



University of  
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Department of Economics

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## 1 Spotlight

### 1.1 Fabrizio Zilibotti elected President of the European Economic Association

Fabrizio Zilibotti has been elected President of the European Economic Association (EEA). He will be Vice-President in 2014, President Elect in 2015, and President in 2016. The election was held by a secret electronic vote involving all members of the association (ca. 3,000 members). The EEA is the most important association of academic economists in Europe. The list of current and past presidents comprises two Nobel laureates (Christopher Pissarides and James Mirrlees), and most renowned researchers including, over recent years: Manuel Arellano, Timothy Besley, Richard Blundell, Mathias Dewatripoint, Ernst Fehr, Jordi Gali, Andreu Mas Colell, Torsten Persson, Nick Stern, Guido Tabellini, and Jean Tirole. Since the foundation of the EEA in 1986, Prof. Zilibotti will be the third president from an institution located in the German-speaking world (after Martin Hellwig, 1992, and Ernst Fehr, 2008). For the official announcement, see <http://www.eeassoc.org/>.

### 1.2 SCIENCE Publication: Brain Stimulation Influences Norm Compliance

How does the human brain control compliance with social norms? Are the underlying brain mechanisms mainly concerned with avoiding social punishments, or do they also reflect purely voluntary norm obedience? To what degree does norm compliance depend on knowledge and beliefs about the norm and possible punishments? Can we change and possibly even increase human norm compliance with neuroscientific methods? A new study by Christian Ruff, Giuseppe Ugazio, and Ernst Fehr, which has been published in SCIENCE provides answers to these questions.

## 2 Events

### 2.1 «Wem gehört die Bildung?» Vortrag mit anschliessender Podiumsdiskussion



Die Debatte ist eröffnet: Ist Bildung ein Ideal, das nicht angetastet werden darf? Machen Regelwerke wie die Pisa-Studie die Schulen zu Lernfabriken, in denen die Kreativität der Kinder unterdrückt wird oder führt eine übertriebene «Kuschelpädagogik» dazu, dass nicht der richtige Nachwuchs für unsere Gesellschaft ausgebildet wird? Wer ist für die Finanzierung der Bildung verantwortlich? Wer darf sich in die Bildungsdebatte einmischen, wer nicht und sind «Public-Private-Partnerships» überhaupt erwünscht? Über diese und andere kontroverse Fragen des Bildungswesens diskutieren prominente und ausgewiesene Experten.

Nach einem Einführungsvortrag diskutiert Philosoph und Bestsellerautor Richard David Precht mit Urs Rohner, Christa Markwalder, Jürgen Oelkers und Ernst Fehr.

Das Department of Economics und die Müller-Möhl Foundation mit Unterstützung der Excellence Foundation Zurich freuen sich, Sie am **Donnerstag, 31. Oktober 2013, um 18:15 Uhr in der Aula** der Universität Zürich zu begrüßen.

## 2.2 Departmental Research Seminar in Economics

date	schedule	title	venue
Mon, Nov 4	17.15-18.45	<b>Prof. Peter Kondor</b> , Central European University <a href="#">Departmental Research Seminar in Economics</a>	<a href="#">KOL-G-209</a>
Mon, Dec 2	17.15-18.45	<b>Prof. Klaus Schmidt</b> , Ludwig-Maximilians- University Munich <a href="#">Departmental Research Seminar in Economics</a>	<a href="#">KOL-G-209</a>

## 2.3 Guest Presentations

date	schedule	title	venue
Tue, Nov 5	16.15-17.45	<b>Luigi Zingales</b> , Chicago (finance) «Trust ad Finance» (Lecture) <a href="#">Law &amp; Finance Workshop and Lecture Series</a>	<a href="#">KOL-G-204</a>
Wed, Nov 6	16.15-17.45	<b>Ettore Croci</b> , UC Milan (finance) «Failing Banks: State Aid versus Resolution» (Workshop) <a href="#">Law &amp; Finance Workshop and Lecture Series</a>	<a href="#">ETH IFW A 32.1</a>
Wed, Nov 6	16.15-17.45	<b>Daniel Chen</b> , ETH «The Deterrent Effect of the Death Penalty? Evidence from British Commutations During World War I» <a href="#">Applied Microeconomics Seminar</a>	<a href="#">PLM-1-103/4</a>
Wed, Nov 6	16.15-18.00	<b>Jean-Marc Robin</b> , Sciences Po «The Macro-dynamics of Sorting between Workers and Firms» <a href="#">Macro-Finance-Labor Seminar</a>	<a href="#">SOE-F-7</a>
Thu, Nov 7	17.00-18.00	<b>Giorgio Coricelli</b> , University of Southern California <a href="#">Neuroeconomics Seminar</a>	<a href="#">BLU-E-003</a>
Tue, Nov 12	16.15-17.45	<b>Heidi Williams</b> , MIT «Intellectual Property Rights and Cumulative Innovation» (Lecture) <a href="#">Workshop &amp; Lecture Series on the Law, Economics &amp; Management of Innovation</a>	<a href="#">RAI-F-041</a>
Wed, Nov 13	16.15-17.45	<b>Heidi Williams</b> , MIT «Do Fixed Patent Terms Distort Innovation? Evidence from Cancer Clinical Trials» (Workshop) <a href="#">Workshop &amp; Lecture Series on the Law, Economics &amp; Management of Innovation</a> and <a href="#">Applied Microeconomics Seminar</a>	<a href="#">ETH IFW A 32.1</a>
Wed, Nov 13	16.15-18.00	<b>Mariacristina Di Nardi</b> , University College London «Medicaid Insurance in Old Age» <a href="#">Macro-Finance-Labor Seminar</a>	<a href="#">SOE-F-7</a>

Thu, Nov 14	17.15-18.30	<b>Ignacio Palacios Huerta</b> , London School of Economics <a href="#">Microeconomics Seminar (ETH/UZH)</a>	<a href="#">KO2-F-175</a>
Fri, Nov 15	12.00-13.00	<b>Botond Köszegi</b> , Budapest <a href="#">Experimental and Behavioral Economics Seminar</a>	<a href="#">BLU-E-003</a>
Tue, Nov 19	16.15-17.45	<b>Yair Listokin</b> , Yale (law) «Rethinking Corporate Voting» (Lecture) <a href="#">Law &amp; Finance Workshop and Lecture Series</a>	<a href="#">KO2-F-172</a>
Wed, Nov 20	16.15-17.45	<b>Yair Listokin</b> , Yale (law) «Bounded and Unbounded Institutions / or Do the Votes Add Up?» (Workshop) <a href="#">Law &amp; Finance Workshop and Lecture Series</a>	<a href="#">ETH IFW A 32.1</a>
Thu, Nov 21	17.00-18.00	<b>Floris de Lange</b> , Donders Institute, Nijmegen <a href="#">Neuroeconomics Seminar</a>	<a href="#">BLU-E-003</a>
Thu, Nov 21	17.15-18.30	<b>Olivier Bochet</b> , University of Bern <a href="#">Microeconomics Seminar (ETH/UZH)</a>	<a href="#">KO2-F-175</a>
Thu, Nov 21	17.15-18.30	<b>Guido Cozzi</b> , University of St. Gallen <a href="#">Seminar in International Economic Policy</a>	<a href="#">ETH WEH-D7</a>
Fri, Nov 22	12.00-13.00	<b>David Huffman</b> , Oxford «An Experimentally Validated Preference Survey Module» <a href="#">Experimental and Behavioral Economics Seminar</a>	<a href="#">BLU-E-003</a>
Tue, Nov 26	16.15-17.45	<b>David Abrams</b> , University of Pennsylvania «Patent Value and Citations: Creative Destruction or Defensive Disruption?» (Lecture) <a href="#">Workshop &amp; Lecture Series on the Law, Economics &amp; Management of Innovation</a>	<a href="#">RAI-F-041</a>
Wed, Nov 27	16.15-17.45	<b>David Abrams</b> , University of Pennsylvania «Beyond Citations: Determinants of Patent Value» (Workshop) <a href="#">Workshop &amp; Lecture Series on the Law, Economics &amp; Management of Innovation</a>	<a href="#">ETH IFW A 32.1</a>
Wed, Nov 27	16.15-18.00	<b>Julien Prat</b> , Institute of Economic Analysis, Barcelona <a href="#">Macro-Finance-Labor Seminar</a>	<a href="#">SOE-F-7</a>
Thu, Nov 28	17.00-18.00	<b>Veronika Job</b> , UZH, Dept. of Psychology «Effects of theories about willpower on self-control» <a href="#">Neuroeconomics Seminar</a>	<a href="#">BLU-E-003</a>
Thu, Nov 28	17.15-18.30	<b>Antonio Cabrales</b> , University College London <a href="#">Microeconomics Seminar (ETH/UZH)</a>	<a href="#">KO2-F-175</a>
Thu, Nov 28	17.15-18.30	<b>Gianmarco Ottaviano</b> , London School of Economics <a href="#">Seminar in International Economic Policy</a>	<a href="#">ETH WEH-D7</a>

Fri, Nov 29	12.00-13.00	<b>Claudia Neri</b> , St. Gallen <a href="#">Experimental and Behavioral Economics Seminar</a>	<a href="#">BLU-E-003</a>
Tue, Dec 3	16.15-17.45	<b>Lev Ratnovski</b> , IMF (finance) «Financial Regulation: Lessons from the Crisis» (Lecture) <a href="#">Law &amp; Finance Workshop and Lecture Series</a>	<a href="#">KO2-F-172</a>
Wed, Dec 4	16.15-17.45	<b>Lev Ratnovski</b> , IMF (finance) «Banking And Trading» (Workshop) <a href="#">Law &amp; Finance Workshop and Lecture Series</a>	<a href="#">ETH IFW A 32.1</a>
Wed, Dec 4	16.15-17.45	<b>Konrad Stahl</b> , Mannheim <a href="#">Applied Microeconomics Seminar</a>	<a href="#">PLM-1-103/4</a>
Wed, Dec 4	16.15-18.00	<b>Ufuk Akcigit</b> , University of Pennsylvania «Keep, Buy or Sell: Theory and Evidence from Patent Resales» <a href="#">Macro-Finance-Labor Seminar</a>	<a href="#">SOE-F-7</a>
Thu, Dec 5	17.00-18.00	<b>Hilke Plassmann</b> , INSEAD, Fontainebleau <a href="#">Neuroeconomics Seminar</a>	<a href="#">BLU-E-003</a>
Thu, Dec 5	17.15-18.30	<b>Paul Milgrom</b> , Stanford University <a href="#">Microeconomics Seminar (ETH/UZH)</a>	<a href="#">KO2-F-175</a>
Thu, Dec 5	17.15-18.30	<b>Manuel Oechslin</b> , Tilburg School of Economics and Management <a href="#">Seminar in International Economic Policy</a>	<a href="#">ETH WEH-D7</a>
Fri, Dec 6	12.00-13.00	<b>Keith Chen</b> , UCLA <a href="#">Experimental and Behavioral Economics Seminar</a>	<a href="#">BLU-E-003</a>
Tue, Dec 10	16.15-17.45	<b>Michele Boldrin</b> , Washington University St. Louis «The Case Against Patents» (Lecture) <a href="#">Workshop &amp; Lecture Series on the Law, Economics &amp; Management of Innovation</a>	<a href="#">RAL-F-041</a>
Wed, Dec 11	16.15-17.45	<b>Michele Boldrin</b> , Washington University St. Louis «Reconstructing the Great Recession» (Workshop) <a href="#">Workshop &amp; Lecture Series on the Law, Economics &amp; Management of Innovation</a>	<a href="#">ETH IFW A 32.1</a>
Thu, Dec 12	17.00-18.00	<b>Joseph Kable</b> , University of Pennsylvania <a href="#">Neuroeconomics Seminar</a>	<a href="#">BLU-E-003</a>
Thu, Dec 12	17.15-18.30	<b>Thomas Palfrey</b> , California Institute of Technology <a href="#">Microeconomics Seminar (ETH/UZH)</a>	<a href="#">KO2-F-175</a>
Fri, Dec 13	12.00-13.00	<b>Eldar Shafir</b> , Princeton <a href="#">Experimental and Behavioral Economics Seminar</a>	<a href="#">BLU-E-003</a>
Wed, Dec 18	16.15-18.00	<b>Esteban A. Rossi-Hansberg</b> , Princeton University «The Impact of Regional and Sectoral Shocks in the U.S. Economy» <a href="#">Macro-Finance-Labor Seminar</a>	<a href="#">SOE-F-7</a>
Thu, Dec 19	17.15-18.30	<b>Carmen Astorne-Figari</b> , University of Memphis <a href="#">Microeconomics Seminar (ETH/UZH)</a>	<a href="#">KO2-F-175</a>

Thu, Dec 19	17.15-18.30	<b>Apostolis Philippopoulos</b> , Athens University of Economics & Business <a href="#">Seminar in International Economic Policy</a>	<a href="#">ETH WEH-D7</a>
Fri, Dec 20	12.00-13.00	<b>Muriel Niederle</b> , Stanford <a href="#">Experimental and Behavioral Economics Seminar</a>	<a href="#">BLU-E-003</a>

## 2.4 Alumni Events

date	schedule	title	venue
Mon, Nov 18	9.00-17.30	<b>Forum for Economic Dialogue</b> «Fair and Efficient Rules for Capitalism» (with Ernst Fehr, Fabrizio Zilibotti, Josef Ackermann George-Marios Angeletos, Kaspar Villiger and Roger de Weck) <a href="#">OEC ALUMNI UZH</a>	Kaufleuten Pelikanplatz 8001 Zurich
Mon, Nov 18	18.00-19.30	Prof. Luigi Zingales <b>Zurich Lecture of Economics in Society</b> <a href="#">OEC ALUMNI UZH</a>	Kaufleuten Pelikanplatz 8001 Zurich
Tue, Nov 19	12.00-13.45	<b>Daniel Bader</b> , lic.oec.publ., Tax Partner BärKarrer «Das Ende des Schweizer Steuerhinterziehers: Aktuelle Entwicklungen im nationalen und internationalen Kontext» <a href="#">OEC ALUMNI UZH-Lunch</a>	Zunftthaus zur Meisen Münsterhof 20 8001 Zurich

## 3 Publications

### 3.1 In Economics

**Capra, C. Monica; Jiang, Bing; Engelmann, Jan B. & Berns, Gregory S.** (2013). «Can personality type explain heterogeneity in probability distortions?», *Journal of Neuroscience, Psychology, and Economics*, 6(3), 151-166.

<http://dx.doi.org/10.1037/a0033708>

There are two regularities we have learned from experimental studies of choice under risk. The first is that the majority of people weigh objective probabilities nonlinearly. The second regularity, although less commonly acknowledged, is that there is a large amount of heterogeneity in how people distort probabilities. Despite this, little effort has been made to identify the source of heterogeneity. We explore the possibility that personality type is linked to probability distortions. Using validated psychological questionnaires, we clustered participants into distinct personality types: motivated, impulsive, and affective. We found that the motivated participants viewed gambling as more attractive, whereas the impulsive participants were the most capable of discriminating non-extreme probabilities. Our results suggest that the observed heterogeneity in probability distortions may be explained by personality profiles, which can be elicited through standard psychological questionnaires.

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**Fehr, Ernst; Herz, Holger & Wilkening, Tom** (2013). «The Lure of Authority: Motivation and Incentive Effects of Power», *American Economic Review*, 103(4), 1325-1359.

<http://dx.doi.org/10.1257/aer.103.4.1325>

Authority and power permeate political, social, and economic life, but empirical knowledge about the motivational origins and consequences of authority is limited. We study the motivation and incentive effects of authority experimentally in an authority-delegation game. Individuals often retain authority even when its delegation is in their material interest, suggesting that authority has nonpecuniary consequences for utility. Authority also leads to overprovision of effort by the controlling parties, while a large percentage of subordinates underprovide effort despite pecuniary incentives to the contrary. Authority thus has important motivational consequences that exacerbate the inefficiencies arising from suboptimal delegation choices.

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**Frey, Bruno S.; Pamini, Paolo & Steiner, Lasse** (2013). «Explaining the World Heritage List: An empirical study», *International Review of Economics*, 60(1), 1-19.

<http://dx.doi.org/10.1007/s12232-013-0174-4>

The UNESCO World Heritage List is designed to protect the global heritage. We show that, with respect to countries and continents, the existing World Heritage List is highly imbalanced. Major econometric determinants of this imbalance are historical GDP, historical population, area in square kilometers of a country, and number of years of high civilization. Surprisingly, economic and political factors, such as membership on the UN Security Council, which should be unrelated to the value of a country's heritage and therefore should have no impact, are shown to have a systematic impact on the composition of the World Heritage List.

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**Schmutzler, Armin** (2013). «Competition and investment – A unified approach», *International Journal of Industrial Organization*, 31(5), 477-487.

<http://dx.doi.org/10.1016/j.ijindorg.2013.07.010>

Using a simple but general two-stage framework, this paper identifies the circumstances under which increasing competition leads to more cost-reducing investments. The framework can, for instance, capture increasing substitutability for different types of oligopoly models or changes from Cournot to Bertrand competition. The paper identifies four transmission mechanisms by which competition affects investment. For a firm with lower initial marginal costs (higher efficiency), a positive effect of competition on investment is more likely. Positive spillovers support a negative effect of competition on investment. The relation between competition and investment is not affected in an unambiguous way by the level of pre-existing competition.

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## 3.2 Others

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**Baetschmann, Gregori & Winkelmann, Rainer** (2013). «Modeling zero-inflated count data when exposure varies: With an application to tumor counts», *Biometrical Journal*, 55(5), 679-686.

<http://dx.doi.org/10.1002/bimj.201200021>

This paper is concerned with the analysis of zero-inflated count data when time of exposure varies. It proposes a modified zero-inflated count data model where the probability of an extra zero is derived from an underlying duration model with Weibull hazard rate. The new model is compared to the standard Poisson model with logit zero inflation in an application to the effect of treatment with thiotepa on the number of new bladder tumors.



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**Engelmann, Jan B.; Maciuba, Britta; Vaughan, Christopher; Paulus, Martin P. & Dunlop, Boadie W.** (2013). «Posttraumatic Stress Disorder Increases Sensitivity to Long Term Losses among Patients with Major Depressive Disorder», *PLoS ONE*, 8(10), e78292.

<http://dx.doi.org/10.1371/journal.pone.0078292>

Background: Decisions under risk and with outcomes that are delayed in time are ubiquitous in real life and can have a significant impact on the health and wealth of the decision-maker. Despite its potential relevance for real-world choices, the degree of aberrant risky and intertemporal decision-making in patients suffering from major depressive disorder (MDD) and posttraumatic stress disorder (PTSD) has received little attention to date.

Method: We used a case-control design to compare decision-making in healthy control subjects (N=16) versus untreated depressed subjects in a current major depressive episode (N=20). In order to examine how major depressive disorder (MDD) may impact decision-making, subjects made decisions over (1) risky outcomes and (2) delayed outcomes in the domain of gains and losses using choice paradigms from neuroeconomics. In a pre-planned analysis, depressed subjects were subdivided into those with primary PTSD along with comorbid MDD (MDD+PTSD) versus those with primary MDD without PTSD (MDD-only). Choice behavior was modeled via a standard econometric model of intertemporal choice, a quasi-hyperbolic temporal discounting function, which was estimated for each subject group separately.

Results: Under conditions of potential gain, depressed subjects demonstrated greater discounting for gains across all time frames compared to controls. In the realm of losses, both subgroups of depressed subjects discounted more steeply than controls for short time frames. However, for delayed losses ranging from >1-10 years, MDD+PTSD subjects showed shallower discounting rates relative to MDD-only subjects, who continued to discount future losses steeply. Risk attitudes did not contribute to differences in intertemporal choice.

Conclusions: Depressed patients make choices that minimize current pain and maximize current reward, despite severe later consequences or lost opportunities. Anxiety associated with PTSD may serve as a partially protective factor in decision-making about long-term potential losses compared to MDD patients without PTSD.

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**Fujiwara, Juri; Usui, Nobuo; Park, Soyoung Q; Williams, Tony; Iijima, Toshio; Taira, Masato; Tsutsui, Ken-Ichiro & Tobler, Philippe N.** (2013). «Value of freedom to choose encoded by the human brain», *Journal of Neurophysiology*, 110(8), 1915-1929.

<http://dx.doi.org/10.1152/jn.01057.2012>

Humans and animals value the opportunity to choose by preferring alternatives that offer more rather than fewer choices. This preference for choice may arise from an increased probability of obtaining preferred outcomes but also from the freedom it provides. We used human neuroimaging to investigate the neural basis of the preference for choice as well as for the items that could be chosen. In each trial, participants chose between two options, a monetary amount option and a "choice option." The latter consisted of a number that corresponded to the number of everyday items participants would subsequently be able to choose from. We found that the opportunity to choose from a larger number of items was equivalent to greater amounts of money, indicating that participants valued having more choice; moreover, participants varied in the degree to which they valued having the opportunity to choose, with some valuing it more than the increased probability of obtaining preferred items. Neural activations in the mid-striatum increased with the value of the opportunity to choose. The same region also coded the value of the items. Conversely, activation in the dorsolateral striatum was not related to the value of the items but elevated when participants were offered more choices, particularly in those participants who overvalued the opportunity to choose. These data suggest a functional dissociation of value representations within the striatum, with general, good-unspecific representations in mid-striatum and specific representations of the value of freedom provided by the opportunity to choose in dorsolateral striatum.

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**Ham, John C.; Iorio, Daniela & Sovinsky, Michelle** (2013). «Caught in the Bulimic Trap? Persistence and State Dependence of Bulimia Among Young Women», *Journal of Human Resources*, 48(3), 736-767.

<http://dx.doi.org/10.1353/jhr.2013.0019>

Bulimia nervosa (BN) is a growing health concern and its consequences are especially serious given the compulsive nature of the disorder. However, little is known about the mechanisms underlying the persistent nature of BN. Using data from the NHLBI Growth and Health Study and instrumental variable techniques, we document that unobserved heterogeneity plays a role in the persistence of BN, but up to two-thirds of it is due to state dependence. Our findings suggest that the timing of policy is crucial: Preventive educational programs should be coupled with more intense (rehabilitation) treatment at the early stages of the BN behaviors.

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**Holper, Lisa; Wolf, Martin & Tobler, Philippe N.** (2014). «Comparison of functional near-infrared spectroscopy and electrodermal activity in assessing objective versus subjective risk during risky financial decisions», *NeuroImage*, 84, 833-842.

<http://dx.doi.org/10.1016/j.neuroimage.2013.09.047>

Risk is an important factor impacting financial decisions. Risk can be processed objectively, e.g. as variance across possible outcomes of a choice option or subjectively, e.g. as value of that variance to a given individual. The aim of the present study was to test the potential of functional near-infrared spectroscopy (fNIRS) in assessing these different ways of processing risk while subjects decided between either high or low risk financial options or a safe (risk-free) option. For comparison we simultaneously measured electrodermal activity (EDA), a well-established method in decision-making research and a core measure of affective processes. fNIRS showed that lateral prefrontal cortex responses to high risk were enhanced relative to low risk only in risk-seeking individuals but reduced relative to low risk in risk-averse individuals. This is in-line with individual-specific risk processing reflecting the subjective value of risk. By contrast, EDA showed enhanced responses to high risk, independent of individual risk attitude, in-line with the notion of objective risk processing. The dissociation between the two measures arose even though they overall were equally sensitive to detect individual risk-related differences and even though there was an increased, risk attitude-independent, temporal coherence between the two measures during high-risk conditions. Our results suggest that hemodynamic responses in lateral prefrontal cortex as measured by fNIRS reflect the subjective value of risk, whereas EDA may index the objective amount of risk people are presented with. The findings suggest that fNIRS could be a useful method for studying risk behavior in financial decisions.

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**Ruff, Christian C.; Ugazio, Giuseppe & Fehr, Ernst** (2013). «Changing social norm compliance with noninvasive brain stimulation», *Science*. Advance online publication.

<http://dx.doi.org/10.1126/science.1241399>

All known human societies have maintained social order by enforcing compliance with social norms. The biological mechanisms underlying norm compliance are, however, hardly understood. We show that the right lateral prefrontal cortex (rLPFC) is involved in both voluntary and sanction-induced norm compliance. Both types of compliance could be changed by varying neural excitability of this brain region with transcranial direct current stimulation, but they were affected in opposite ways, suggesting that the stimulated region plays a fundamentally different role in voluntary and sanction-based compliance. Brain stimulation had a particularly strong effect for compliance based on socially constituted sanctions, while it left beliefs about what the norm prescribes and about subjectively expected sanctions unaffected. Our findings suggest that rLPFC activity is a key biological prerequisite for an evolutionarily and socially important aspect of human behavior.

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**Silani, Giorgia; Lamm, Claus; Ruff, Christian C. & Singer, Tania** (2013). «Right supramarginal gyrus is crucial to overcome emotional egocentricity bias in social judgments», *The Journal of Neuroscience*, 33(39), 15466-15476.

<http://dx.doi.org/10.1523/JNEUROSCI.1488-13.2013>

Humans tend to use the self as a reference point to perceive the world and gain information about other people's mental states. However, applying such a self-referential projection mechanism in situations where it is inappropriate can result in egocentrically biased judgments. To assess egocentricity bias in the emotional domain (EEB), we developed a novel visuo-tactile paradigm assessing the degree to which empathic judgments are biased by one's own emotions if they are incongruent to those of the person we empathize with. A first behavioral experiment confirmed the existence of such EEB, and two independent fMRI experiments revealed that overcoming biased empathic judgments is associated with increased activation in the right supramarginal gyrus (rSMG), in a location distinct from activations in right temporoparietal junction reported in previous social cognition studies. Using temporary disruption of rSMG with repetitive transcranial magnetic stimulation resulted in a substantial increase of EEB, and so did reducing visuo-tactile stimulation time as shown in an additional behavioral experiment. Our findings provide converging evidence from multiple methods and experiments that rSMG is crucial for overcoming emotional egocentricity. Effective connectivity analyses suggest that this may be achieved by early perceptual regulation processes disambiguating proprioceptive first-person information (touch) from exteroceptive third-person information (vision) during incongruity between self- and other-related affective states. Our study extends previous models of social cognition. It shows that although shared neural networks may underlie emotional understanding in some situations, an additional mechanism subserved by rSMG is needed to avoid biased social judgments in other situations.

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### 3.3 Books & Book Chapters

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**Camerer, Colin F. & Hare, Todd A.** (2013). «The neural basis of strategic choice». In: Glimcher, Paul W. & Fehr, Ernst (eds.), «Neuroeconomics: Decision making and the brain» (2<sup>nd</sup> ed.). Oxford, UK, Elsevier, 479-492.

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**Daw, Nathaniel D. & Tobler, Philippe N.** (2013). «Value learning through reinforcement: The basics of dopamine and reinforcement learning». In: Glimcher, Paul W. & Fehr, Ernst (eds.), «Neuroeconomics: Decision making and the brain» (2<sup>nd</sup> ed.). Oxford, UK, Elsevier, 283-298.

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**Frey, Bruno S. & Steiner, Lasse** (2013). «World Heritage List». In: Rizzo, Ilde & Mignosa, Anna (eds.), «Handbook of the Economics of Cultural Heritage». Edward Elgar: Cheltenham, 171-187.

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**Glimcher, Paul W. & Fehr, Ernst** (eds.) (2013). «Neuroeconomics: Decision making and the brain» (2<sup>nd</sup> ed.). Oxford, UK, Elsevier.

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**Ruff, Christian C. & Huettel, Scott** (2013). «Research methods in cognitive neuroscience». In: Glimcher, Paul W. & Fehr, Ernst (eds.), «Neuroeconomics: Decision making and the brain» (2<sup>nd</sup> ed.). Oxford, UK, Elsevier, 77-108.

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**Tobler, Philippe N. & Weber, Elke U.** (2013). «Valuation for risky and uncertain choices». In: Glimcher, Paul W. & Fehr, Ernst (eds.), «Neuroeconomics: Decision making and the brain» (2<sup>nd</sup> ed.). Oxford, UK, Elsevier, 149-172.

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### 3.4 Working Papers

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**Antoniades, Alexis; Seshan, Ganesh; Weber, Roberto & Zubrickas, Robertas** (October 2013). «On Altruism and Remittances», <http://www.econ.uzh.ch/static/wp/econwp131.pdf>.

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**Berentsen, Aleksander; Marchesiani, Alessandro & Waller, Christopher J.** (September 2013). «Floor Systems for Implementing Monetary Policy: Some Unpleasant Fiscal Arithmetic», <http://www.econ.uzh.ch/static/wp/econwp121.pdf>.

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**Schneider, Frédéric & Weber, Roberto A.** (September 2013). «Long-Term Commitment and Cooperation», <http://www.econ.uzh.ch/static/wp/econwp130.pdf>.

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### 3.5 Mainstream Publications & Appearances

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**Hare, Todd; Ruff, Christian & Tobler, Philippe** (September 2013). «Riskante Entscheidungen—Was passiert im Gehirn?», *Scientifica 2013 zum Thema «Risiko»*.  
<http://www.scientifica.ch/events/science-cafe/riskante-entscheidungen-was-passiert-im-gehirn/>

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**Tobler, Philippe** (August 2013). «Mondflug oder Bürojob?», *UZH News*, 23.08.2013.  
<http://www.uzh.ch/news/articles/2013/mondflug-oder-buerojob.html>

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## 4 People

### 4.1 Visiting Guests & Research Stays

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PROF. BARTLING

September 2 - December 20    **Åshild Auglænd Johnsen**, University of Stavanger

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### 4.2 Appointments

**Christian Ruff** was appointed Associate Professor ad personam for Neuroeconomics and Decision Neuroscience on August 1, 2013. Congratulations!

### 4.3 Degrees

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DOCTORAL THESES

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**Lasse Steiner** (Prof. Frey). July 2013. Subject: «Essays on the Economics of Art and Culture: Artists' Job Satisfaction, Cities of Culture and World Heritage»

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MASTER THESES

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**Manuela Anderegg** (Prof. Fehr). August 2013. Subject: «The relationship between risk preferences and personality»

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**Adrien Bussy** (Prof. Zilibotti). August 2013. Subject: «Human Capital Accumulation and Political Institutions in China»

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**Guillaume Cettou** (Prof. Woitek). September 2013. Subject: «The Great Recession in the United States»

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**Joël Farronato** (Prof. Maréchal). August 2013. Subject: «The Impact of Sports on Dishonest Behavior and the Role of Creativity»

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**Arber Fazlija** (Prof. Zilibotti). August 2013. Subject: «Technology, Volatility, and Economic Development»

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**Simone Gaillard** (Prof. Zweimüller). July 2013. Subject: «The effects of real exchange rates on the Swiss balance of trade»

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**Daniel Gehrig** (Prof. Zweimüller). July 2013. Subject: «Eine Empirische Analyse der Determinanten und Auswirkungen des Reservationslohns»

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**Katharina Kaiser** (Prof. Fehr). August 2013. Subject: «The roles of emotion regulation in social and economic choice»

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**Tobias Kurer** (Prof. Woitek). August 2013. Subject: «The Bank of England: 19th Century Monetary Policy»

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**Stefanie Marty** (Prof. Zweimüller). August 2013. Subject: «Inequality and Green Innovations»

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**Dominic Peter** (Prof. Woitek). September 2013. Subject: «The Economic Policy of Herbert Hoover»

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**Daniel Zeller** (Prof. Woitek). October 2013. Subject: «Der Bank Run als Sonderfall im Bankenumfeld der Schweiz»

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BACHELOR THESES

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**Andreas Ambuehl** (Prof. Fehr). June 2013. Subject: «Der Einfluss von Persönlichkeitsmerkmalen auf das Verhalten in Trust Games»

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**Johannes Baltruschat** (Prof. Zweimüller). July 2013. Subject: «Regionale Mobilität in der Schweiz: Schweizer und Ausländer im Vergleich»

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**Huanyu Ding** (Prof. Falkinger). September 2013. Subject: «Erbschaftsstruktur: Empirische Situation und theoretischer Rahmen»

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**Giacomin Favre** (Prof. Woitek). August 2013. Subject: «Einkommensungleichheit von Schweizer Lehrerinnen und Lehrern 1870/71-1913/14: Ein Vergleich zwischen Zürich und Bern»

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**Vivianne Greber** (Prof. Zweimüller). July 2013. Subject: «Arbeitsmarkterfolge: Schweizer und Secondos im Vergleich»

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**Sebastian Hahn** (Prof. Zweimüller). May 2013. Subject: «The Effect of Potential Benefit Duration on Employment and Unemployment»

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**Lorenz Herger** (Prof. Woitek). September 2013. Subject: «Die wirtschaftlichen Konsequenzen des Gotthard-Scheiteltunnels»

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**Karsten Leßmeister** (Prof. Ruff). September 2013. Subject: «Moral judgment and temporal discounting»

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**Jeffrey Näf** (Prof. Hoffmann). September 2013. Subject: «Re-evaluating Takahashi Korekiyo's Role in Japan's Recovery from the Great Depression»

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**Piotr Olczyk** (Prof. Woitek). September 2013. Subject: «Die Geldpolitik und das Finanzwesen in der Schweiz vor der Entstehung der Schweizerischen Nationalbank (SNB)»

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**Marlène Rump** (Prof. Zweimüller). July 2013. Subject: «Unemployment Insurance Takeup: Determinants and Effects»

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**Krishna Tewari** (Prof. Woitek). September 2013. Subject: «The Indian Economy during the Great Depression»

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## 5 Miscellaneous

### 5.1 Congresses, Conferences & Selected Presentations

Invited Plenary Talk of **Grit Hein** on «Uncovering the foundations of human prosociality: the neural correlates of prosocial motives» at the Schweizer Gesellschaft für Psychologie (SGP) Congress, Basel, September 11, 2013.

Keynote Lecture of **Rainer Winkelmann** on «Modelling Happiness», 30 Years of German Socio-Economic Panel (SOEP): Anniversary Colloquium on Happiness Research, Berlin, September 20, 2013.

Keynote Lecture of **Michael Wolf** on «Spectrum Estimation: A Unified Framework for Covariance Matrix Estimation and PCA in Large Dimensions» at the First International Workshop in Financial Econometrics, Natal, Brazil, October 15, 2013.

**Josef Zweimüller** organized the Sinergia Workshop 2013 "Economic Inequality and International Trade", Diessenhofen, October 24-25, 2013.

**Josef Zweimüller** co-organized the ESSLE conference ("European Summer Symposium in Labour Economics"), a joint conference of IZA and CEPR, Ammersee, September 4-8, 2013.

### 5.2 Grants

**Michel Maréchal** received a grant for the joint project with the Gottlieb Duttweiler Institute (GDI): "Honesty and Trust" (Duration: 4 years).

**Lasse Steiner** (Prof. Frey) received a research grant from the SNSF for his project "Advances in the Economics of Happiness - The Impact of Family Policies and Artistic Work on Well-Being".

**Robertas Zubrickas** (Prof. Ewerhart) has received an SNSF research grant for the project “The provision point mechanism with reward money” (CHF 34'000).

### 5.3 Research Stays

**Lasse Steiner** (Prof. Frey) research stay at UC Berkeley from August 2013 to July 2014

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#### PUBLISHING INFORMATION

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