



Upcoming Seminars

Monday, 3.7.2023

Departmental Seminar

13.30-14.30

AWI room 00.010

Antonio Penta, Pompeu Fabra

"Attitudes towards success and failure"

(Host: Dietmar Fehr)

Wednesday, 5.7.2023

Internal Seminar

12.15-13.15

AWI room 00.010

Anca Balietti

"Perceived Control and Attendance to Information"

Abstracts

Departmental Seminar

Antonio Penta

"Attitudes towards success and failure"*

Individuals often attach a special meaning to attaining a certain goal, and getting past a threshold marks the difference between what they consider a success or a failure. In this paper we take a standard von Neumann- Morgenstern Expected Utility setting with an exogenous reference point that separates success from failure, and define attitudes towards success and failure as features of preferences over lotteries. The distinctive feature of our definitions is that they all concern a local reversal of the decision maker's risk attitude, between risk- aversion and risk- lovingness, across the reference point. Our findings provide a unified view of several well-known models of reference-dependent preferences in economics, finance and psychology, and also include novel representations. We order the intensity of each attitude in the space of preferences, and characterize these orderings in terms of properties of the utility representation, with indices analogous to the well-known Arrow- Pratt index of risk

aversion. Our findings shed new light on frequently used notions of reference-dependent preferences, and suggest new ways of conducting comparative statics in these settings. Finally, we argue that our framework may prove useful to incorporate, within a standard economic model, behavioral manifestations of personality traits that have received increasing attention within the empirical economics literature.

*with Larbi Alaoui

Internal Seminar

Anca Balietti

"Perceived Control and Attendance to Information"

Individuals might choose to not attend to self-threatening but potentially useful information for decision making, if they anticipate a net welfare loss. We present an experiment to test whether a treatment that increases perceived control affects this decision. Participants can choose to receive information about the regional health risk of air pollution and are then tasked to recall it. With an Indian sample (N=2,036) we find that information avoidance is unaffected by perceived control. In contrast, perceived control significantly improves information retention. Perceived control is particularly effective in increasing recall among participants with optimistic but unrealistic priors about air quality in their home region.

Talks and Research Visits

Zeno Enders presented the paper "Firm Expectations and News: Micro v Macro" at the BdF-PSE-CEPR "First Paris Conference on the Macroeconomics of Expectations", Paris, June 22-23.

At the *Experimental Finance Conference* in Sofia (Bulgaria), June 19-22, **Christoph Becker** presented the paper "Households' probabilistic inflation expectations in high-inflation regimes" (joint with Peter Duersch, Thomas Eife, and Alexander Glas), while **Pascal Kieren** presented his paper "How Gains and Losses Shape Investors' Expectations".

Leon Houf and **Vinicius Ferraz** jointly presented the papers "Trust in the Machine: How Contextual Factors and Personality Traits Shape Algorithm Aversion" and "Motivated sampling of information: Analysis with experimental data and agent-based modeling" at the *BSE Summer Forum Workshop on Computational and Experimental Economics* in Barcelona, June 14-15.

Ferdinand Rauch gave a talk on "Identity in Trade – Evidence from the Legacy of the Hanseatic League" at the *BSE Summer Forum Workshop on Geography, Trade, and Growth* in Barcelona from June 13-14, 2023. Additionally to the regular workshop he participated in a roundtable on June 12 on "The Future of Cities: Challenges and Opportunities" introducing his recent JPE paper on Tanzania.

Ferdinand Rauch gave a talk on "Asymmetric Trading costs and ancient Greek cities" at the *GDEC Conference 2023*, Dresden June 1-2.

New Publications

Jürgen Eichberger: "Liquidity and Ambiguity: Banks or Asset Markets?" (with Willy Spanjers), *Rivista internazionale di scienze sociali*, 2023, No. 1, 2023, 129 - 165 (find abstract and paper [here](#)).

Editorial deadline for issue 19/2023 of the newsletter:
Wednesday, July 5, 2023, 12 p.m.
newsletter@awi.uni-heidelberg.de