



University of  
Zurich<sup>UZH</sup>

Department of Economics

Newsletter 63

December 19, 2013



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Season's Greetings

and Best Wishes for a Happy and Prosperous New Year!

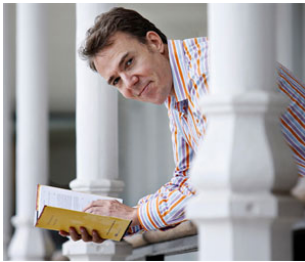


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# 1 Spotlight

## 1.1 New Faculty Member



We would like to give a warm welcome to **Hans-Joachim Voth** who will join our department in January 2014. His research focuses include the history of financial markets, long-run economic growth, as well as political risk and macroeconomic instability.

Hans-Joachim Voth  
Professor of Economics of Development and Emerging Markets

## 1.2 Ernst Fehr named Distinguished CES Fellow

**Ernst Fehr** was named Distinguished CES Fellow and thus invited to present the Munich Lectures in Economics from November 19–21 in Munich, Germany. He presented three lectures on the Foundations of Economic Preferences, the first on the social foundations, the second on the biological foundations, and the third on the evolutionary foundations.

# 2 Events

## 2.1 Alumni Events

date	schedule	title	venue
Thu, Jan 9	from 19.00	<b>3. New Year's Apéro</b> <a href="#">OEC ALUMNI UZH</a>	Restaurant UniTurm
Tue, Feb 18	12.00-13.45	<b>Marc P. Bernegger</b> , Partner Next Generation Finance Invest «Finance 2.0» <a href="#">OEC ALUMNI UZH</a> -Lunch	ZunftHaus zur Meisen Münsterhof 20 8001 Zurich

# 3 Publications

## 3.1 In Economics

**Angeletos, George-Marios & Pavan, Alessandro** (2013). «Selection-free predictions in global games with endogenous information and multiple equilibria», *Theoretical Economics*, 8(3), 883-938.  
<http://dx.doi.org/10.3982/TE1156>

Global games with endogenous information often exhibit multiple equilibria. In this paper we show how one can nevertheless identify useful predictions that are robust across all equilibria and that could not have been delivered in the common-knowledge counterparts of these games. Our

analysis is conducted within a flexible family of games of regime change, which have been used to model, inter alia, speculative currency attacks, debt crises, and political change. The endogeneity of information originates in the signaling role of policy choices. A novel procedure of iterated elimination of non-equilibrium strategies is used to deliver probabilistic predictions that an outside observer – an econometrician – can form under arbitrary equilibrium selections. The sharpness of these predictions improves as the noise gets smaller, but disappears in the complete-information version of the model.

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**Gino, Francesca; Krupka, Erin L. & Weber, Roberto A.** (2013). «License to Cheat: Voluntary Regulation and Ethical Behavior», *Management Science*, 59(10), 2187-2203.

<http://dx.doi.org/10.1287/mnsc.1120.1699>

Although monitoring and regulation can be used to combat socially costly unethical conduct, their intended targets can often avoid regulation or hide their behavior. This surrenders at least part of the effectiveness of regulatory policies to firms' and individuals' decisions to voluntarily submit to regulation. We study individuals' decisions to avoid monitoring or regulation and thus enhance their ability to engage in unethical conduct. We conduct a laboratory experiment in which participants engage in a competitive task and can decide between having the opportunity to misreport their performance or having their performance verified by an external monitor. To study the effect of social factors on the willingness to be subject to monitoring, we vary whether participants make this decision simultaneously with others or sequentially, as well as whether the decision is private or public. Our results show that the opportunity to avoid being submitted to regulation produces more unethical conduct than situations in which regulation is either exogenously imposed or entirely absent.

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**Kriss, Peter H.; Nagel, Rosemarie & Weber, Roberto A.** (2013). «Implicit vs. Explicit Deception in Ultimatum Games with Incomplete Information», *Journal of Economic Behavior & Organization*, 93, 337-346.

<http://dx.doi.org/10.1016/j.jebo.2013.03.024>

We explore bargaining, using ultimatum games, when one party, the proposer, possesses private information about the pie size and can either misrepresent this information through untruthful statements (explicit deception) or through information-revealing actions (implicit deception). Our study is the first such direct comparison between two ways in which people can deceive. We find that requiring informed parties to make an explicit statement yields greater deception than when information is communicated implicitly, particularly for larger stakes. However, allowing the explicit statement to be accompanied by a promise of truthfulness reverses this effect. In contrast with many previous studies, we generally observe very high frequencies of dishonesty.

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**Krupka, Erin L. & Weber, Roberto A.** (2013). «Identifying Social Norms Using Coordination Games: Why Does Dictator Game Sharing Vary?», *Journal of the European Economic Association*, 11(3), 495-524.

<http://onlinelibrary.wiley.com/doi/10.1111/jeea.12006/abstract>

We introduce an incentivized elicitation method for identifying social norms that uses simple coordination games. We demonstrate that concern for the norms we elicit and for money predict changes in behavior across several variants of the dictator game, including data from a novel experiment and from prior published laboratory studies, that are unaccounted for by most current theories of social preferences. Moreover, we find that the importance of social norm compliance and of monetary considerations is fairly constant across different experiments. This consistency allows prediction of treatment effects across experiments, and implies that subjects have a generally stable willingness to sacrifice money to take behaviors that are socially appropriate.

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**Staubli, Stefan & Zweimüller, Josef** (2013). «Does Raising the Early Retirement Age Increase Employment of Older Workers?», *Journal of Public Economics*, 108, 17-32.

<http://dx.doi.org/10.1016/j.jpubeco.2013.09.003>

Two pension reforms in Austria increased the early retirement age (ERA) from 60 to 62 for men and from 55 to 58.25 for women. We find that raising the ERA increased employment by 9.75 percentage points among affected men and by 11 percentage points among affected women. The reforms had large spillover effects on the unemployment insurance program but negligible effects on disability insurance claims. Specifically, unemployment increased by 12.5 percentage points among men and by 11.8 percentage points among women. The employment response was largest among high-wage and healthy workers, while low-wage and less healthy workers either continued to retire early via disability benefits or bridged the gap to the ERA via unemployment benefits. Taking spillover effects and additional tax revenues into account, we find that for a typical birth-year cohort a one year increase in the ERA resulted in a reduction of net government expenditures of 107 million euros for men and of 122 million euros for women.

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### 3.2 Working Papers

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**Bartling, Björn & Weber, Roberto A.** (November 2013). «Do Markets Erode Social Responsibility?», <http://www.econ.uzh.ch/static/wp/econwp134.pdf>.

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**Bell, David R; Ledoit, Olivier & Wolf, Michael** (December 2013). «A New Portfolio Formation Approach to Mispricing of Marketing Performance Indicators with an Application to Customer Satisfaction», <http://www.econ.uzh.ch/static/wp/econwp79.pdf>.

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**Cohn, Alain; Maréchal, Michel A. & Noll, Thomas** (October 2013). «Bad Boys: The Effect of Criminal Identity on Dishonesty», <http://www.econ.uzh.ch/static/wp/econwp132.pdf>.

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**Ewerhart, Christian & Quartieri, Federico** (November 2013). «Unique Equilibrium in Contests with Incomplete Information», <http://www.econ.uzh.ch/static/wp/econwp133.pdf>.

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**Herz, Holger; Schunk, Daniel & Zehnder, Christian** (November 2013). «How Do Judgmental Overconfidence and Overoptimism Shape Innovative Activity?», <http://www.econ.uzh.ch/static/wp/econwp106.pdf>.

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**Steiner, Lasse; Frey, Bruno S. & Resch Magnus** (November 2013). «Home is Where Your Art Is: The Home Bias of Art Collectors», <http://www.econ.uzh.ch/static/wp/econwp135.pdf>.

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## 4 People

### 4.1 Degrees

MASTER THESES

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**Helen Leila Bänninger** (Prof. Maréchal). October 2013. Subject: «On the Effectiveness of Collective Punishment Institutions»

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**Jasmin Schmid** (Prof. Weber). August 2013. Subject: «The Relation between Trust and Loss Aversion – Do People Trust more in a Loss Frame?»

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**Daniel Wochner** (Prof. Falkinger). October 2013. Subject: «The Production Function of Banks: Which Products and Services do Banks provide? How do they Influence Real Production?»

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#### BACHELOR THESES

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**Alexander Botermann** (Prof. Woitek). December 2013. Subject: «Die deutsche Staatsverschuldung: Ein Vergleich zwischen der Weimarer Republik und der aktuellen Situation»

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**Luca Fritz** (Prof. Netzer). November 2013. Subject: «Libertarian Paternalism»

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**Roman Schaerer** (Prof. Netzer). October 2013. Subject: «Migration und Altersvorsorge»

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## 4.2 Awards

**Florian Zimmermann** (Prof. Fehr) received the CESifo Prize in Behavioural Economics 2013 “Distinguished CESifo Affiliate”. The prize has been awarded during the CESifo Area Conference on Behavioural Economics (2013) in recognition of his paper “Correlation Neglect in Belief Formation” (co-authored with Benjamin Enke, University of Bonn).

## 5 Miscellaneous

### 5.1 Congresses, Conferences & Selected Presentations

**Ernst Fehr** presented the keynote lecture entitled «The Social and Biological Foundations of Fairness» at the annual meeting of the *Deutschen Gesellschaft für Psychiatrie und Psychotherapie, Psychosomatik und Nervenheilkunde* [German Society for Psychiatry and Psychotherapy, Psychosomatics and Neurology] (DGPPN) in Berlin on November 29, 2013.

**Philippe Ruh** (Prof. Zweimüller) was part of the organizing committee for the Zurich Workshop on Economics 2013 held at the Sorell Hotel Rueden in Schaffhausen on September 9-11, 2013.

**Josef Zweimüller** organizes (together with Peter Egger and Reto Foellmi) the SNF Sinergia - CEPR Conference on Economic Inequality, Labor Markets and International Trade to be held at Monte Verità in Ascona (Switzerland) on June 15-18, 2014.

### 5.2 Grants

**Eva Ranehill** and **Roberto Weber** received a research grant from the Swiss National Science Foundation for the project “Gender, Context and Economic Decision Making” (CHF 412'833, 2014-2016).

**Stefan Staubli** and **Josef Zweimüller** received a grant from the NBER Disability Research Consortium for their project “How Extended Unemployment Benefits for Older Workers Affect Labor Market Exit, Disability Enrollment, and Social Security Claims” (Duration 1 year).

### 5.3 Research Stays

**Andreas Beerli** (Prof. Zilibotti) has received a Doc.Mobility fellowship for doctoral students from the SNSF for his project "The Interaction of Technical Progress with the Labour Market and Consumers" for the spring semester 2014 at the London School of Economics.

**Arnd Heinrich Klein** (Prof. Schmutzler) has received a Doc.Mobility fellowship from the SNSF for a research stay at UC Berkeley from February to July 2014.

Newsletter 64 will appear in February 2014

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#### PUBLISHING INFORMATION

Editor	Department of Economics
Editorial work	Cornelia Metzler
Periodicity	6 editions per year
Contact	<a href="mailto:newsletter@econ.uzh.ch">newsletter@econ.uzh.ch</a>
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