BONN ECON NEWS

December 11–15, 2023

Overview

Universität Bonn, Adenauerallee 24-42, 53113 Bonn
www.econ.uni-bonn.de
Editor: Deike Engel, Department of Economics
Phone: +49 (0)228-73 3070; mail: econpr@uni-bonn.de

Page: 1

"Aging at the Top"
BGSE Brown Bag Seminar in Applied Microeconomics
Deniz Güzel (University of Bonn)
"Feedback Spillovers"
BGSE Brown Bag Seminar in Applied Microeconomics
Simon Cordes (University of Bonn)
"Genetic Endowment and Fairness"
BGSE Brown Bag Seminar in Applied Microeconomics
Daniel Evans (University of Bonn)
"Predicting Research Results"
BGSE Brown Bag Seminar in Applied Microeconomics
Marco Forti (University of Bonn)
"Changing Job Preferences and Job Transitions: The Case of the Great Resignation"
BGSE Statistics Brownbag Seminar
Jan Scherer (University of Bonn)
"Inference on directionally differentiable functions of nonparametric curve estimators"
BGSE Statistics Brownbag Seminar
Björn Höppner (University of Bonn)
"On heterogeneous parameter models"
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Bonn Macro Internal Seminar
Lorenzo Ranaldi (University of Bonn)
"Decomposing the Yield Curve: Insights from Historical OECD Inflation Forecasts"

People

BGSE graduates

Name Freyer, Timo
Dissertation: Essays in Applied Microeconomics (25.09.2023)

Name Pessoa, Ana Sofia

Dissertation: Essays in Applied Microeconomics (19.09.2023)

Name Günther, Laurenz Richard Kuno

Dissertation: Essays in Applied Microeconomics (25.09.2023)

Workshops and seminars

Tuesday, December 12, 2023

BGSE/briq Applied Microeconomics Workshop (CRC TR 224 Seminar)

Tomáš Jagelka
(University of Bonn)

"Separating Preferences, Skills, and other Latent Personal Attributes from Endogenous Effort and Cognitive Noise"

Coauthor
Christian Belzil

Time
14:15–15:30 CET

Location
briq, Schaumburg-Lippe-Straße 9

Abstract
Preferences, skills, and other latent personal attributes (PSAs) are key drivers of inequalities in life outcomes. We propose a novel framework for quantifying, and accounting for, individuals' effort and cognitive noise which confound estimates of PSAs based on observed behavior. We establish the ability of our framework to quantify the noise content of a given experimental design and to de-bias estimates of PSAs, in an application to a large-scale experimental dataset measuring risk preferences. While the two elicitation designs we study were used interchangeably in the past, we estimate that a change from the more complex design to the more intuitive one results in a 30% decrease in (rational) inattention. On the one hand, failure to properly account for decision errors results in estimates of risk preferences biased by 50% for the median individual. On the other hand, accounting for endogenous effort allows us to empirically reconcile competing models of discrete choice. Furthermore, the estimated individual effort propensities have external validity. We show that they capture low-stakes motivation which generalizes to other settings and predicts, inter alia, an individual's performance on the highly influential PISA achievement test.

ECONtribute LawEcon Workshop

Marco Botta (EUI Florence)	"User Consent at the Interface of the DMA and GDPR"

Coauthor
Danielle da Costa Leite Borges

Time
18:00–19:15 CET

Location
Juridicum, Reinhard Selten Room (0.017)

Abstract

The Digital Markets Act (DMA) is fully applicable since 2nd May 2023; the EU Commission has recently designated six firms having the status of ‚digital gatekeepers' and thus subject to the DMA obligations. By imposing asymmetric regulation on 'large' digital platforms (i.e., gatekeepers), the new EU Regulation aims at improving the 'fairness' and 'contestability' of digital markets. In line with its goals, Art. 5(2) DMA prohibits gatekeepers from combining and cross using the end user's data collected from different sources within its own eco-system. However, Art. 5(2) DMA offers some exceptions to this general prohibition: data combination, in fact, is possible if the end-user provides his/her 'consent' to such data combination, to benefit from more personalized services/ advertisement from the gatekeeper. In particular, the users' consent should comply with the requirements of Article 7 of theGeneral Data Protection Regulation (GDPR).

The paper discusses the relationship between the DMA and the GDPR, focusing on the users' consent as a lawful basis to the processing activities of data combination and cross-use under Art. 5(2) DMA. The paper argues in favor of a 'privacy setting' solution, introduced by the gatekeeper within its platform service: at the first log in, the user would face on her/his screen a cookie wall, asking her/him to opt-in to specific types of data combination activities by the gatekeeper. Cookie walls have generally been considered not compatible with the GDPR requirement in terms of 'free' consent. However, in the online world, the emphasis on repeated, individual consent requests for every data processing has generated the so-called ‚consent fatigue'. In the paper, we argue that the DMA anti-circumvention provision addresses the consent fatigue issue: in our view, if the gatekeeper had to ask for the user's consent every time before engaging in a data combination activity, this would represent a breach of Art. 13(6) DMA. Secondly, the paper argues that the DMA represents a lex specialis in comparison to the GDPR. Therefore, while respecting the general criteria indicated by Art. 7 GDPR, the user's consent under Art. 5(2) DMA should be 'adjusted' to the peculiarities of the Digital Markets Act.

Wednesday, December 13, 2023

BGSE Micro Workshop

Leon Sieverding (BGSE)	"Optimal Dynamic Allocation of Attention with Exogenous Terminal Rewards" (brown bag)

Time
12:00–12:40 CET

Location
Juridicum, Reinhard Selten Room (0.017)

Abstract
We study optimal dynamic information acquisition from conclusive Poisson news with prior-independent cost. The decision maker dynamically allocates limited attention across news sources, before stopping endogenously and obtaining a belief-dependent terminal reward. Confirmatory learning is identified as optimal in the absence of incentives for hastening decision-making. Building upon the work of Che and Mierendorff (2019), we analyze various terminal reward structures and embed our findings in a management application focused on a consultant's optimal learning strategy within a prescribed compensation scheme.

BGSE Micro Workshop

Laurenz Marstaller (BGSE)	"Recruitment and Information Provision in Auctions with Learning" (brown bag)

Time
12:40–13:20 CET

Location
Juridicum, Reinhard Selten Room (0.017)

Abstract
In auctions, I explore the interaction between buyers' flexible information acquisition and the seller's incentives for recruitment and information provision. Contrary to the literature on entry costs, I find that limiting participation is never optimal. The seller's incentive for information provision is extremal. Different recruitment costs induce distinct auction settings: high recruitment costs deter an active auction; intermediate costs lead to a two-buyer auction without information provision and potential obfuscation; low costs induce an auction with many participants and maximal information provision.

BGSE Micro Workshop

Malte Kornemann (BGSE)	"Multidimensional Learning with Misspecified Interactions" (brown bag)

Time
13:20–14:00 CET

Location
Juridicum, Reinhard Selten Room (0.017)

Abstract
We investigate long-term learning outcomes in an exogenous learning environment with multidimensional states and signals under misspecification. We provide a convergence result and general properties of limit beliefs. Focusing on assessing the value of additional information, we find that there is no universally beneficial source: For every possible structure, there exists a scenario where incorporating the information results in long-term beliefs that are worse for the agent. Understanding the true signal structure does not necessarily help in determining which structures are beneficial in a concrete situation, but understanding the agent's (mis-)perception can do so.

MEF/ECONtribute Seminar (Macro/Econometrics/Finance)

Ctirad Slavík (CERGE-EI)	"Organization of Knowledge and Taxation"

Coauthor
Marek Kapička

Time
12:15–13:30 CET

Location
Juridicum, Faculty Meeting Room (U1.040)

Abstract
This paper studies how labor income taxation interacts with the organization of knowledge and production, and ultimately the distribution of wages in the economy. A more progressive tax system reduces the time that managers allocate to work. This makes the organization of production less efficient and reduces wages at both tails of the distribution, which increases lower tail wage inequality and decreases upper tail wage inequality. The optimal tax system is substantially less progressive than the current one in the United States. However, if wages were exogenous, the optimal tax progressivity would be much higher.

Finance/CRC/ECONtribute Seminar

David Schoenherr (University of Princeton)	"The Economics of Legal Uncertainty"

Coauthors
Jiwon Lee, Jan Starmans

Time
14:45–16:00 CET

Location
Juridicum, Faculty Lounge (0.036)

Hybrid
https://uni-bonn.zoom.us/j/95735374743?pwd=T3BYbWt1bVZNelkvcDV3SUcxUlkrUT09

Abstract
In this paper, we examine the impact of legal uncertainty on economic activity. We develop a model that distinguishes between two types of legal uncertainty: idiosyncratic (diversifiable) and systematic (nondiversifiable), both of which can reduce economic activity. We test the model's predictions using micro-level data on bankruptcy judges and corporate loans in Korea. Exploiting random assignment of cases to judges and exogenous judge rotations in the judicial system, we compute time-varying court-level measures of debtor-friendliness and legal uncertainty as perceived by debtors and creditors. Our results show that firms tend to file for restructuring in courts with higher levels of debtor-friendliness and lower levels of legal uncertainty. We also find that higher legal uncertainty decreases the size of credit markets, predominantly for high-risk firms. Our analysis further indicates that credit supply is less sensitive to idiosyncratic sources of legal uncertainty than credit demand, as banks can better diversify idiosyncratic legal uncertainty.

Micro Theory Seminar

Agathe Pernoud (University of Chicago)	"How Competition Shapes Information in Auctions"

Coauthors
Simon Gleyze

Time
16:30–17:45 CET

Location
Juridicum, Faculty Meeting Room (U1.040)

Abstract
We consider auctions where buyers can acquire costly information about their valuations and those of others, and investigate how competition between buyers shapes their learning incentives. In equilibrium, buyers find it cost-efficient to acquire some information about their competitors so as to only learn their valuations when they have a fair chance of winning. We show that such learning incentives make competition between buyers less effective: losing buyers often fail to learn their valuations precisely and, as a result, compete less aggressively for the good. This depresses revenue, which remains bounded away from what the standard model with exogenous information predicts, even when information costs are negligible. Finally, we examine the implications for auction design. First, setting an optimal reserve price is more valuable than attracting an extra buyer, which contrasts with the seminal result of Bulow and Klemperer (1996). Second, the seller can incentivize buyers to learn their valuations, hence restoring effective competition, by maintaining uncertainty over the set of auction participants.

Thursday, December 14, 2023

Econometrics & Statistics

Frank Schorfheide (University of Pennsylvania)	"Shrinkage Estimation of Fixed Effects on Matched Data"

Time
16:00–17:00 CET

Location
Faculty room, Room U 1.040, (next to the Dean's office)

Abstract
This paper develops an empirical Bayes estimator for a panel data model with two-way fixed effects. The hyperparameters that control the variance (degree of shrinkage) and the location of the prior are determined by minimizing an unbiased risk estimate. We established optimality of the proposed estimator by showing that it asymptotically attains the same loss as an oracle estimator with a hyperparameter that is chosen based on the knowledge of the fixed effects. In a Monte Carlo study we show that the proposed estimator outperforms a number of competitors, including the least squares estimator. The method will be applied to the estimation of teacher values-added from a linked student-teacher data set obtained from the North Carolina Education Research Data Center.

Friday, December 15, 2023

BGSE Brown Bag Seminar in Applied Microeconomics

Valentin Kecht (University of Bonn)	"Aging at the Top"

Coauthor
Farzad Saidi

Time
10:30–11:15 CET

Location
briq, Schaumburg-Lippe-Straße 9

Abstract
We document changes in age structures across different competitive labor markets with a particular focus on business executives. We show that CEO age at appointment has surged over the last decades in the US and in Europe. We attribute this trend to the growing influence of elite professional services firms, such as consultancies and investment banks. Our conceptual framework relies on changes in skill requirements and increased market concentration in these industries. Our proposed identification strategy combines data on office expansions with information on airline routes to generate plausibly exogenous variation in the demand for experience in these industries. Our findings could elucidate a number of observed firm-level trends, such as the slowdown in firm dynamism across Western economies.

BGSE Brown Bag Seminar in Applied Microeconomics

Deniz Güzel (University of Bonn)	"Feedback Spillovers"

Time
11:30–12:15 CET

Location
briq, Schaumburg-Lippe-Straße 9

Abstract
This study examines the role of motivated beliefs in shaping individuals' self-perceptions in response to indirect feedback. While existing literature on motivated beliefs indicates that people update their beliefs about themselves in an asymmetric and conservative manner when receiving direct feedback, real-life scenarios more commonly involve observing feedback directed at others. Such indirect feedback significantly affects decision-making in diverse fields, including finance, healthcare, politics, and education. This research proposes an experiment designed to understand the effects of indirect feedback on individuals' self-perception. It explores whether motivated beliefs play a role in how subjects process indirect feedback, compares the processing of direct and indirect feedback in terms of asymmetry and conservatism, and investigates potential strategies employed when updating beliefs following indirect feedback.

BGSE Brown Bag Seminar in Applied Microeconomics

Simon Cordes (University of Bonn)	"Genetic Endowment and Fairness"

Coauthor:
Teodora Boneva

Time
13:30–14:15 CET

Location
briq, Schaumburg-Lippe-Straße 9

Abstract
We investigate a *genes–ability gap* in fairness preferences: people accept inequality arising from ability, but do not accept inequality stemming from genetic endowment. In a series of worker–spectator experiments, impartial spectators have the option to redistribute income between a pair of workers who differ in ability or genetic endowment. We find evidence supporting the existence of a *genes–ability gap*: most spectators choose an equal distribution under genetic inequality, but do not eliminate inequality caused by ability. Exploring the mechanisms behind our main result, we find that spectators exhibit *genetic-lottery neglect*: they believe that genes play no role in determining outcomes and thus distribute as if genetic endowment has no effect on ability. Causally alleviating *genetic-lottery neglect* reduces the size of the *genes–ability gap* by 50%. Our results show that *genetic-lottery neglect* causes people to behave more libertarian than they are under their true preferences, suggesting that existing measures of redistributional preferences are biased.

BGSE Brown Bag Seminar in Applied Microeconomics

Daniel Evans (University of Bonn)	"Predicting Research Results"

Coauthors:
Taisuke Imai, Séverine Toussaert

Time
14:30–15:15 CET

Location
briq, Schaumburg-Lippe-Straße 9

Abstract

Researchers rely on their beliefs about future outcomes when making important decisions, such as those to pursue a risky project or to accept a paper for publication. Bias in these domains could imply substantial efficiency losses from misguided career investments and slowed scientific progress. In this paper, we plan to deliver systematic evidence on the soundness of these beliefs by conducting a quantitative meta-analysis of papers that have collected predictions of research results in the social sciences (N = 108). Our preliminary results suggest that both individual and aggregated predictions are meaningfully informative with respect to realized results, but that simple statistical algorithms sometimes perform better and researchers tend to overestimate treatment effects. To understand these findings, we explore current practices, including authors' rationales for collecting predictions and their procedures for eliciting and aggregating them. We offer evidence-based suggestions on how to improve the informativeness of predictions and conclude with possible next steps for the literature.

BGSE Brown Bag Seminar in Applied Microeconomics

Marco Forti (University of Bonn)	"Changing Job Preferences and Job Transitions: The Case of the Great Resignation"

Time
15:30–16:15 CET

Location
briq, Schaumburg-Lippe-Straße 9

Abstract

I study the role of job (dis)satisfaction and changes in workers' preferences over job attributes in determining the large wave of resignations that followed the end of the pandemic restrictions in 2021 in the United States. I do this by scraping reviews from 295 companies located in the US on the website glassdoor.com. I use the ratings given to the companies by reviewers as a proxy for job satisfaction, and exploiting state-level variation in a two-way fixed effect regression. I find a negative, but non-significant, relation between job satisfaction during the pandemic lockdowns and job-to-job transitions reported in the Consumer Population Survey (CPS). I also use Natural Language Processing techniques to construct a classification model of reviews and build aggregate measures of preferences over job attributes. I document the evolution of preferences during the lockdowns and find suggestive evidence that preferences over certain job attributes have changed during the pandemic period. In addition to this, I find that this change in preferences does not seem to be exclusive to either satisfied or dissatisfied workers, but rather a common trend for the two groups. This work is still not final, and could benefit from a series of improvements that I discuss in the end.

BGSE Statistics Brownbag Seminar

Jan Scherer (University of Bonn)	"Inference on directionally differentiable functions of nonparametric curve estimators"

Time
10:30–11:15 CET

Abstract
TBA

Location
Faculty Lounge, Room 0.036

BGSE Statistics Brownbag Seminar

Björn Höppner (University of Bonn)	"On heterogeneous parameter models"

Time
11:15–12:00 CET

Abstract
TBA

Location
Faculty Lounge, Room 0.036

BGSE Statistics Brownbag Seminar

Chencheng Fang (University of Bonn)	"Dimension adaptive estimation"

Time
14:00–14:45 CET

Abstract
TBA

Location
HS M

BGSE Statistics Brownbag Seminar

Antonia Antweiler (University of Bonn)	"Estimation in skill formation models"

Time
14:45–15:30 CET

Abstract
TBA

Location
HS M

BGSE Statistics Brownbag Seminar

Julius Kappenberg (University of Bonn)	"Minimax Optimal Estimation Under Shape Restrictions"

Time
15:30–16:15 CET

Abstract
TBA

Location
HS M

Bonn Macro Internal Seminar

Lorenzo Ranaldi (University of Bonn)	"Decomposing the Yield Curve: Insights from Historical OECD Inflation Forecasts"

Time
16:30–17:30 CET

Abstract
TBA

Location
Kaiserplatz 7–9, Room 4.006