

BONN ECON NEWS

Universität Bonn, Adenauerallee 24-42, D-53113 Bonn
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Redaktion / Editing: Regina Haverkamp, Fachbereich Wirtschaftswissenschaften
Phone: +49 (0)228-73 2129; Fax: +49 (0)228-73 992129; email: econnews@uni-bonn.de

No. 571

Workshops and Seminars July 08 - 12, 2019

Tuesday, July 09, 2019

Finance and Insurance / CRC TR 224 Seminar
12:15, Juridicum, Faculty Lounge, Room 0.036

Ralph de Haas, EBRD, CEPR, Tilburg Univ.
“Finance and Carbon Emissions”

Wednesday, July 10, 2019

Micro Workshop BGSE
12:00, Juridicum, Room 0.017

Jan Knoepfle, BGSE
“Inspecting Experimentation”

Micro Workshop BGSE II
16:30, Juridicum, “Fakultätszimmer”

Carl Heese, BGSE
tba

MPI Research Seminar
17:00, MPI, Kurt-Schumacher-Straße 10
Seminar Room, Ground Floor

Andreas Leibbrandt, Monash Univ.
“Rank-order tournaments with safeguards:
Experimental evidence on workplace (de-)
motivation”

Thursday, July 11, 2019

MPI Research Seminar II
11:00, MPI, Kurt-Schumacher-Straße 10
Seminar Room, Ground Floor

Alex Imas, Carnegie Mellon Univ.
“Ownership. Learning and Beliefs”

MacroHistory Seminar
12:15, Kaiserplatz 7 – 9, Room 4.006

Ronan Lyons, Trinity College Dublin
“Forgotten Booms and Busts: New Sale and
Rental Price Indices for US Housing, 1890-1990”

Macro/Econometrics/Finance Seminar
16:15, Kaiserplatz 7 – 9, Room 4.006

Christian Hilber, LSE
“On the Economic Impacts of Constraining
Second Home Investments”

Finance and Insurance / CRC TR 224 Seminar

Ralph de Haas, EBRD, CEPR, Tilburg Univ.

“Finance and Carbon Emissions”

(with Alexander Popov)

Abstract

We study the relation between the structure of financial systems and carbon emissions in a large panel of countries and industries over the period 1990-2013. We find that for given levels of economic and financial development, CO2 emissions per capita are lower in economies that are relatively more equity-funded. Industry-level analysis reveals two distinct channels: stock markets reallocate investment towards less polluting industries and, second, they allow carbon-intensive industries to develop and implement greener technologies. In line with this second channel, we show that carbon-intensive industries produce more green patents as stock markets deepen. Lastly, of these industry-level reductions in domestic carbon emissions, only around one-tenth is offset by an increase in carbon embedded in imported intermediate and consumer goods.

MPI Research Seminar

Andreas Leibbrandt, Monash Univ.

“Rank-order tournaments with safeguards: Experimental evidence on workplace (de-) motivation”

Abstract

Many organizations use rank-order tournaments, despite drawbacks such as low payments for high-achieving but low-ranked workers. In this regard, organizations can protect workers by providing 'safeguards'; i.e., guaranteed minimum payments. In this paper, we experimentally study rank-order tournaments when safeguards are available. We observe that a large majority of workers obtains these safeguards, even at a cost. However, we find that safeguards hurt workers and the organization. This is because workers who obtain safeguards perform worse than workers who do not obtain safeguards and overall average performance drops when safeguards are available. These findings provide evidence that giving workers the choice to soften tournament incentives backfires.

Micro Workshop BGSE

Jan Knoepfle, BGSE

“Inspecting Experimentation”

Abstract

This paper studies dynamic contracts for experimentation between a principal and an agent with limited liability. The agent's effort choices are hidden but the principal can schedule costly inspections which reveal the effort history. The optimal contract takes a simple structure: Only after the last inspection, effort is incentivised through bonus payments contingent on success. Inspections are scheduled with increasing distance such that, in earlier periods, incentives are provided solely by the threat of losing the continuation value from the final phase. I discuss an implementation through stage-financing, where funds are released after each inspection for the entire stage until the next inspection. Inspections make funding in multiple stages a necessary feature of the optimal contract.

Micro Workshop BGSE II

Carl Heese, BGSE

tba

MPI Research Seminar II

Alex Imas, Carnegie Mellon Univ.

“Ownership. Learning and Beliefs

Abstract

We examine how owning a good affects learning and beliefs about its underlying value. Several behavioral anomalies are associated with ownership, such as the endowment and disposition effect, but they focus largely on biases in preferences. In a series of studies designed to control for a host of confounding factors, we demonstrate that ownership impacts learning and beliefs. After receiving a positive or negative signal about a good's underlying value, ownership leads people to become more optimistic or pessimistic about the value, respectively, compared to receiving the same signal about a good that is not owned. People overreact to signals about goods that they own relative to normative benchmarks, but learning is close to Bayesian for goods that people do not own. In exploring the mechanism for this

effect, we find evidence that ownership leads individuals to pay more attention to goods that are owned and overweight the informativeness of recent signals. We demonstrate a similar relationship between ownership and over-extrapolation in survey data about stock market expectations. Our findings provide a microfoundation for models of disagreement that generate trade in asset markets, have significant implications for the measurement of psychological frictions from behavioral data and are relevant to any economic application involving ownership and learning.

MacroHistory Seminar

Ronan Lyons, Trinity College Dublin

“Forgotten Booms and Busts: New Sale and Rental Price Indices for US Housing, 1890-1990

Abstract

This presentation introduces a project that will generate new housing price indices (HPIs), in both sale and rental segments, of U.S. urban housing. The full project will cover 50 cities since the end of the U.S. Civil War. Findings to be presented in this presentation are based on a dataset of nearly one million manually digitized real estate listings for twelve major metropolitan areas from 1890 to 1990. Hedonic methods are used on this dataset, giving constant-quality indices of the sale and rental price for housing at quarterly frequency. It finds strong evidence that existing HPIs, based typically on more elementary datasets and methods, significantly understate housing price inflation. This is relatively pervasive across time in the case of the sales segment and more specifically in two postwar episodes in the case of the rental segment. Given the importance of housing in both wealth portfolios and consumption baskets, the findings have a number of implications. These include revising estimates of the rate of return on ‘everything’, as well as the long-run rates of change in cost and standard of living. The new national, city-level and sub-city indices have a wide range of potential applications, including understanding the impact of changes in credit and supply conditions, technological innovations such as transport, and industrial and demographic transition.

Macro/Econometrics/Finance Seminar

Christian Hilber, LSE

“On the Economic Impacts of Constraining Second Home Investments”

Abstract

We investigate how political backlash against wealthy second home investors in high natural amenity places affects local residents. We exploit a quasi-natural experiment: the ‘Swiss Second Home Initiative’, which banned the construction of new second homes in desirable seasonal tourist locations. Consistent with our model, we find that the ban substantially lowered (increased) the price growth of primary (second) homes and increased the unemployment growth rate in the affected areas. Our findings suggest that the negative effect on local economies dominated the positive amenity-preservation effect. We conclude that constraining second home construction in seasonal tourist locations where primary and second homes are not close substitutes may reinforce wealth inequality.

Redaktionsschluss / Deadline

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WEDNESDAY, OCT 02, 2019

12:00

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