

## EINLADUNG ZUR NÄCHSTEN VERANSTALTUNG DES POTSDAM RESEARCH SEMINAR IN ECONOMICS

Sehr geehrte Damen und Herren,

Wir laden Sie herzlich zur nächsten Veranstaltung des Potsdam Research Seminar in Economics am **06.02.2018** ein.

Das Seminar findet von **14.00 bis 16.00 Uhr (c.t.)** in Raum **3.01.231** statt.

*Referent:*

**Dr. Andreas Orland** (*Universität Potsdam*)

*Thema des Vortrages:*

**Why labor supply is a substitute for saving and whether this explains precautionary behavior**

Abstract:

We uncover a novel behavioral strategy that makes intertemporal substitution possible even if saving is not possible: Starting from the standard model of intertemporal substitution in consumption and labor supply (e.g. Low 2005 or Flodén 2006), we relax the strong assumption that wage changes coincide with the periodicity of labor supply. In our extended model, if wage risk is time-varying and work-time allocation is allowed, subjects may exploit differences in wage risk for intertemporal substitution by allocating time between two work-shifts. In order to test our model, we design laboratory experiments. In four treatments, subjects can either save, allocate time, or both, or cannot save nor allocate time. The results show that subjects engage in both precautionary savings and precautionary labor supply as predicted. Subjects also regard these behavioral strategies as substitutes, though substitution is not perfect.

Andreas Orland and Davud Rostam-Afschar

Wir freuen uns auf Ihre Teilnahme.