



Upcoming Seminars

Monday, 13.5.2024

13.30-14.30

AWI room 00.010

Internal Seminar

Wael Bousselmi, ESSCA Paris

"Higher Order Risk Attitudes and Volatility Shocks. An Experiment"

(Host: Stefan Trautmann)

Wednesday, 15.5.2024

12.15-13.15

AWI room 00.010

Departmental Seminar

Xavier Giné, World Bank

"Policy Evaluation with Implementation Delays: Evidence from a Home Upgrading Project"

(Host: Stefan Klonner)

Abstracts

Internal Seminar

Wael Bousselmi

"Higher Order Risk Attitudes and Volatility Shocks. An Experiment"

In our study, we examine the short-term impact of volatility shocks on attitudes towards higher-order risk among 122 students at Waseda University. The experiment involves an online dice game to assess risk aversion, prudence, and temperance, followed by an investment task in a laboratory with subsequent repetition of the dice game. Participants make pairwise choices in lotteries, distinguishing risk preferences, prudence, and temperance. The investment task involves decision-making amid volatility shocks, categorized into downward-trending, upward-trending, and net-zero shocks. The results reveal temporal variations in risk preferences, with sustained caution and temperance. Notably, subjects with increased caution increased their investments during volatility shocks, suggesting a link between shocks and increased

prudence. In the second part, we analyse the lasting stability of the HGRP measures over one year. Of the 122 initial participants, 64% took part in a follow-up survey. The results indicate stable levels of prudence relative to the baseline, implying long-term stability, and the direct impact of the volatility shock on the increase in prudence.

Departmental Seminar

Xavier Giné, World Bank

"A Policy Evaluation with Implementation Delays: Evidence from a Home Upgrading Project"*

This paper develops a subjective well-being (SWB) valuation framework that accounts for adaptation and disappointment with implementation delays and uses it to evaluate a home upgrading government program for low-income households in the Dominican Republic. Comparing the structurally estimated gains using two SWB measures and changes in rental income, we find that the benefit-cost ratio is 0.44 using rental income but close to 1 for households without delays using either SWB measure. Failure to account for delays leads to median program impacts that are 40% of those for beneficiaries without delays. SWB measures thus capture important information about preferences and should complement income-based measures in policy evaluation.

* joint work with Meritxell Martínez and Virginia Melo

Talks and Research Visits

Ferdinand Rauch presented "Trade Persistence and Trader Identity - Evidence from the Demise of the Hanseatic League" at the Seminar in Empirical Microeconomics at the University of Konstanz, on May 2 and "Networks in Trade - Evidence from the Legacy of the Hanseatic League" at the Spatial Economics Seminar in Amsterdam, Tinbergen Institute, on April 25.

Editorial deadline for issue 11/2024 of the newsletter:
Wednesday, May 15, 2024, 12 p.m.
newsletter@awi.uni-heidelberg.de