



University of
Zurich^{UZH}

Department of Economics

Economics at Zurich



Edition Notice

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University of Zurich

Publisher

Department of Economics

www.econ.uzh.ch

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Willkommen in Zürich

Ich freue mich, Ihnen die zweite Auflage unserer Broschüre zu präsentieren, mit welcher wir unser aussergewöhnliches Institut der Öffentlichkeit näher bringen wollen. Auf den folgenden Seiten finden Sie nützliche Informationen zu verschiedenen Themen, wie zum Beispiel über unser akademisches Profil, unsere verschiedenen Forschungsfelder und erstmals vorgestellt die Excellence Foundation Zurich und das UBS International Center of Economics in Society.

- 4 Die Excellence Foundation Zurich wurde im Jahr 2011 gegründet und unterstützt das Institut für Volkswirtschaftslehre dabei, neue Wege in der Zusammenarbeit mit der Wirtschaft zu gehen. Als innovative Stiftung bringt sie Stiftungen und Privatpersonen zusammen, um die besten Wissenschaftlerinnen und Wissenschaftler am Department of Economics in Zürich zu vereinen und ihnen optimale Voraussetzungen für interdisziplinäre Spitzenforschung auf Top-Niveau zu bieten.

Im Frühjahr 2012 wurde anlässlich des 150-jährigen Jubiläums von UBS, das UBS International Center of Economics in Society gegründet. Das UBS Center ermöglicht einen kontinuierlichen Austausch zwischen Wissenschaft, Politik und Gesellschaft. Durch die grosszügige Spende von UBS werden neue Lehrstühle an unserem Department geschaffen, welche dazu beitragen, den Wirtschafts-, Bildungs- und Wissensstandort Schweiz weiter zu stärken. Das UBS Center wird durch die UBS Foundation of Economics in Society, eine unabhängige Stiftung nach Schweizer Recht, geleitet und überwacht.

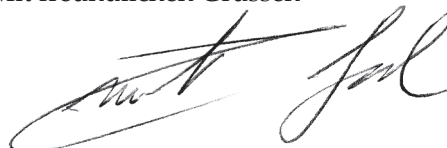
Zu Beginn des Jahres 2014 konnte das Department erneut einen grossen Erfolg für den Forschungs- und Bildungsstandort Zürich verbuchen. Durch den Ausbau des bestehenden "Jacobs Center for Productive Youth Development" soll die Universität Zürich zu einem Leuchtturm der Jugendforschung werden. Die Ressourcen für dieses ambitionierte Projekt werden je zur Hälfte von der Jacobs Foundation und der Universität aufgebracht. Damit werden die Voraussetzungen geschaffen, dass die Universität Zürich im Bereich der Jugendforschung zu einer international führenden Universität wird.

Eine weitere wichtige Entwicklung an unserem Institut ist die Reform des Doktorandenprogramms, welches neu unter dem Namen Zurich Graduate School of Economics (ZurichGSE) auftritt. Durch die Reform konnte das Angebot und die Struktur der ZurichGSE verbessert werden. Der grosse Bewerberandrang aus aller Welt sowie die exzellenten Qualifikationen der zugelassenen Studierenden widerspiegeln den Erfolg des Programms. Damit positioniert sich die Graduiertenschule als eines der führenden internationalen Programme in Europa.

Diese wichtigen Meilensteine sind ein weiteres Anzeichen für die Innovationskraft des Instituts und seiner Mitarbeitenden. Wir sind unserem Ziel, ein international führendes Forschungsinstitut im Bereich der Volkswirtschaftslehre zu werden, einen grossen Schritt näher gekommen.

Wir freuen uns über Ihr Interesse an unserer Arbeit und hoffen, Sie bald in Zürich begrüssen zu dürfen.

Mit freundlichen Grüssen



Prof. Ernst Fehr

Direktor des Instituts für Volkswirtschaftslehre

Welcome to Zurich



I am pleased to present the second edition of our brochure, a brochure designed to bring our extraordinary institute closer to the public at large. You will find useful information about a number of themes such as our academic profile and our diverse areas of research on the next pages. Furthermore, we present the Excellence Foundation Zurich and the UBS International Center of Economics in Society for the first time.

The Excellence Foundation Zurich was established in 2011 and supports the Department of Economics in finding new areas of cooperation with private enterprise. As an innovative foundation, it brings foundations and private persons together in order to assemble the best economists at the Department of Economics in Zurich and to provide them optimal conditions for interdisciplinary research at the highest level.

The UBS International Center of Economics in Society was established in spring 2012 on the occasion of the 150th jubilee of the UBS. The UBS Center enables a continuous exchange between science, politics, and society. Thanks to the generous donation by the UBS, new chairs will be created at our department; these will contribute in further strengthening the position of Switzerland as a center of economics, teaching, and knowledge. The UBS Foundation of Economics in Society, an independent

foundation in accordance with Swiss Law, directs and supervises the UBS Center.

The Department of Economics was again able to attain a decisive success for the position of Zurich as a research and teaching center at the beginning of 2014. Thanks to the expansion of the existing “Jacobs Center for Productive Youth Development”, the University of Zurich should become a beacon for research in youth themes. The University of Zurich and the Jacobs Foundation each supply half of the resources necessary for this ambitious project. This will provide the necessary prerequisites to make the University of Zurich one of the internationally leading universities in the area of research in youth themes.

Another important development at our institute is the reform of the graduate studies program, which now runs under the new title of the Zurich Graduate School of Economics (ZurichGSE). The reform allows for the improvement of the courses offered and the structure of the ZurichGSE. The growing interest among applicants from all over the world and the excellent qualifications of the accepted students reflect the success of the program. The graduate studies program is thus positioned as one of the leading international programs in Europe. These important milestones are a further indication of the innovative power of the department and its employees. We are now a large step closer to our goal of becoming an internationally leading research institute in the field of economics.

We appreciate your interest in our institute and hope to meet you soon in Zurich.

Sincerely,

A handwritten signature in black ink, which appears to read 'Ernst Fehr'. The signature is fluid and cursive, written on a white background.

Prof. Ernst Fehr
Chairman of the Department of Economics

History and Recent Developments

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Dynamic Developments

The history of the department's evolution goes back to the year 1908, when the Socioeconomic Seminar was founded. Four departments were already conducting economic research by 1970. A fifth economic institute was later established, and the institutes merged in 2011, due to the increasing interaction and cooperation between them, to form the Department of Economics, under the motto "what belongs together, comes together".

One result of this successful fusion was the joint development and implementation of the Graduate Studies Program in Economics in 2009, followed by the introduction of the Doctoral Program in Neuroeconomics in 2010.

Outstanding Achievements

The Department of Economics has attained international excellence in several areas. Beginning in 2010, it has hosted several research centers funded by Advanced Investigator Grants from the European Research Council. In addition, members of the department serve on various editorial boards, have been elected officers of international economic associations (including the European Economic Association and the Economic Science Association), and are the recip-

ients of international prizes, fellowships, and honorary doctorates. The Department has grown significantly thanks to the foundation and later support of the UBS International Center and the Excellence Foundation Zurich. We have been able to hire several world-class researchers due to the remarkably high quality of research and teaching in all areas of the department.

Over the next few years, we plan to strengthen the position of the department and to exploit its full potential by attracting further top researchers.

Why Top Researchers Join our Department

"The department has both historical strength in experimental research and deep connections with leading Swiss firms, to make experimental research in partnership an interesting possibility."

Prof. Gregory Crawford



At the Heart of Europe



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University of Zurich

The University of Zurich was founded in 1833 and is Switzerland's largest university. The current student body numbers over 25,000 students with about 5,400 graduates every year. The university provides academic services, collaborates with the private sector, and considers itself part of a national and global network for the acquisition and dissemination of knowledge. Researchers, lecturers, and students all benefit from the infrastructure that Zurich provides as a center of teaching and research.

Faculty of Economics

The Department of Economics is one of four departments of the Faculty of Economics, Business Administration, and IT, which is the leading Business Administration and Economics Faculty in Switzerland and one of the best Business Administration and Economics Faculties in Europe. The faculty places great emphasis on an interdisciplinary approach. It achieves its goals by appointing outstanding and internationally recognized scientists, by creating the best possible research conditions, and by promoting young talent.

Zurich

Situated in the heart of Europe, Switzerland is a small but attractive and prosperous country. Zurich, with its population of approximately 400'000, is the largest city in Switzerland. Its attractive location on the banks of the Lake of Zurich and its proximity to nearby recreational areas all make Zurich an attractive place to live.

As one of Switzerland's economic centers, Zurich stands out as a central node in the national public transport network. It offers a very high quality of life, ranking among the top three cities in the Mercer Quality of Living Survey, which includes 221 cities from all over the world.

“Zurich is clearly one of the leading universities in Europe, and in an increasing number of departments, it can compete with the best worldwide.”

Prof. Joachim Voth



Undergraduate and Graduate Programs

BA in Economics at UZH

The Bachelor's program at our faculty is based on a broad, basic academic education. The Bachelor's program in economics teaches students methods for examining economic problems at the micro and macro levels. With the knowledge you acquire you will be able to analyze these problems and express your views on them. You will acquire the analytical tools necessary to do this and learn to apply empirical methods in the economics program.

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MA in Economics at UZH

The Master's program at the Faculty of Economics, Business Administration and Information Technology provides an advanced academic education and allows you to build your own profile. The economics program at UZH is a leader in the entire German language area. The research of its lecturers is renowned worldwide, which is evident in the program's demanding, well-configured and internationally oriented course offerings. Current research continually shapes the courses, exposing students to the frontiers of research early on. You will learn to understand complex relations in the markets and how to apply this knowledge in business, politics or research in the Master's program in economics.

PhD in Economics at UZH

The Doctoral Program in Economics at the University of Zurich was launched in 2009. It offers a set of courses taught (in English) by internationally renowned scholars at the University of Zurich and world-class research opportunities. In the first year, students attend compulsory courses in econometrics, macroeconomics, and microeconomics, and become familiar with a broad range of research methods. In the second year, students attend additional field courses and seminars while also associating with different research groups within the Department of Economics. Many students spend part of their study visiting other leading international institutions in Europe and in the US. A specific feature of the doctoral program is a close collaboration between graduate students and advisors and a strong team spirit among students. The goal of the program is to produce independent young researchers who can obtain academic jobs in the best universities, central banks, and international organizations.

PhD in Neuroeconomics at UZH

The international Doctoral Program in Neuroeconomics at the University of Zurich was launched in 2010. The faculty is comprised of internationally renowned scholars with expertise in behavioral economics, neuroimaging, neuropharmacology, brain stimulation techniques, and computational modeling. The doctoral program has a strong scientific focus, aiming to enable students to become independent researchers of the highest caliber. The students enjoy the benefits of a highly interdisciplinary, vibrant research community with access to world-class neuroimaging facilities (www.sns.uzh.ch). The curriculum combines compulsory courses on experimental economics and neuroimaging data analysis with a broad range of additional courses in microeconomics, decision neuroscience, and computational neuroscience. The program relies on strong support by study supervisors and a team-oriented approach in research. Our hope is that you will not only become an excellent scientist, but also find your time as a PhD student to be challenging yet intellectually exhilarating!

Zurich Graduate School of Economics



Picture taken at the 2011 Post Graduate Welcome Day of the Faculty of Economics, Business Administration and Information Technology

ZurichGSE at UZH

The Zurich Graduate School of Economics (ZurichGSE) was established as a result of the reform of the Doctoral Program in Economics in 2013. The school offers a degree program in economics to graduate students committed to understanding the complex economic processes in an increasingly global society. International collaboration, in particular due to cooperation with other global institutions, makes ZurichGSE a stimulating environment, not only for cutting-edge research, but for individual enhancement as well.

Zurich Workshop on Economics

The Zurich Workshop on Economics takes place once a year at the beginning of the fall term. Organized by ZurichGSE students, the workshop aims at stimulating the discussion between local PhD students and international researchers from different areas of economics. It consists of presentations by PhD students and talks by invited keynote speakers.

Admission and Financing Opportunities

The Zurich Graduate School of Economics typically receives more than 300 applications and admits between 12 and 15 students each year, offering first year scholarships to most of the admitted students and positions as teaching assistants thereafter. In addition, ZurichGSE awards several full scholarships competitively, on the basis of academic merit. A degree in Economics and excellent academic performance is required for admission to ZurichGSE. The application deadline is January 31. Courses start in the fall term.

For more details about the Zurich Graduate School of Economics Program, please visit our website: www.econ.uzh.ch/dpe

Where are they now?

Map with Former Members of the Department

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Ohio State University

Ian Krajbich, Assistant Professor

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Royal Holloway College, University of London

Michael Naef, Lecturer

10

Stockholm University

Timo Boppert, Assistant Professor

11

Tilburg University

Johannes Binswanger, Assistant Professor

Manuel Oechslin, Associate Professor

12

University of Bayreuth

Hartmut Egger, Professor

13

University of Bern

Daria Knoch, Professor

14

University of Bonn

Dennis Gaertner, Professor

Armin Falk, Professor

15

University of Fribourg

Volker Grossmann, Professor

16

University of Hong Kong

Heng Chen, Assistant Professor

17

University of Innsbruck

Pavlo Blavatsky, Professor

18

University of Konstanz

Urs Fischbacher, Professor

19

University of Lausanne

Adrian Bruhin, Assistant Professor

Lorenz Goette, Professor

Rafael Lalive, Professor

Christian Zehnder, Professor

1

Columbia Business School, New York

Stephan Meier, Professor

2

Erasmus University Rotterdam

Susanne Neckermann, Assistant Professor

3

ETH Zürich

Klaas Enno Stephan, Professor

4

Goethe University of Frankfurt

Michael Kosfeld, Professor

Sigrid Roehrs, Assistant Professor

5

Harvard Business School

Felix Oberholzer, Professor

6

Harvard Kennedy School, Cambridge

Iris Bohnet, Professor

7

Max Planck Institute for Human Cognitive and Brain Sciences, Leipzig

Tania Singer, Director of the Department of Social Neuroscience



20
University of Lucerne
Stefan Boes, Professor
Simon Luechinger, Assistant Professor

21
University of Mainz
Daniel Schunk, Professor
Iryna Stewen, Assistant Professor

22
University of Mannheim
Sebastian Findeisen, Assistant Professor

23
University of Melbourne
Kevin Staub, Assistant Professor

24
University of Nottingham
Simon Gaechter, Professor

25
University of Oslo
Marcus Hagedorn, Professor
Andreas Mueller, Assistant Professor

26
University of St. Gallen
Christine Benesch, Assistant Professor
Martin Brown, Professor
Stefan Buehler, Professor
Reto Foellmi, Professor
Daniel Halbheer, Assistant Professor

27
University of Texas at Dallas
Bernhard Ganglmair, Assistant Professor

28
University of Vienna
Claus Lamm, Professor
Jean-Robert Tyran, Professor

29
VU University of Amsterdam
Victoria Atanasov, Assistant Professor

Econometrics

Econometrics provides fundamental approaches for using data to understand underlying structural and causal relationships, and is applied in a wide range of topics in both microeconomics and macroeconomics. The Department of Economics has two groups primarily dedicated to advancing econometric methods and their applications.

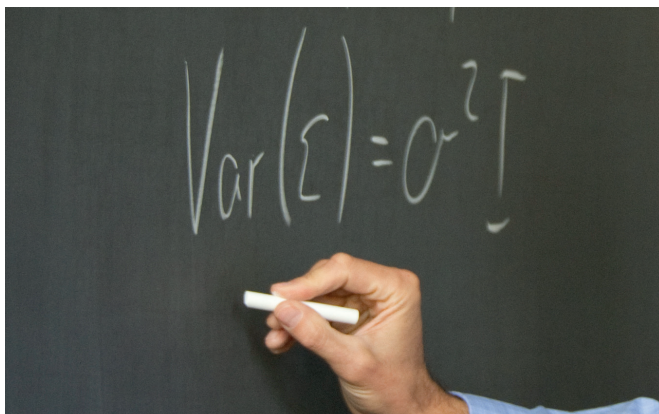
Statistics and Empirical Economic Research

12 Research within the econometrics groups cover a wide range of topics related to the specification and estimation of microeconomic models for discrete and limited dependent variables using both cross-sectional and panel data.

A particular focus is placed on generalizing and improving econometric methods for count-dependent variables and ordered responses. The overarching goal is to identify and measure causation rather than mere association for these dependent variables, based on non-experimental data from potentially non-random samples. The techniques and models are applied to empirical problems in social policy, including welfare, education, labor, and health economics.

Econometrics and Applied Statistics

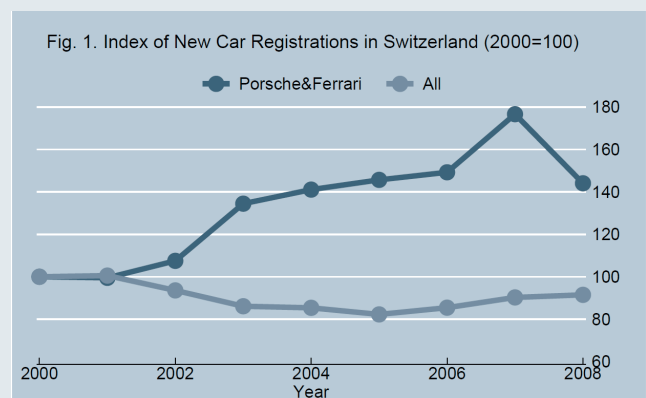
It is important to both develop new methodological tools and use them in applied work. This involves the development of new econometric methods in the areas of resampling, estimation of covariance matrices, and multiple testing. At the Department of Economics, we apply econometric methods to actual problems such as aging or the analysis of financial markets.



FACULTY RESEARCH

Conspicuous Consumption and Satisfaction

In a paper published in the *Journal of Economic Psychology*, Rainer Winkelmann studies an alternative for estimating envy-related welfare loss. The approach is developed in the context of luxury car consumption (Ferraris and Porsches) in Switzerland.



© www.auto-schweiz.ch

One objective was to conduct a substantive empirical analysis for Switzerland and to determine the welfare costs of luxury sport cars. The results indicated that people living in a municipality with a higher prevalence of luxury cars indeed have a lower income satisfaction than others, *ceteris paribus*. Doubling the number of Ferraris and Porsche at the national average is estimated to have an adverse effect on mean income satisfaction that equals that of a five percent reduction in income.

“Statistically, the probability of any one of us being here is so small that you’d think the mere fact of existing would keep us all in a contented dazzlement of surprise.”

Lewis Thomas (1913-1993)

American physician, poet, and researcher

Macroeconomics

Macroeconomics focuses on key, globally relevant economic questions that have a first-order impact on people's lives, such as poverty, economic growth and development, and fiscal and monetary policy, to only name a few.

Challenges for Macroeconomic Research

Although it is based on microeconomic theoretical and empirical foundations, the challenge for macroeconomic research is to see the forest rather than just the trees. Interdependence and general equilibrium effects are too important to be ignored, as the recent crisis has powerfully shown us. The great diversity of experiences among developing and emerging countries, including the persistent success of Brazil, China, and India, have also taught us that institutions and sociopolitical factors are

essential for understanding the wealth and poverty of nations. In other words, while understanding the functioning of markets is important, these cannot be studied in an institutional vacuum, but rather must be analyzed in the context of specific institutions and even cultural factors.

Research on macroeconomics at the Department of Economics tackles both long-term and short-term structural issues. For instance, some groups study various issues related to growth, development, emerging markets, globalization, trade, and innovation. Other groups emphasize economic history. Various research projects analyze issues related to labor and financial markets or focus on international finance and public finance issues.

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FACULTY RESEARCH



© Keith Marchall

Growing Like China

China is a focal point of contemporary research in macroeconomic and growth. China is the world's most populous country, with a population of over 1.35 billion, and today the country is the world's second largest economy and the largest exporter. However, China was a very poor and closed country until the late 1970s, with a per capita income of just 4 percent of that of Switzerland. The process of economic reform catapulted China into a trajectory of stellar growth. Over the first decade of the 21st Century, China's per capita GDP grew at an annual 9 percent rate. The resulting reduction in poverty is equally impressive. But while China is much richer today than it was thirty years ago, its level of economic development is still low,

with a per capita income of about 20 percent of the Swiss per capita GDP. China's economic transition is in many ways anomalous:

- high growth has brought with it increased exports of capital,
- a declining labour share,
- and swift movement between sectors and firms of varying rates of productivity.

Research on China at the Department looks not only at these macroeconomic facets, but also at the social impact of these changes:

- at income distribution,
- the rise of the middle class,
- and the ramifications of the one child policy for insurance in old age.

Intertwined with this is a study of the relationship between innovation, IPR issues, and the take-up of technology. Studying the growth and spread of cultural preferences should reveal the factors that act as a catalyst for economic prosperity.

An important aspect of research at the Department of Economics is to exploit potential synergies between the research activities in different groups. Research on China and more broadly on the process of long-run development is carried out under the guidance of several professors and with the collaboration of numerous assistant professors, post-docs, and graduate students.

Microeconomics

Economics addresses some of the most fundamental problems we face. The strength of microeconomics comes from the simplicity of its underlying structure and its close connection with the real world. Life is full of choices. Microeconomics can help you decide how to make them.

Challenges for Microeconomic Research

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The members of the microeconomics group at the Department of Economics apply a varied set of theoretical and empirical methodologies to address questions of basic science as well as important policy issues.

One research theme concerns the use of game theory and mechanism design to study complex institutions; the applications include health insurance, network industries, research and development, markets for pollution permits, credit markets, and treasury auctions. Insights from biology, psychology, and sociology are incorporated to study how behavioral factors such as social norms and preferences, peer effects, and culture influence the design of optimal policies.

Another research theme concerns the biological and social determinants of human preferences and their evolutionary origins: how do institutions shape preferences, and do biases in risk or time preferences have an evolutionary explanation? These questions are approached using a variety of theoretical, computational, and empirical tools, including laboratory and field experiments, neuroimaging, genetic analysis, non-invasive brain stimulation, and pharmacological interventions.

A complementary research focus concerns the use of structural econometric models that apply game-theoretic models to consumer and firm data. The structural methodology is a powerful tool for policy analysis, for example, for determining whether firms use advertising to increase their market power or whether research joint ventures facilitate collusion. Furthermore, this approach can be used to evaluate alternative health policies, such as providing monetary incentives for healthy behavior or caring for the elderly.

FACULTY RESEARCH



© Brad Flickinger

Misbehavior, Education, and Labor Market Outcomes

Every person goes through various processes of learning and maturing over the course of life. These processes have to be supported from the outset, by parents, by the formal education system, and by employers. This means that gaining broader insights into education as a life-long learning process that starts in early childhood and lasts a lifetime is key to ensuring a prosperous society.

In a paper published in the *Journal of the European Economic Association*, Carmit Segal investigates the relationship between education and labor market outcomes and childhood misbehavior, using data on young men from the US National Education Longitudinal Survey. Her main finding is that eighth-grade misbehavior is a significant indicator of later earnings, more so than eighth-grade test scores. Moreover, controlling for educational attainment, childhood misbehavior is associated with earnings at all educational levels. Eighth-grade misbehavior is associated with lower educational attainment, even after controlling for eighth-grade test scores and family background characteristics.

In order to bring these findings into a larger context, it is crucial to attain a better understanding of childhood misbehavior and the channels through which the associations between school misbehavior and outcomes arise. More data on childhood behavior and its relation to adult outcomes can shed light on some of these open questions.

Neuroeconomics

Over the course of the last three centuries, scientists have tried to understand how we make decisions. The central assumption of neuroeconomics is that by combining theoretical and empirical tools from neuroscience, psychology, and economics into a single approach, the resulting synthesis will provide insights valuable to all three parent disciplines.

Challenges for Neuroeconomic Research

The broad vision of research in neuroeconomics at the Department of Economics is to advance the understanding of decision making and learning. The individual researchers approach this goal from diverse backgrounds and pursue it using a variety of experimental and data analysis techniques.

One common theme is the development and comparison of mathematical models that describe the computational and neuronal mechanisms of decision making, preference formation, and learning. A crucial component

in testing these models is the design of appropriate behavioral paradigms that can precisely measure specific decision-relevant parameters and test model predictions in different decision contexts. Frequently, these behavioral paradigms are run in conjunction with neuroimaging techniques that provide information about the underlying neural basis of behaviors and allow for the measurement of parameters that cannot be inferred from behavior alone. In addition, the causal links between brain activity, model parameters, and behavior are examined by means of experimental modulation of biological states via brain stimulation or pharmacological interventions, for example.

The neuroeconomic work at the Department is conducted at the Laboratory for Social and Neural Systems Research. The long-term aim of this research is to guide future diagnosis and treatment of learning and decision making pathologies and to inform normative institutional design in order to promote optimal decision making at the individual and societal levels.

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FACULTY RESEARCH

Brain stimulation affects compliance with social norms

How does the human brain control compliance with social norms? The biological mechanisms that underlie norm compliance are still poorly understood. In a study published in *Science*, Christian Ruff, Giuseppe Ugazio, and Ernst Fehr show that the lateral prefrontal cortex plays a central role in norm compliance.

The excitability of specific brain regions can be modulated with brain stimulation (tDCS). The scientists used this technique during an experiment measuring compliance with a social fairness norm to increase or decrease neural activity in the right lateral prefrontal cortex, located at the front of the brain. When neural activity in this part of the brain was increased with stimulation, the participants followed the fairness norm more strongly when sanctions were threatened, but their voluntary norm compliance in the absence of possible punishments decreased. Moreover, neural stimulation influenced the participants' behavior, but it did not affect their perception of the fairness norm. It also did not alter their expectations about whether and how much they would be punished for violating the norm.



© Ars Electronica

The researchers found that the brain mechanism responsible for compliance with social norms is separate from the processes that represent one's knowledge and beliefs about the social norm. This could have important implications for the legal system, as the ability to distinguish between right and wrong may not be sufficient for the ability to comply with social norms. The findings show that a socially and evolutionarily important aspect of human behavior depends on a specific neural mechanism that can be both up- and down-regulated with brain stimulation.

Excellence Foundation Zurich

Today's globalized economy can no longer be explained and managed with traditional theoretical instruments. We need a change in paradigm in leading economic research. Since its foundation in 2011, the Excellence Foundation Zurich supports the Department of Economics in creating new approaches – by linking modern economic theory with the latest knowledge from interdisciplinary research and the most modern technologies.

16 The Excellence Foundation Zurich is an independent foundation established in accordance with Swiss law. Designed as an interface between business and research, it supports the Department of Economics in finding new methods for cooperation with business, forging links between the Department and enterprises, foundations, and individuals.

Leading Research in Zurich

The objective of the Excellence Foundation Zurich is to bring together the best researchers and academics at the Department of Economics in Zurich and to provide them with optimal conditions for doing leading interdisciplinary research at the highest level. This collaboration extends beyond the borders of individual academic disciplines, integrating economic theory with psychology, sociology, biology, and neuroscience to take a holistic view - unique anywhere in the world - of the challenges society currently faces.

The Excellence Foundation Zurich played an important role in the negotiations related to the UBS endowment for the Department of Economics in 2012 which led to the establishment of the UBS International Center of Economics in Society.



Nobel Prize winner James J. Heckman gave a public lecture on the “Economics of Inequality & Human Development” in the main auditorium of the University of Zurich in March 2013.

Interaction and Knowledge Transfer

Networking and a close dialog between the various players is key. The Excellence Foundation Zurich sees itself as a mediator, actively serving as an interface between business and research. In addition, the foundation aims to include the broader public in the debate, giving it the opportunity to benefit from the latest insights of cutting-edge research. Together with the Department of Economics, the Foundation has organized several public events with renowned international scientists and experts. For example, the public lectures given by Nobel Prize winner James J. Heckman and Professor Dan Ariely, as well as the panel discussion with Richard David Precht, enjoyed a large following.



EXCELLENCE
FOUNDATION
ZURICH



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UBS International Center of Economics in Society

The UBS International Center of Economics in Society, also known as the UBS Center, is an Associated Institute at the Department of Economics of the University of Zurich. The center was founded in 2012 on the occasion of the 150th jubilee of UBS. In view of the very generous donation, the university named the UBS Center after its benefactor. An independent foundation, the UBS Foundation of Economics in Society, directs and funds the center.

The Center's Advisory Board, comprised of some of the most renowned economists of our time, including four Nobel Prize laureates, ensures the high quality of the work at the UBS Center, and provides guidance on all academic matters.

World-Class Research in Economics

The center of excellence serves two main aims, the first of which is to finance world-class research in economics on all levels, to be conducted at the University's Department of Economics. It thereby supports the department's ambition to further strengthen its position as one of the top economics departments in Europe and to make Zurich one of the best places for research in economics in the world. The UBS Center finances research in economics on all levels, from endowing several new permanent professorships and attracting young researchers at assistant professor and post-doctoral levels, to awarding doctoral scholarships every year. The recruitment for all positions is done autonomously by the University of Zurich, and scholarships are awarded according to University guidelines.

Platform for Dialogue

The Center's other aim is to serve as a platform for dialogue between academia, business, politics, and the broader public, fostering continuous knowledge transfer in the process. To fulfill its aim of transferring knowledge to society, the UBS Center organizes regular events, such as The Forum for Economic Dialogue. The Forum is a conference where leading representatives from the academic, private, and public sectors debate key contemporary economic issues. On top of that, the Center features public lectures with top representatives from academia, the private or the public sector, as well as high-level roundtables. Furthermore, the UBS Center runs two distinct publication series in order to help disseminate research produced by leading academics associated with the Center.



Martin Hellwig (Max Planck Institute), Anne Héritier Lachat (Swiss Financial Market Supervisory Authority), Marios Angeletos (Department of Economics), and Axel Weber (UBS) at the 2013 Forum of Economic Dialogue on "Fair and Efficient Rules for Capitalism" in Zurich.

 **UBS International Center
of Economics in Society**
at the University of Zurich



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Laboratories

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The **Laboratory for Social and Neural Systems Research** (SNS Lab) is a research center founded in 2007 thanks to generous support from Branco Weiss, the University of Zurich, and the University Hospital Zurich.

This interdisciplinary laboratory combines cutting-edge brain-imaging technologies with non-invasive brain stimulation, neuropharmacology, and computational modeling. It thus enables researchers to explore the biological mechanisms that underlie economic decision-making.

The laboratory is located in a custom-built section of the University Hospital of Zurich and is equipped with research-dedicated facilities for fMRI, brain stimulation, behavioral measurements, EEG, and pharmacological manipulations.

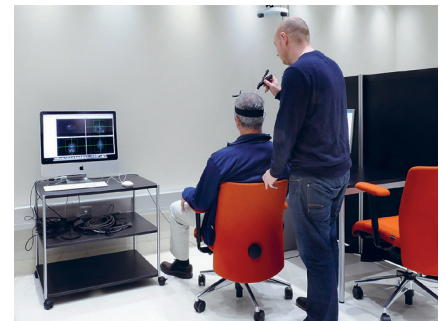
The department hosts the world-renowned **Laboratory for Experimental and Behavioral Economics**, which provides an excellent infrastructure for conducting experimental research.

Our unique group laboratories are equipped with a set of interlinked computers on which participants can be tested simultaneously.

Current research performed at the Laboratory for Experimental and Behavioral Economics comprises a wide range of topics, including behavioral economics, fairness and reciprocity, team decision-making, neuroeconomics, auctions and markets, labor and health economics, and organizational design.



fMRI control room



TMS laboratory



The Laboratory for Experimental and Behavioral Economics is equipped with 36 interlinked computers.



University of
Zurich^{UZH}

Department of Economics

Economics at Zurich 2014

$$Y = X\beta + \varepsilon$$

$$E(Y|X) = X\beta$$

$$\text{Var}(\varepsilon) = \sigma^2 I$$



Faculty Members



George-Marios Angeletos
Macroeconomics and
Financial Markets



Jacob Goeree
Organizational Design



Björn Bartling
Personnel and
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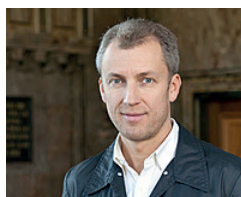
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Joachim Voth
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Development and
Emerging Markets



Josef Zweimüller
Macroeconomics and
Labor Markets

ERC Centers

Engineering Social and Economic Institutions

The start of the twenty-first century has witnessed some striking examples of market successes and market failures. Companies such as Google and Facebook have challenged conventional economic wisdom with profitable business models that revolve around providing free services to their users. At the same time, the dot-com crisis, the global financial crisis, and the recent Euro crisis are reminders that markets and even entire economies can fail. Why do some institutions fail while others succeed, how can success be maintained, and how can broken institutions be fixed?



The “Engineering Social and Economic Institutions” (ESEI) Center was established in August 2010 to study the design and creation of improved institutions using an approach that combines theory, laboratory experiments, and practical policy. The focus at ESEI is to solve major open design problems and to gain an improved understanding of new mechanisms for auctions, trading, matching, voting, social learning and networking. The aim is to advance our scientific knowledge and to provide practitioners with implementations that have been thoroughly tested in the laboratory.

Center for Engineering Social and Economic Institutions

www.econ.uzh.ch/esei

Foundations of Economic Preferences

Knowledge about preferences is key in the ability to predict the behavior of individuals and groups, and for assessing the welfare consequences of different policies. However, large empirical gaps in our knowledge about preferences still remain. The research center “Foundations of Economic Preferences” (FEP) hosted by the Chair of Microeconomics and Experimental Economic Research measures structural preference parameters and the social and biological forces that shape them by applying economic and neuro-economic tools.

“Clearly, the decision-making that we rely on in society is fallible. It’s highly fallible, and we should know that.”

Daniel Kahneman

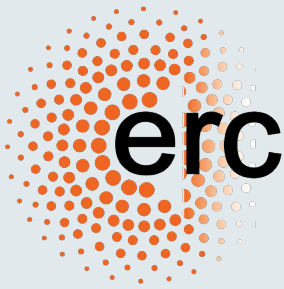
Winner of the 2002 Nobel Memorial Prize in Economics

Research at the center includes the analysis of the relationship between and the distribution and stability of time, risk, and social preferences. The causal impact of the social environment on preferences and the neural and genetic determinants of preferences are further research topics which are being explored at the center.

The researchers at the center initiate a unique panel data set based on conducting behavioral experiments with a nationally representative subject pool at several points in time. This enables them to characterize the countrywide distribution of structurally estimated individual preference parameters in the domain of time, risk, and social preferences.

Center for Foundations of Economic Preferences

www.econ.uzh.ch/fep



ERC Advanced Grants

This double page gives an overview of the three ERC research centers at the Department of Economics. The centers are funded by Advanced Investigator Grants from the European Research Council. ERC Advanced Grants allow exceptional established research leaders of any nationality and any age to pursue ground-breaking, high-risk projects that open new directions in their respective research fields or other domains.

Institutions, Policy, and Culture in the Development Process

The research center “Institutions, Policy and Culture in the Development Process” (IPCDP) promotes theoretical and empirical research on the structural transformation that accompanies economic development and on the determinants of its success or failure. This transformation involves changes in policies, institutions, and even preferences and social hierarchies. Since China represents the most spectacular ongoing episode of economic transition, an important part of the activity at IPCDP focuses on the Chinese experience.

However, the research scope at the center goes beyond China. Research teams study, from both a theoretical and applied standpoint, the relationship between innovation, intellectual property right protection, firms’ organization, and technology adoption. The role of industrial policy is also part of the center’s research activities. Finally, the members of the center study the effect of culture and institutions on the process of economic development. On the one hand, they study the diffusion of preferences and values that foster trust and cooperation. On the other,



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they analyze the determinants of the rise of that “entrepreneurial spirit” that has been and is an engine of growth in the development transition. More generally, they study the emergence and cultural transmission of preferences that are conducive to economic growth, and how they interact with the process of structural change.

Center for Institutions, Policy, and Culture in the Development Process

www.econ.uzh.ch/ipcdp

Advisory Board

The advisory board is made up of renowned experts from academia and the private and the public sectors from both Switzerland and abroad. Its members have a general advisory function. They meet regularly throughout the year in order to get an update of the recent developments in the department and to assist the department with their expertise. The board supports the department in the timely recognition of economic ideas and practical problems in the economy and society, thus making an important contribution to the departments' success. Moreover, the Advisory Board helps the department bridge gaps between the economy, society, and the university, enabling an active dialog between science and society. With their support, the members of the advisory board help the department become a world-class institution at the heart of Europe.



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