



# Department of Economics Newsletter

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New Faculty: Ralph Ossa

Dear reader,

Most people have played the thought-experiment of what they would like to tell their younger self: not to worry so much, to take this decision and not the other, or to enjoy the freedoms of student life more. However, not so many people consciously think about talking to their future self, or consider its viewpoint when making decisions today. Recent research from the department shows that, although we do not consider this future self actively, our brain does it for us. On page 2 you can read how, from a neurological perspective, actions of self-discipline are processed in the same area as prosocial behavior. From this standpoint, we treat our future self as another person.

Alongside our Department, the Zurich Graduate School of Economics (ZGSE) continues to grow. The number of applications for the program has increased by 60% from last year. To prepare our graduate students for an academic career, we encourage them to gain experience at a research institution abroad. The Swiss National Science Foundation (SNSF) supports such exchanges with their Doc.Mobility fellowships. Sebastian Dörr, a 4th year ZGSE student is currently at UCLA and talks about his research and experience as a PhD in the US on page 13.

Taking our place among the world's top-ranked departments continues to be our guiding vision. To achieve this, we appoint internationally recognized scientists. Read about Ralph Ossa, coming from Chicago Booth on page 4. While keeping this global perspective we remain strongly committed to Zurich and contribute locally to the dialog between academia and society. A few weeks ago, we did this with support of the Excellence Foundation Zurich by inviting Richard David Precht to University for a public lecture and discussion.

And, last but not least, on pages 10 and 11 we put the heart of all academic institutions in the spotlight. The Econ library is a small but fine example of a modern, agile and user-oriented service that supports students, faculty and external economists in all their needs.

It fills me with great pleasure and pride to oversee all these developments here at ECON.

Rainer Winkelmann  
Chairman of the Department of Economics

# Faculty Research

## Self-Control and Self-Centeredness

Reading this, most people will have forgotten their New Year's resolutions. The ones about putting money aside for a rainy day, resisting the temptation of the sofa and going for a run, or not eating that piece of chocolate cake. Three months into the year, many of us have resigned to scratching our heads pondering on self-discipline and our seeming lack of it. Recent research at the Department shows that there is more to self-control than firm resolution, and that sharing that piece of cake might be a good start.

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While psychologists understand the mental processes of self-control as challenges in self-restraint and self-discipline, economists define them as a dilemma of "inter-temporal decision-making." The latter highlights a defining aspect of the options we often choose between: It is not only about buying or saving now, running or not running today, but about not buying today so as to have more savings tomorrow, or running now and reaping the health benefits in the future. This aspect of time, and where it is processed in our brains, is the cornerstone of recent research by the neuroeconomists Dr. Alexander Soutschek, Prof. Christian Ruff, and Prof. Philippe Tobler.

The go-to area in the brain for questions of self-control and decision-making is the prefrontal cortex, an area at the front of our brains. The prefrontal cortex is active when we try to predict outcomes and consequences, when we weigh options, resist temptation, and restrain ourselves in social situations. Most motivational theories are based on processes in this area and promote the concept of strengthening one's ability to resist temptation or maintain self-control by consciously thinking the consequences through, before taking an informed decision on how to behave.

*The same brain mechanisms are active when practicing self-control towards oneself as when behaving prosocially towards another person.*

Life experience, however, shows that thinking something through and coming to a conclusion on what the best action would be, does not automatically determine which action is actually implemented. Failure to execute the right action is then shrugged off as a simple lack of willpower. The researchers were not satisfied with this

explanation and examined a second area of the brain, the posterior Temporoparietal Junction (pTPJ), to fill the explanatory gaps.

### The future self as the other person

The pTPJ is located at the side of the head, behind and slightly above the ear. Activity in this region helps us overcome our own egocentric viewpoint, put ourselves in somebody else's shoes, and imagine how a situation might look to another person. Based on these functions, we can incorporate the view of others into our evaluation of the situation and our choice of behavior. People differ in their ability to do this, leading to more selfish or more prosocial behavior. However, when we consider putting on our running shoes today (or not), there is no other person. Here, the scientists argue, our own "future self" takes on the role of the other, and the same biases apply towards this future self as towards any other person. This idea implies that self-centered people are also less able to imagine and take their future self into account, and are therefore prone to actions that are more impulsive.

### Disruption of the pTPJ leads to more selfish and impulsive behavior

To test and verify this assumption, the researchers asked people to make intertemporal (impulsiveness) as well as interpersonal (selfishness) decisions. During the experiments (see box), the pTPJ was disrupted using magnetic stimulation. With a disrupted pTPJ, participants had more difficulty taking on another's viewpoint, and tended to make choices that were both more impulsive (i.e. choosing the immediate payoff) and more selfish (i.e. choosing a payoff for themselves only). Thus, the area of the pTPJ plays a role in intertemporal and interpersonal decision-making, and the same brain mechanisms appear to be active when practicing self-control towards oneself as when behaving prosocially towards another person.

# Faculty Research

“These findings enhance our understanding of self-control,” says Alexander Soutschek, “from a neural perspective, the posterior Temporal Parietal Junction processes one’s future self like another person.”

*For the moment, it is safe to say that becoming less self-centered probably benefits oneself the most.*

Solely looking at the Prefrontal Cortex can obviously only partly explain impulsive behavior. Sheer willpower based on analytical thought does not guarantee self-disciplined action. Self-centeredness will sabotage these efforts, as it goes hand in hand with a strong preference for immediate satisfaction with less regard to others, including future selves.

## Changing how we look at self-control and motivation

This research opens the door to novel approaches in clinical settings of impulse-control, as well as in the layperson’s understanding of motivational psychology. From a clinical point of view, it opens up new avenues for treating self-control deficits in disorders like addiction. Until recently, for example, addiction was regarded as an issue of self-control. Addictive behavior was mainly attributed to an inability to suppress impulses, which are processed in the prefrontal cortex. Including the role of the pTPJ adds a further possible explanation for the spiraling development of addictive behavior: Addictive behavior leads to more self-centeredness and stronger focus on the current moment. The future self becomes a stranger with increased social distance to the present self. This distance biases behavior towards more impulsive and selfish choices and reinforces the addiction. These effects also occur in more ordinary situations. In other words, the findings suggest that being more other-focused may strengthen self-control by improving the ability of a person to predict his or her future self’s needs. So, cutting that chocolate cake into equal pieces and sharing it with your siblings could be your first step on the path to a healthy lifestyle.

## Reference

Soutschek, A.; Ruff, C.C; Strombach, T.; Kalenscher, T.; & Tobler, P.N. (2016). Brain stimulation reveals crucial role of overcoming self-centeredness in self-control. *Science Advances*, 2, e1600992.

## The experiment



**Interpersonal decision task:** Participants were asked to decide between a selfish and a more prosocial reward. The selfish reward only benefitted the participant, whereas the prosocial reward was equally shared between the participant and another person. The amounts given to the other person, and the social distance to that person, varied from decision to decision. Assumption: People are more willing to share with a person they feel close to, than with a person they feel distanced from.

**Intertemporal decision task:** Participants had to choose between a smaller immediate reward and a larger later reward. The immediate reward varied in magnitude, while the later reward was fixed in magnitude but varied in the delay in which it would be received. Assumption: The longer one has to wait, the more likely one is to choose the immediate reward. This ties into the idea that the further away a future self is, the more it needs to overcome the egocentricity bias of the current self.

**Ability to take on other people’s viewpoint:** Participants were shown a picture of a person in a room looking at a wall with red spots. Other walls also had red spots but the person in the picture could not see them, as they were located behind the person in the picture. Participants were then asked to say how many red spots the person in the picture could see. Assumption: People who have difficulties in taking on someone else’s perspective will find it harder to judge the number of red spots the person sees. The researchers used non invasive brain stimulation techniques to disrupt activation in the posterior Temporoparietal Junction and compared the outcomes in the various tasks.

# New Faculty Members



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## Ralph Ossa

Ralph Ossa was appointed Professor of Economics of Globalization and Emerging Markets, endowed by the UBS Center, on 1 January 2017. Ralph Ossa studied Management and Economics at the University of Witten/Herdecke, Germany, and Economics at the London School of Economics (LSE), UK, where he received his PhD in 2007. He began researching and teaching at the University of Chicago, Booth School of Business (Chicago Booth) in 2008, first as an Assistant Professor and then as Associate Professor of Economics as of 2012.

*You joined the University of Zurich earlier this year. How do you like Zurich so far?*

Ossa: Zurich is an amazing city, in fact my favorite city in the world. It combines world-class amenities with proximity to spectacular nature, and it is safe, clean, and efficient as well.

*One of your current research projects focuses on gains from trade liberalization, measuring the “new” gains from trade reaped by Canada as a result of the Canada-US Free Trade Agreement (CUSFTA). What are the main new insights from this research?*

Ossa: In this paper, we challenge the way economists think about the gains from international trade. Most economists argue that a central benefit of trade liberalization is that consumers obtain access to a wider range of imported goods. For example, trade liberalization might allow them to buy Swiss chocolate even if they don't live in Switzerland, which then increases their utility. The main point of our paper is that these import variety gains are just a part of the story and are typically counteracted by contemporaneous domestic variety losses. The issue is

simply that trade liberalization also tends to drive domestic firms out of production, which means that domestic consumers can then no longer purchase the goods these firms made. Looking at the Canada-US Free Trade Agreement, we estimate that domestic variety losses actually outweighed import variety gains for the Canadian economy, thereby challenging the conventional wisdom in the field. Having said this, we also show that Canada still gained from the Canada-US Free Trade Agreement overall simply because it also brought about a significant reduction in the prices of imported goods.

*Teaching is an important part of your job. Did you have any particularly memorable economics teachers and if so, what made them memorable?*

Ossa: The best class I ever took was by Pol Antras at Harvard when I was a visiting PhD student there. It provided me with the essential knowledge I needed to excel as a trade economist and had a profound impact on my career. But I was frustrated with most classes I took at the undergraduate level because they overemphasized methods in my view. This is why I intend to teach classes here at the University of Zurich that give more room to policy debates.

Professor Ossa's research focuses on international trade negotiations and foreign trade policy. In particular, he examines international and regional tax competition, unconventional trade policies, and firm relocation subsidies. Furthermore, he has explored the economics of trade wars and trade talks, and estimated how much countries gain from international trade.

His work has been published in the *American Economic Review*, *Journal of Political Economy*, and the *Journal of International Economics*. In a recent paper, published in September 2016, he quantified the spillover effects of China's productivity growth into worldwide real incomes due to international trade. An ongoing project covers possible future scenarios in international trade by applying quantitative empirical models of commercial policy to the following questions: Which tariffs would countries impose if they did not have to fear any retaliation? What outcome would result if the world trading system had a completely different institutional design?

# Department Events 2016/2017 - Retrospect

## Drawing Links Between Happiness, Health and Well-being

December 9, 2016

A group of 18 scientists from across Europe convened at the Department for an interdisciplinary dialogue on nutrition, health, and well-being. The invited speakers made short input statements on their recent research, followed by a general discussion. This novel format proved to be fruitful for presenters and participants. The scientists were challenged and inspired by specialists from neighboring fields with nudges and ideas contributing to the further development of their own research. As one speaker noted: "Usually, when I participate in a conference I know most of the people attending, I know what they will be talking about, and what they will say. Here, I do not. This exchange with people from completely different areas is very inspiring for my own research."



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## Public Finance in Developing Countries

December 12, 2016

The Zurich Center for Economic Development held its inaugural conference, together with its partners CEPR, Gui2de, and ZEW. The conference focused on public finance in developing countries. More than 60 leading researchers working in the area of public-sector economics within developing countries participated in the two-day conference and workshops. Speakers presented their research on topics such as redistribution, commodity taxation as well as the design of tax rules and tax evasion interventions. The first day concluded with an excellent keynote lecture held by Jim Hines. The next conference will take place in December 2017.



## Annual Conference on Child Well-being and Development

March 12 & 13, 2017

This year's conference of the Center for Child Well-Being and Development focused on Social Norms and Behavior as well as Climate Change and Resilience. The aim of the conference was for researchers to provide evidence-based findings and recommendations for NGOs and relief organizations to improve the design of intervention programs. Internationally renowned speakers presented their work on topics such as child marriage, nutrition, health, and hygiene, as well as harmful practices against young girls and teenagers, for example female genital cutting. More than 50 researchers and representatives of foundations took part in the lectures and contributed to the roundtable discussions.



More information about the CCWD is available on the website: [www.ccwd.uzh.ch](http://www.ccwd.uzh.ch)

# Faculty Research

## Publications

### Selected Publications in Economics

**Bold, Tessa; Kaizzi, Kayuki C.; Svensson, Jakob & Yanagizawa-Drott, David. (2017). "Lemon Technologies and Adoption: Measurement, Theory and Evidence from Agricultural Markets in Uganda," *The Quarterly Journal of Economics*, forthcoming.**

To reduce poverty and food insecurity in Africa requires raising productivity in agriculture. Systematic use of fertilizer and hybrid seed is a pathway to increased productivity, but adoption of these technologies remains low. The authors investigate whether the quality of agricultural inputs can help explain low take-up. Testing modern products purchased in local markets, the authors find that 30% of nutrient is missing in fertilizer, and hybrid maize seed is estimated to contain less than 50% authentic seeds.

**König, Michael D.; Rohner, Dominic; Thoenig, Mathias & Zilibotti, Fabrizio. (2017). "Networks in Conflict: Theory and Evidence from the Great War of Africa," *Econometrica*, forthcoming.**

The authors study from both a theoretical and an empirical perspective how a network of military alliances and enmities affects the intensity of a conflict. The model combines elements from network theory and from the politico-economic theory of conflict. The authors postulate a Tullock contest success function augmented by an externality: each group's strength is increased by the fighting effort of its allies, and weakened by the fighting effort of its rivals.

**Koudijs, Peter & Voth, Hans-Joachim. (2016). "Leverage and Beliefs: Personal Experience and Risk-Taking in Margin Lending," *American Economic Review*, 106(11): 3367-3400.**

What determines risk-bearing capacity and the amount of leverage in financial markets? Using unique archival data on collateralized lending, the authors show that personal experience can affect individual risk-taking and aggregate leverage. When an investor syndicate speculating in Amsterdam in 1772 went bankrupt, many lenders were exposed. In the end, none of them actually lost money. Nonetheless, only those at risk of losing money changed their behavior markedly; they lent with much higher haircuts. The rest continued largely as before.

**Scheuer, Florian & Werning, Iván (2016). "The Taxation of Superstars," *The Quarterly Journal of Economics*, 132(1): 211-270.**

How are optimal taxes affected by superstar phenomena? To answer this question, the authors extend the Mirrlees model to incorporate an assignment problem in the labor market that generates superstar effects. Perhaps surprisingly, rather than providing a rationale for higher taxes, the authors show that superstar effects provide a force for lower marginal taxes conditional on the observed distribution of earnings. Superstar effects make the earnings schedule convex, which increases the responsiveness of individual earnings to tax changes. We show that various common elasticity measures must be adjusted upward in optimal tax formulas. Finally, the authors study a comparative static that does not keep the observed earnings distribution fixed: when superstar technologies are introduced, inequality increases but we obtain a neutrality result, finding optimal taxes unaltered.

**Vogt, Sonja; Zaid, Nadia; Ahmed, Mohammed; El Fadil, Ahmed Hilal; Fehr, Ernst & Efferson, Charles (2016). "Changing cultural attitudes towards female genital cutting," *Nature*, 538: 506-510.**

As globalization brings people with incompatible attitudes into contact, cultural conflicts inevitably arise. Little is known about how to mitigate conflict and about how the conflicts that occur can shape the cultural evolution of the groups involved. Female genital cutting is a prominent example. Governments and international agencies have promoted the abandonment of cutting for decades, but the practice remains widespread with associated health risks for millions of girls and women. In the efforts to end cutting, international agents have often adopted the view that cutting is locally pervasive and entrenched. This implies the need to introduce values and expectations from outside the local culture. Members of the target society may view such interventions as unwelcome intrusions, and campaigns promoting abandonment have sometimes led to backlash as they struggle to reconcile cultural tolerance with the conviction that cutting violates universal human rights. Cutting, however, is not necessarily locally pervasive and entrenched.

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## Publications

### Selected Publications in Neuroeconomics

**Burke, Christopher J. & Tobler, Philippe N. (2017).** “Time, Not Size, Matters for Striatal Reward Predictions to Dopamine,” *Neuron*, 91(1): 8-11.

Midbrain dopamine neurons encode reward prediction errors. In this issue of *Neuron*, Takahashi et al. (2016) show that the ventral striatum provides dopamine neurons with prediction information specific to the timing, but not the quantity, of reward, suggesting a surprisingly nuanced neural implementation of reward prediction errors.

**Burke, Christopher J.; Baddeley, Michelle; Tobler, Philippe N. & Schultz, Wolfram (2016).** “Partial Adaptation of Obtained and Observed Value Signals Preserves Information about Gains and Losses,” *Journal of Neuroscience*, 36(39): 10016-10025.

Given that the range of rewarding and punishing outcomes of actions is large but neural coding capacity is limited, efficient processing of outcomes by the brain is necessary. One mechanism to increase efficiency is to rescale neural output to the range of outcomes expected in the current context, and process only experienced deviations from this expectation.

**Engelmann, Jan B. & Fehr, Ernst (2016).** “The slippery slope of dishonesty,” *Nature Neuroscience*, 19: 1543-1544.

Honesty is a fundamental value that is ranked highly across many societies around the globe. Nevertheless, research in behavioral economics and psychology has repeatedly observed dishonest behavior when individuals can benefit from their dishonesty, and this pattern persists in many societies. To assess self-serving dishonesty, the authors developed two clever scenarios in which the payout for the advisor increased according to how much the estimator overestimated the amount of money in the jar. The advisor was led to believe that the estimator did not know this. Therefore, the advisor had a strong incentive to be dishonest, as he or she could get a larger payout by suggesting larger amounts.

**Maier, Silvia U. & Hare, Todd A. (2016).** “Higher heart rate variability is associated with vmPFC activity and increased resistance to temptation in dietary self-control challenges,” *Journal of Neuroscience*, 37(2):446-455.

Higher levels of self-control in decision-making have been linked to better psychosocial and physical health. The authors sought to link two, largely separate, research domains by testing the hypothesis that greater HRV would be associated with better dietary self-control in humans. Specifically, they examined whether total HRV at sedentary rest (measured as the standard deviation of normal-to-normal intervals, SDNN) can serve as a biomarker for the neurophysiological adaptability that putatively underlies self-controlled behavior.

**Moisa, Marius; Polania, Rafael; Grueschow, Marcus & Ruff, Christian C. (2016).** “Brain Network Mechanisms Underlying Motor Enhancement by Transcranial Entrainment of Gamma Oscillations,” *Journal of Neuroscience*, 36(47): 12053-12065.

Gamma and beta oscillations are routinely observed in motor-related brain circuits during movement preparation and execution. It is largely unknown which brain mechanisms characterize these changes in motor performance brought about by tACS. The authors investigated the issue by applying gamma-band and beta-band tACS over MI in healthy humans during a visuomotor task and concurrent functional magnetic resonance imaging (fMRI).

**Kahnt, Thorsten & Tobler, Philippe N. (2017).** “Dopamine Modulates the Functional Organization of the Orbitofrontal Cortex,” *Journal of Neuroscience*, 37(6): 1493-1504.

Neuromodulators such as dopamine can alter the intrinsic firing properties of neurons and may thereby change the configuration of larger functional circuits. The primate orbitofrontal cortex (OFC) receives dopaminergic input from midbrain nuclei, but the role of dopamine in the OFC is still unclear. The authors tested the idea that dopaminergic activity changes the pattern of connectivity between the OFC and the rest of the brain and thereby reconfigures functional networks in the OFC.

# Faculty Research

## Publications

### Further Publications in Economics

Autor, David H.; Dorn, David & Hanson, Gordon H. (2016). "The China Shock: Learning from Labor-Market Adjustment to Large Changes in Trade," *Annual Review in Economics*, 8: 205-240.

Carillo, Paul; Pomeranz, Dina & Singhal, Monica (2017). "Dodging the Taxman: Firm Misreporting and Limits to Tax Enforcement," *American Economic Journal: Applied Economics*, forthcoming.

Currie, Janet & Schwandt, Hannes (2016). "The 9/11 Dust Cloud and Pregnancy Outcomes: A Reconsideration," *Journal of Human Resources*, 51(4): 805-831.

Qian, Nancy & Yanagizawa-Drott, David (2017). "Government Distortion in Independently Owned Media: Evidence from U.S. Cold War News Coverage of Human Rights," *Journal of the European Economic Association*, forthcoming.

Romano, Joseph P. & Wolf, Michael (2017). "Resurrecting weighted least squares," *Journal of Econometrics*, 197(1): 1-19.

### Further Publications in Neuroeconomics

Cueva, Carlos; Roberts, Edward R.; Spencer, Tom J.; Rani, Nisha; Tempest, Michelle; Tobler, Philippe N.; Herbert, Joe & Rustichini, Aldo (2017). "Testosterone administration does not affect men's rejections of low ultimatum game offers or aggressive mood," *Hormones and Behavior*, 87: 1-7.

Dogan, Azade; Morishima, Yosuke; Heise, Felix; Tanner, Carmen; Gibson, Rajna; Wagner, Alexander F. & Tobler, Philippe N. (2016). "Prefrontal connections express individual differences in intrinsic resistance to trading off honesty values against economic benefits," *Scientific Reports*, 6: 33263.

Grimm, Oliver; Kaiser, Stefan; Plichta, Michael M. & Tobler, Philippe N. (2017). "Altered reward anticipation: Potential explanation for weight gain in schizophrenia?" *Neuroscience and Biobehavioral Reviews*, 75: 91-103.

Hartmann-Riemer, Matthias N.; Aschenbrenner, Steffen; Bossert, Magdalena; Westermann, Celina; Seifritz, Erich; Tobler, Philippe N.; Weisbrod, Matthias & Kaiser, Stefan (2017). "Deficits in reinforcement learning but no link to apathy in patients with schizophrenia," *Scientific Reports*, 7: 40352.

Hauser, Tobias U.; Rüttsche, Bruno; Wurmitzer, Karoline; Brem, Silvia; Ruff, Christian C. & Grabner, Roland H. (2016). "Neurocognitive Effects of Transcranial Direct Current Stimulation in Arithmetic Learning and Performance: A Simultaneous tDCS-fMRI Study," *Brain Stimulation*, 9(6): 850-858.

Kettinger, Ádám; Hill, Christopher; Vidnyánszky, Zoltán; Windischberger, Christian & Nagy, Zoltán (2016). "Investigating the Group-Level Impact of Advanced Dual-Echo fMRI Combinations," *Frontiers in Neuroscience*, 10: 571.

Lehner, Rea; Balsters, Joshua H.; Herger, Andreas; Hare, Todd A. & Wenderoth, Nicole (2017). "Monetary, Food, and Social Rewards Induce Similar Pavlovian-to-Instrumental Transfer Effects," *Frontiers in Behavioral Neuroscience*, 10: 247.

# Awards and Distinctions

Leng, Gareth; Adan, Roger A. H.; Belot, Michele; Brunstrom, Jeffrey M.; de Graaf, Kees; Dickson, Suzanne L.; Hare, Todd A.; Maier, Silvia; Menzies, John; Preissl, Hubert; Reisch, Lucia A; Rogers, Peter J. & Smeets, Paul A. M. (2016). "The determinants of food choice," *Proceedings of the Nutrition Society*, published online: 1-12.

Ligneul, Romain; Obeso, Ignacio; Ruff, Christian C. & Dreher, Jean-Claude (2016). "Dynamical Representation of Dominance Relationships in the Human Rostromedial Prefrontal Cortex," *Current Biology*, 26(23): 3107-3115.

Mieth, Bettina; Kloft, Markus; Rodríguez, Juan Antonio; Sonnenburg, Sören; Vobruba, Robin; Morcillo-Suàrez, Carlos; Farre, Xavier; Marigorta, Urko M.; Fehr, Ernst; Dickhaus, Thorsten; Blanchard, Gillers; Schunk, Daniel; Navarro, Arcadi & Müller, Klaus Robert (2016). "Combining multiple hypothesis testing with machine learning increases the statistical power of genome-wide association studies," *Scientific Reports*, 6:36671.

Saposnik, Gustavo; Maurino, Jorge; Sempere, Angel P.; Ruff, Christian C. & Tobler, Philippe N. (2017). "Herding: a new phenomenon affecting medical decision-making in multiple sclerosis care? Lessons learned from DISCUTIR MS," *Patient Preference and Adherence*, 11: 175-180.

Saposnik, Gustavo; Redelmeier, Donald; Ruff, Christian C. & Tobler, Philippe N. (2016). "Cognitive biases associated with medical decisions: a systematic review," *BMC Medical Informatics and Decision Making*, 16(1): 138.

Soutschek, Alexander; Ruff, Christian C.; Strombach, Tina; Kalenscher, Tobias & Tobler, Philippe N. (2016). "Brain stimulation reveals crucial role of overcoming self-centeredness in self-control," *Science Advances*, 2(10): e1600992.

Soutschek, Alexander; Ugazio, Giuseppe; Crockett, Molly J.; Ruff, Christian C.; Kalenscher, Tobias & Tobler, Philippe N. (2017). "Binding oneself to the mast: stimulating frontopolar cortex enhances precommitment," *Social Cognitive and Affective Neuroscience*, published online: 1-8.



## Honorary Doctorates for Ernst Fehr

Ernst Fehr was awarded an honorary doctorate from Karl-Franzens-Universität Graz in Austria on November 29, 2016. Prof Fehr frequently holds guest lectures at the SOWI faculty where experimental neuroeconomics has a long-standing tradition.

On March 30, 2017 The University of Antwerp conferred an honorary doctorate to Prof. Ernst Fehr for his groundbreaking contribution to the development of economics into a multidisciplinary behavioural science and, in particular, for his pioneering role in neuroeconomics.

## ERC Consolidator Grant 2016 for Christian Ruff

The European Research Council (ERC) awarded Christian Ruff EUR 2,000,000 for the next five years his research project "Brain networks controlling social decisions (BRAIN-CODES)."

## Dina Pomeranz very influential on Twitter

*Makronom* named Dina Pomeranz the second most influential German speaking economist on Twitter. She has more than 14,000 followers and tweets on a daily basis about important issues in development economics.

# Internal News

## Econ Library - No dust on these shelves

The Department of Economics' library is probably the most agile and service-oriented library you will find at UZH. Always abreast with the changing technology and user habits and adapting their range of services, it is an important pillar supporting the Department. We spoke to Barbara Jarrett and Lukas Tobler, current and future head of the library, about continual change and continuous quality.

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The Econ Library is located right under the roof of the University's main building on Rämistrasse 71. Small gable windows let a surprising amount of light into the friendly entrance area. It offers 80 working spaces, 50 of which are in the silent zone. Originally planned as a three-year temporary solution in 2003, the library is quite a bit smaller than you'd expect, given the size of the Department. Its coziness and the feeling of being hidden away in the top southeast corner of the main building is what attracts students from all disciplines. In 2016, the turnstile counted nearly 90,000 visits. All seats are taken on the day we visit, and there is an air of concentration. However, coziness can be a challenge for a library with 700-900 new titles per year, all of which require shelf space (see box "Speicherbibliothek").

This summer, Barbara Jarrett, who has served as librarian to the economists in the Department since 1990, will hand over the supervision of more than 80,000 books, and an ever-growing number of electronic accesses, to Lukas Tobler. Lukas completed his librarian apprenticeship in the ETH-library, worked in various libraries in and out of UZH before taking a step out into the world of interior design. He joined the Econ Library in 2013.

*Libraries will remain central to the creation and dissemination of knowledge, as they offer citable, confirmed, and reviewed information from renowned authors and publishers.*

### Gatekeepers to quality

Since the rise of the internet, some prophets of doom have been declaring the demise of the physical library. However, borrowing figures are on the rise and have increased by nearly 80 percent since 2012. "After the initial excitement about having unlimited access to information at any time, questions of credibility, validity,

and quality of the retrieved information have put this availability into perspective," says Barbara Jarrett. "In today's world, information literacy is a key skillset, required to identify, locate, evaluate, and use information effectively." To improve information literacy of students and library users, the team offers courses catering to specific needs. In collaboration with the Zentralbibliothek Zürich [Central Library Zurich], they are currently reworking the research workshop and courses to offer appropriate information literacy training to students of all levels. "Libraries will remain central to the creation and dissemination of knowledge, as they offer citable, confirmed, and reviewed information from renowned authors and publishers," Lukas Tobler points out. In this sense, libraries are central gatekeepers to quality.



Barbara Jarrett and Lukas Tobler pose proudly in front of their shelf of new books and magazines.

### Serving the Department and other institutions

The library experience has changed markedly during Barbara Jarrett's career, and today, the librarian's work is multifaceted and always adapting to changing user needs. The Econ and other UZH libraries are associated in a number of alliances and networks, sharing their stock so users can order books from participating libraries without having to travel across the country. This also means re-cataloguing the stock to adhere to national and international cataloguing rules, so titles

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can be freely shared across libraries. The licensing of electronic media (e.g. access to databases, electronic journals and e-books) requires complex negotiations and can be a legal minefield. Not every e-book edition of a textbook found freely on the internet can simply be distributed to students as required reading.

The user remains at the center of all services, and the team assesses their needs and tries to fulfill them whenever possible. Every semester, they create an overview flyer of undergraduate reading lists for the compulsory courses – with a direct QR code linking to the book. Opening hours are currently being extended until 9 pm during learning periods, and the main course literature is often available in multiple editions, so students don't have to buy their own. For example, there are over 40 copies of Robert Frank's *Microeconomics and Behavior*, a central undergraduate textbook, and usually they are all lent out.

The library puts great emphasis on making the available resources visible to the users. As a specialized library, they stay well informed on new publications in economics. Every month, they purchase approximately 50 new titles, including popular economics bestsellers as well as theoretical treatises. Based on relevance and current interest, a selection is chosen and presented in the entrance area and through social media.

The library also supports the university's open-access movement and is responsible for the institutional re-

pository ZORA (Zurich Open Repository and Archive) as well as the MERLIN database. Every publication and working paper coming out of the department is catalogued and made, whenever possible, available to the public. Members of the Department have access to further support such as document delivery services, ordering books for office collections, free office delivery of library books, and extended lending periods. See the library website for an extended list of services.

## Unique space

Both Barbara Jarrett and Lukas Tobler relish the library's environment, as does the whole team. As Lukas Tobler summarizes, "In today's commercialized world, the library is a pure public service offering free, non-discriminatory access to information and knowledge, with no hidden agenda. The atmosphere in libraries is unique in that it is truly tolerant and all users are equal, sharing a common reason for their being there."

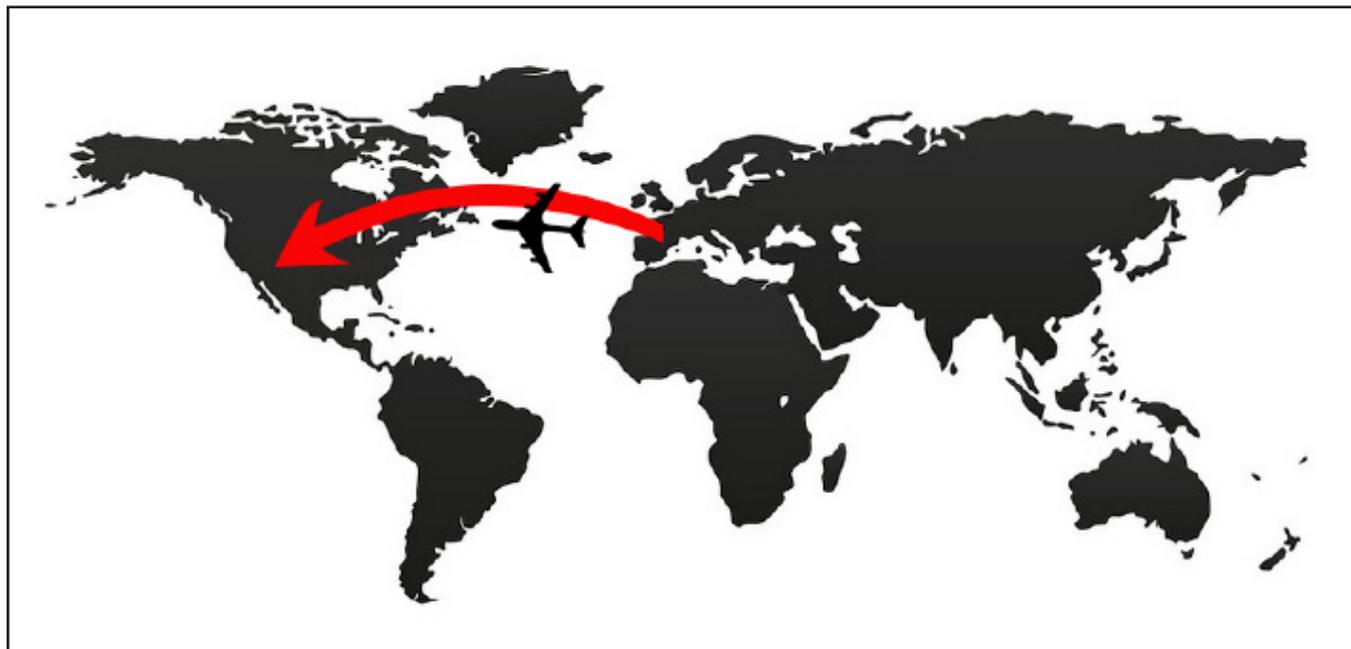
Libraries are the premises within which students experience all the ups and downs of academic life, the frustrations and the eureka moments as well as the beginnings and endings of romance. Thousands of quotes, all pointing to the wonder, surprises, and unknown potential contained in them prove that libraries have fascinated people for centuries and will surely continue to do so.



## Speicherbibliothek

With the ever-increasing number of hard copy titles, library archives are overflowing with books and journals, and space is scarce. In addition, a significant number of the titles the library holds, especially older journal articles, are often not requested for years. Instead of using up valuable shelf space in central locations, a group of large libraries, including the Central Libraries of Zurich, Lucerne, Solothurn, as well as the University Libraries of Basel and Zurich joined together to build the Speicherbibliothek (holding library) in the Lucerne countryside. Temperatures and humidity in the holding library are set ideally for long-term preservation of the magazines and books. After aligning categorization across the libraries and eliminating duplicates, all older editions of scientific journals are now stored centrally and can be ordered through the document delivery service.

An important exception remains: Every edition of «The Economist», dating back to the very first edition in 1843, can still be accessed in print in the Econ Library.



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### Doc.Mobility Fellowship and the Department of Economics

One advantage of studying at the Department of Economics of the University of Zurich is the opportunity to take advantage of a generous program offered by the Swiss National Science Foundation (SNSF). The program offers a competitive Travel Fellowship that allows students to spend up to eighteen months visiting an international university.

The Zurich Graduate School of Economics and the Department recognize the importance of offering students the opportunity to study abroad during their doctoral program. Therefore, the Department increases their support to PhD students in their efforts to gain important international experience.

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### Doc.Mobility Fellowship

The Doc.Mobility fellowships are designed for doctoral students who wish to enhance their scientific profile by working at a research institution abroad.

Fellowships like the Doc.Mobility benefit the students and the universities equally. Hosting incoming exchange students contributes to the internationalization of the student body, the campus culture, and the alumni network.

Applications can be submitted to the following two places:

- a) the SNSF Research Commission of the Swiss higher education institution where the applicant is enrolled as a doctoral student; or
- b) the SNSF Fellowship Commission, if the applicant is completing his/her doctorate at a university abroad.

The fellowships include a grant towards living costs, a flatrate for travel expenses, and, if justified, a contribution towards research and conference costs, as well as tuition. These fellowships are awarded for a minimum of six up to a maximum of eighteen months.

# ZurichGSE News

## Doc.Mobility



**Sebastian Dörr is a doctoral student at the Department of Economics. Last winter he was granted a Doc.Mobility Fellowship and will be conducting research at UCLA until September 2017. Dörr is motivated by the thought that he may in some way push the envelope and extend the boundary of knowledge someday. He is interested in the effects of various frictions, such as sovereign risk or limited pledgeability, on the direction and magnitude of capital flows.**

*Please tell us about the project you submitted to the SNSF.*

Dörr: I analyze the consequences of house price booms on productivity. Firms use their real estate as collateral to borrow money. When house prices rise, firms have better access to credit, which allows them to invest and grow. While this is good for the individual firm, it might lead to undesired aggregate consequences if firms that grow are unproductive.

*What are the main insights from your project so far?*

Dörr: During the U.S. real estate boom, capital and workers moved from productive firms with little collateral to unproductive firms that owned a lot of real estate. So despite a growing economy, aggregate productivity deteriorated, as inefficient firms gobbled up more and more resources. Consequently, industries with severe misallocation also laid more people off during the crisis.

*How are you enjoying your time abroad?*

Dörr: Life in Los Angeles is great. The city offers endless opportunities and everybody is welcoming and open. UCLA has interesting courses and seminars, and its helpful faculty and graduate students made the transition from Zurich to LA easy. Never having to wear a jacket is also a

plus. One slight disadvantage is that compared to UCLA, student offices in Zurich have windows. Apart from that, UCLA's faculty is larger and has several top-notch researchers in different subfields. Cooperation with the Center for Population Studies and Anderson School of Business offers further opportunities to get feedback and learn about new developments in the field. For Ph.D. students, the general structure of the program is similar to UZH.

*Could you give other applicants some tips on how to apply for a Doc.Mobility Fellowship?*

Dörr: Start your application early and make sure to have your letter of invitation. Nobody gives priority to bureaucracy. Several weeks can pass and many e-mails be sent before you have all required documents. And remember, you are writing a proposal. It is important to show where your road will lead you, rather than emphasizing the results you have already achieved.

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## Richard David Precht on Populism, Post-Truth and Polemics

March 16, 2017

The Department of Economics and the Müller-Möhl Foundation invited the public to a joint event at the University of Zurich with their guest, Richard David Precht. More than 1,300 guests came to listen to the philosopher, publicist, and best-selling author as he presented his views and discussed this very current topic of conflict with Professor Ernst Fehr.

One thing is clear for Richard David Precht - we live in revolutionary times and are on the verge of a new age. Digitalization has brought on profound changes. Social interaction and the working environment are facing radical changes. According to Precht, people have a sense that the current model has no future but lack an alternative vision. And this lack of a positive vision for solving the problems of the future is what makes people susceptible to populist ideas.

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Before Richard David Precht held his lecture and the discussion we met him and asked him three questions on integrating values into our lives.

*One reaction to the turbulent and unsettled times we live in is that people are retracting and focusing on their little lives, becoming selfish and narrow-minded. Should the nation state counter this development by, e.g. defining and promoting humanitarian values?*

RDP: I disagree with this conclusion. Never before have people been as compassionate as in today's western civilization. That these same people look for solutions to our problems in nationalism and turning back the wheel of time does not mean that they are not compassionate; they are simply seeking solutions that have worked in the past and which they want to hold on to.

One needs to differentiate between such backward looking strategies and the still very prominent availability of empathy.

*Which values should schools teach children to be prepared for the future?*

RDP: The same as ever, but they should do it better. The way we teach things doesn't work. All these interesting fields of knowledge are distilled into a curriculum to be taught and tested. If you turn values education into a school subject, it won't interest me. You cannot teach values as a subject, children learn them from seeing adults live by them. We don't need a new subject, but teachers who believe in and live by these values.

*How should we handle conflicting values?*

RDP: There is no patent solution. Aristotle, from whom most of our understanding of values stems, already noted that our values often stand in conflict. For example, a friend does something they shouldn't have. My loyalty supports this friend, my sense of justice doesn't. Here, wisdom, "phronesis," comes into play as a metavirtue. You need to think the situation through, weigh all aspects before making a decision on which value to prioritize. You can't learn wisdom with three smart pieces of advice, it's the sum of your life experience and the relentless questioning of yourself.

## Donation from NOMIS Foundation

**The NOMIS Foundation offered a generous donation to the Excellence Foundation Zurich. This donation allows the Department to establish the NOMIS Professorship for Decision and Neuroeconomic Theory.**

Thanks to a generous donation of the NOMIS Foundation the Excellence Foundation Zurich (EFZH) can keep on supporting the Department of Economics in its objective to bring together the best researchers and academics as well as provide them with optimal conditions for doing leading interdisciplinary research at the highest level. The EFZH acts as an interface between business and research, forging links between the Department and enterprises, foundations, and individuals. Significant impact through donation



Financial contributions can build bridges and allow more research in previous uncharted scientific fields. Markus Reinhardt, Managing Director of the NOMIS Foundation explains: “The highly innovative approach and the interdisciplinary culture between neuroscientists, psychologists, and economists at the Department of Economics aligns perfectly with the NOMIS Foundation’s values. It forms an ideal basis for a successful, long-standing support to provide an excellent environment in which this new professorship can create significant impact.”

The Excellence Foundation Zurich would like to thank the NOMIS Foundation for sharing their vision for the researchers at the Department to provide a decisive contribution to the challenges of the future and to take on a place among the world’s top-ranked economics departments.

## New Member of the Board of Trustees

Michael O. Hengartner, President of the University of Zurich, has joined the board of trustees and replaces Stefan Schnyder, Director of Finance, Human Resources and Infrastructure of the University of Zurich.

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