td>
</tr>
</tbody>
</table>
2.3 Inaugural Lectures

<table>
<thead>
<tr>
<th>date</th>
<th>schedule</th>
<th>title</th>
<th>venue</th>
</tr>
</thead>
</table>
| Mon, Feb 25  | 18.15-19.00 | Prof. Dr. Björn Bartling, UZH  
«Experiments on Fairness in Markets»  
Series "Inaugural lectures in spring term 2013" | KOL-G-201      |

2.4 Alumni Events

<table>
<thead>
<tr>
<th>date</th>
<th>schedule</th>
<th>title</th>
<th>venue</th>
</tr>
</thead>
</table>
| Sat, Mar 2   |           | AFC Ski trip  
OEC ALUMNI UZH                                                      | Davos          |
| Tue, Mar 5   | 12.00-14.00 | Peter A. Fischer, Leiter der Wirtschaftsredaktion  
Neue Zürcher Zeitung  
«Wirtschaftspublizistik im Strukturwandel»  
OEC ALUMNI UZH-Lunch                                                    | Zunfthaus zur  
Meisen  
Münsterhof 20  
8001 Zürich |
| Fri, Mar 22  | 17.00-19.00 | Nobel Laureate Prof. Dr. James Heckman  
(University of Chicago), Prof. Dr. Ernst Fehr (UZH)  
and State Secretary Dr. Mauro Dell’Ambrogio,  
Federal Department of Economic Affairs, Education  
and Research  
«Educated – Healthy and Wealthy»  
OEC ALUMNI UZH-Talk                                                   | Zunfthaus zur  
Zimmerleuten  
Limmatquai 40  
8001 Zürich |

3 Publications

3.1 In Economics

http://dx.doi.org/10.1007/s00181-012-0590-4

Short-term training has recently become the largest active labor market program in Germany regarding the number of participants. Little is known about the effectiveness of different types of short-term training, particularly their long-run effects. This paper estimates the effects of short-term training programs in West Germany starting in the time periods 1980–1992 and 2000–2003 on the three outcomes employment, earnings, and participation in long-term training programs. We find that short-term training shows mostly persistently positive and often significant employment effects. Short-term training focusing on testing and monitoring search effort shows slightly smaller effects compared to the pure training variant. The lock-in periods lasted longer in the 1980s and 1990s compared to the early 2000s. Short-term training results in higher future participation in long-term training programs.

The paper offers an empirical taxonomy of the factors driving China’s current account. A simple present-value model with non-tradeable goods explains more than 70 percent of current account variability over the period 1982–2007, including the persistent surpluses since 2001. It also correctly predicts the decline of China’s current account since 2008. Expected increases in the prices of non-tradeables (e.g. housing and medical care) and expected declines in net output (GDP less investment and government spending) are the main channels of external adjustment. Much of China’s current account surplus seems driven by shocks that have global effects by persistently depressing the world real interest rate. This is consistent with recent theoretical models that suggest that factors related to China’s domestic financial development are key in understanding global imbalances.


A number of OECD countries aim to encourage work integration of disabled persons using quota policies. For instance, Austrian firms must provide at least one job to a disabled worker per 25 nondisabled workers and are subject to a tax if they do not. This “threshold design” provides causal estimates of the noncompliance tax on disabled employment if firms do not manipulate nondisabled employment; a lower and upper bound on the causal effect can be constructed if they do. Results indicate that firms with 25 nondisabled workers employ about 0.04 (or 12%) more disabled workers than without the tax; firms do manipulate employment of nondisabled workers but the lower bound on the employment effect of the quota remains positive; employment effects are stronger in low-wage firms than in high-wage firms; and firms subject to the quota of two disabled workers or more hire 0.08 more disabled workers per additional quota job. Moreover, increasing the noncompliance tax increases excess disabled employment, whereas paying a bonus to overcomplying firms slightly dampens the employment effects of the tax.

3.2 Others


Rewards in real life are rarely received without incurring costs and successful reward harvesting often involves weighing and minimizing different types of costs. In the natural environment, such costs often include the physical effort required to obtain rewards and potential risks attached to them. Costs may also include potential risks. In this study, we applied fMRI to explore the neural coding of physical effort costs as opposed to costs associated with risky rewards. Using an incentive-compatible valuation mechanism, we separately measured the subjective costs associated with effortful and risky options. As expected, subjective costs of options increased with both increasing effort and increasing risk. Despite the similar nature of behavioral discounting of effort and risk, distinct regions of the brain coded these two cost types separately, with anterior insula primarily processing risk costs and midcingulate and supplementary motor area (SMA) processing effort costs. To investigate integration of the two cost types, we also presented participants with options that combined effortful and risky elements. We found that the frontal pole integrates effort and risk costs through functional coupling with the SMA and insula. The degree to which the latter two regions influenced frontal pole activity correlated with participant-specific behavioral
sensitivity to effort and risk costs. These data support the notion that, although physical effort costs may appear to be behaviorally similar to other types of costs, such as risk, they are treated separately at the neural level and are integrated only if there is a need to do so.


Synchrony between events in different senses has long been considered the critical temporal cue for multisensory integration. Here, using rapid streams of auditory and visual events, we demonstrate how humans can use temporal structure (rather than mere temporal coincidence) to detect multisensory relatedness. We find psychophysically that participants can detect matching auditory and visual streams via shared temporal structure for crossmodal lags of up to 200 ms. Performance on this task reproduced features of past findings based on explicit timing judgments but did not show any special advantage for perfectly synchronous streams. Importantly, the complexity of temporal patterns influences sensitivity to correspondence. Stochastic, irregular streams - with richer temporal pattern information - led to higher audio-visual matching sensitivity than predictable, rhythmic streams. Our results reveal that temporal structure and its complexity are key determinants for human detection of audio-visual correspondence. The distinctive emphasis of our new paradigms on temporal patterning could be useful for studying special populations with suspected abnormalities in audio-visual temporal perception and multisensory integration.


To survive in our complex environment, we have to adapt to changing contexts. Prior research that investigated how contextual changes are processed in the human brain has demonstrated important modulatory influences on multiple cognitive processes underlying decision-making, including perceptual judgments, working memory, as well as cognitive and attentional control. However, in everyday life, the importance of context is even more obvious during economic and social interactions, which often have implicit rule sets that need to be recognized by a decision-maker. Here, we review recent evidence from an increasing number of studies in the fields of Neuroeconomics and Social Neuroscience that investigate the neurobiological basis of contextual effects on valuation and social choice. Contrary to the assumptions of rational choice theory, multiple contextual factors, such as the availability of alternative choice options, shifts in reference point, and social context, have been shown to modulate behavior, as well as signals in task-relevant neural networks. A consistent picture that emerges from neurobiological results is that valuation-related activity in striatum and ventromedial prefrontal cortex is highly context dependent during both social and nonsocial choice. Alternative approaches to model and explain choice behavior, such as comparison-based choice models, as well as implications for future research are discussed.


Value-based decisions optimize the relation of costs and benefits. Costs and benefits confer not only value but also salience, which may influence decision making through attentional mechanisms. However, the computational and neurobiological role of salience in value-based decisions remains elusive. Here we develop and contrast two formal concepts of salience for value-based choices involving costs and benefits. Specifically, global salience (GS) first integrates costs and benefits and then determines salience based on this overall sum, whereas elemental salience (ES) first determines the salience of costs and benefits before integrating them. We dissociate the behavioral and neural effects of GS and ES from those of value using a value-based decision-making task and fMRI in humans. Specifically, we show that value guides choices and correlates with neural signals in the striatum. In contrast, only ES but not GS impacts decision making by...
speeding up reaction times. Moreover, activity in the right temporoparietal junction (RTPJ) reflects only ES and correlates with its response-accelerating behavioral effects. Finally, we report an ES-dependent change in functional connectivity between the RTPJ and the locus ceruleus, suggesting noradrenergic processes underlying the response-facilitating effects of ES on decision making. Together, these results support a novel concept of salience in value-based decision making and suggest a computational, anatomical, and neurochemical dissociation of value- and salience-based factors supporting value-based choices.

http://dx.doi.org/10.1016/B978-0-444-62604-2.00012-5

Consumers make many decisions in everyday life involving finances, food, and health. It is known from behavioral economics research that people are often driven by short-term gratification, that is, people tend to choose the immediate, albeit smaller reward. But choosing the delayed reward, that is, delaying the gratification, can actually be beneficial. How can we motivate consumers to resist the “now” and invest in their future, leading to sustainable or healthy habits? We review recent developments from behavioral and neuroimaging studies that are relevant for understanding consumer decisions. Further, we present results from our field research that examined whether we can increase the perceived value of a (delayed) environmental benefit using tailored communication, that is, change the way it is framed. More specifically, we investigated whether we can boost the value of an abstract, long-term “green” claim of a product by expressing it as a concrete, short-term benefit. This is a new application area for behavioral economics.

3.3 Books & Book Chapters


3.4 Working Papers


3.5 Mainstream Publications & Appearances


# 4 People

## 4.1 Visiting Guests & Research Stays

<table>
<thead>
<tr>
<th>PROF. RUFF</th>
<th>Ignacio Obeso, Centre de Neuroscience Cognitive de Lyon (CNRS/Université Claude Bernard Lyon 1, France)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feb 6 - 8, Feb 25 - Mar 17</td>
<td></td>
</tr>
</tbody>
</table>

## 4.2 Degrees

### MASTER THESSES

<table>
<thead>
<tr>
<th>Isabelle Anderhalden  (Prof. Hoffmann). January 2013. Subject: «Fiscal theory of the price level – could it be relevant for Europe?»</th>
</tr>
</thead>
</table>

### BACHELOR THESSES

<table>
<thead>
<tr>
<th>Lukas Egloff  (Prof. Zweimüller). January 2013. Subject: «Ausländische Direktinvestitionen»</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alexandra Janssen  (Prof. Hoffmann). January 2013. Subject: «The Swiss franc exchange rate and deviations from uncovered interest parity since the outbreak of the global financial crisis in 2008»</td>
</tr>
<tr>
<td>Sahika Karabudak  (Prof. Woitek). January 2013. Subject: «Ökonomen in Zürich»</td>
</tr>
<tr>
<td>Andrea Corina Pfammatter  (Prof. Netzer). January 2013. Subject: «A Game-Theoretic Perspective on Lobby Groups in Environmental Policy»</td>
</tr>
<tr>
<td>Markus Schubiger  (Prof. Zweimüller). December 2012. Subject: «The Diversification of Exports»</td>
</tr>
<tr>
<td>Alice Tanner  (Prof. Woitek). January 2013. Subject: «Die Freilandbewegung»</td>
</tr>
<tr>
<td>Sancho Thelen  (Prof. Woitek). January 2013. Subject: «Die Entwicklung der Bankenregulierung in der Schweiz»</td>
</tr>
<tr>
<td>Fabian Tschirky  (Prof. Zilibotti). December 2012. Subject: «Saving Behavior and Inequality in post-Reform China»</td>
</tr>
</tbody>
</table>
5 Miscellaneous

5.1 Congresses, Conferences & Selected Presentations

Christian Ewerhart has co-organized the two-day “Workshop on optimal firm behavior and the game theoretic modeling of competition (OLIGO2013)” held at the Corvinus University in Budapest, Hungary, on February 1-2.

5.2 Research Stays

Research stay of Christian Ewerhart at Corvinus University of Budapest, Hungary, from January 31 to February 8.

Newsletter 59 will appear on April 11, 2013