

BONN ECON NEWS

December 2–6, 2024

Overview

Workshops and seminars

Tuesday, December 3, 2024

BGSE Brown Bag Seminar in Applied Microeconomics

Milena Jessen (BGSE)

“Associative Insensitivity”

BGSE Brown Bag Seminar in Applied Microeconomics

Julian Gödtel (BGSE)

“Information Acquisition”

Bonn Applied Microeconomics Seminar (CRC TR 224 Seminar)

Ingrid Hägele (Ludwig-Maximilians-Universität München)

“Bargaining and Inequality in the Labor Market”

Wednesday, December 4, 2024, Dies Academicus

BGSE Micro Workshop

Qianjun Lyu (University of Bonn)

“Complete Contracts under Incomplete Information”

MEF/ECONtribute Seminar (Macro/Econometrics)

Priit Jeenas (University Pompeu Fabra, Barcelona)

“Idiosyncratic Labor Risk and Aggregate Risk Sharing with Financial Frictions”

Micro Theory Seminar

Thomas Brzustowski (University of Essex)

“Optimal Allowance with Limited Auditing Capacity”

Thursday, December 5, 2024

Joint Econometrics and Applied Microeconomics Seminar

Francesca Molinari (Cornell University)

“Identification and Inference for Pure Random Coefficients Models with Limited Consideration”

Friday, December 6, 2024

Applied Micro Coffee

Mara Barschkett (University of Bonn)

“Beyond Hot Flashes: The Health and Career Cost of Menopause”

Bonn Macro Internal Seminar

1. Lennard Schlattmann (University of Bonn)

2. Gero Stiepelmann (University of Bonn)

1. “Spatial Redistribution of Carbon Taxes”

2. “Optimal STW Policy in Recessions”

Workshops and seminars

Tuesday, December 3, 2024

BGSE Brown Bag Seminar in Applied Microeconomics

Milena Jessen
(BGSE)

"Associative Insensitivity"

Coauthor
Paul Grass

Time
12:30–13:15 CET

Location
IZA, Conference Room, Schaumburg-Lippe-
Straße 9

Abstract

Insensitivity of decisions to beliefs has been documented across a range of economic and financial contexts. We experimentally investigate how selective attention accounts for observed patterns of weak transmission from beliefs to decisions. Our experiment uses a treatment that exogenously prompts reflection on a neglected feature of subjective beliefs: their indirect consequences through their effect on individual decision-making. Based on a model of similarity-driven attention, we hypothesize that our treatment affects the problem's categorization and the resulting attention allocation to its inputs. Pilot results provide preliminary evidence that reflection on the personal relevance of beliefs leads to (i) stronger responses to signals in belief updating, (ii) higher transmission from beliefs to decisions, and (iii) more deliberate reasoning.

BGSE Brown Bag Seminar in Applied Microeconomics

Julian Gödtel
(BGSE)

"Information Acquisition"

Time
13:15–14:00 CET

Location
IZA, Conference Room, Schaumburg-Lippe-
Straße 9

Abstract

Information plays a crucial role in economic decision-making. This study investigates how individuals' beliefs about alternatives influence their decisions on when to stop seeking information and make a choice. Using an online balls-and-urns experiment, I examine whether providing explicit probability information reduces extreme beliefs and affects the demand for additional information. Preliminary results indicate that participants who are given probability information exhibit less distorted beliefs and are more likely to seek further information before deciding.

Bonn Applied Microeconomics Seminar (CRC TR 224 Seminar)

Ingrid Hägele (Ludwig-Maximilians-Universität München)	"Bargaining and Inequality in the Labor Market"
Coauthors Sydnee Caldwell, Jörg Heining	Abstract We use novel surveys of firms and workers, linked to administrative employer–employee data, to study the prevalence and importance of individual bargaining in wage determination. We show that simple survey questions accurately elicit firms’ bargaining strategies. Using the elicited strategies for 772 German firms, we document that the majority of firms are willing to engage in individual wage bargaining. Labor market factors predict firms’ strategies better than firm characteristics. Survey responses from nearly 10,000 full-time workers indicate that most worker–firm interactions begin with the worker providing their salary expectations. Most interactions end with the worker rejecting the offer and remaining at the incumbent firm. There is substantial heterogeneity in workers’ bargaining behavior, which translates into within-firm wage inequality. Firms that set pay via individual bargaining have a 3 percentage point higher gender wage gap.
Time 14:15–15:30 CET	
Location IZA, Conference Room, Schaumburg-Lippe-Straße 9	

Wednesday, December 4, 2024, Dies Academicus

BGSE Micro Workshop

Qianjun Lyu (University of Bonn)	"Complete Contracts under Incomplete Information"
Coauthors Gregorio Curello, Yimeng Zhang	Abstract We study a moral hazard model in which the output is stochastically determined by both the agent's hidden effort and an uncertain state of the world. We investigate how the contractibility of the ex-post realization of states affects the principal's incentive to provide information. While detailed information allows the principal to better tailor the effort levels to the revealed states, coarser information enables the principal to base payments on the ex-post realization of states, thereby designing incentive schemes more effectively. Our main result establishes that when the state is contractible, full information is never optimal; however, when the state is not contractible, full information is optimal under mild conditions.
Time 12:00–13:00 CET	
Location Juridicum, Reinhard Selten Room (0.017)	

MEF/ECONtribute Seminar (Macro/Econometrics)

Priit Jeenas
(University Pompeu Fabra, Barcelona)

"Idiosyncratic Labor Risk and Aggregate Risk Sharing with Financial Frictions"

Time

12:15–13:30 CET

Location

Juridicum, Faculty Meeting Room (U1.040)

Abstract

The exposure of firms and financial institutions to aggregate shocks is a key driver behind financial crises. This paper studies how idiosyncratic uninsurable labor income risk faced by lender households influences the concentration of aggregate risk on borrower entrepreneurs' balance sheets. I propose a tractable model of households' idiosyncratic labor risk and embed it into a workhorse business cycle framework with informational asymmetries in entrepreneurial financing and privately optimal contracting. The presence of idiosyncratic labor income risk affects aggregate fluctuations and risk concentration through two explicit channels: i) endogenous increases in the share of human wealth in households' total wealth increase realized idiosyncratic consumption risk, given labor income risk; and ii) cyclicalities in the idiosyncratic labor income risk itself leads to cyclicalities in realized consumption risk. In the calibrated model with nominal rigidities, both channels make households less reluctant to bear aggregate risk, resulting in its higher concentration on the balance sheets of entrepreneurs. Quantitatively, the former channel plays a small role, while empirically plausible countercyclicalities in idiosyncratic labor income risk can lead to considerable amplification of aggregate volatility, reminiscent of conventional financial accelerator dynamics.

Micro Theory Seminar

Thomas Brzustowski
(University of Essex)

"Optimal Allowance with Limited Auditing Capacity"

Coauthor

Albin Erlanson

Time

16:30–17:45 CET

Location

Juridicum, Faculty Meeting Room (U1.040)

Abstract

We analyze the mechanism-design problem of a principal allocating amounts of a perfectly divisible good to n agents, each of whom desires as much of the good as possible. The principal has an ideal allocation for each agent, which is private information held by that agent. The principal has access to an auditing technology that allows her to perfectly uncover the private information of any k ($< n$) of the agents. We present a tractable approach to solve for the principal's optimal mechanism. Agents may either accept a default amount or make an arbitrarily precise request. Agents submitting precise requests are audited randomly, with penalties for requesting more than their ideal allocation and rewards for requesting less.

Joint Econometrics and Applied Microeconomics Seminar

Francesca Molinari
(Cornell University)

"Identification and Inference for Pure Random Coefficients
Models with Limited Consideration"

Coauthor

Levon Barseghyan

Time

14:15–15:30 CET

Location

IZA, Conference Room, Schaumburg-Lippe-
Straße 9

Abstract

This paper proposes a discrete-choice model where decision makers differ both in their preferences as well as in the products they consider—their consideration sets. The paper shows how to point identify both the preference distribution and the consideration set formation mechanism under a wide range of assumptions and consideration set formation mechanisms, using cross-sectional data on choices and attributes. In particular, we show that point identification can be attained even when consideration depends on preferences as well as on (many of the) product characteristics, without the need of panel data or menu variation. We propose a sieve-likelihood estimator for the nonparametric distribution of preferences and consideration set, and obtain its asymptotic properties. We compare our model with models in the Logit family. We illustrate the properties of our approach and its computational advantages in large scale simulations and an empirical application.

Applied Micro Coffee

<p>Mara Barschkett (University of Bonn)</p>	<p>"Beyond Hot Flashes: The Health and Career Cost of Menopause"</p>
<p>Coauthors Sara Abrahamsson and Martin Flatø</p> <p>Time 11:00-11:45 CET</p> <p>Location briq, Schaumburg-Lippe-Straße 9</p> <p>Hybrid https://uni-bonn.zoom-x.de/j/67208563416?pwd=MhXepJyBzPIIDTDzT1YmKlpIVtHuf6.1</p>	<p>Abstract</p> <p>Menopause marks a crucial juncture in women's lives and careers, typically coinciding with peak income and work hours. Around a third of women experience significant health challenges during this phase, increasing their risk of adverse health and labor market outcomes. Stigma and silence surrounding menopause can intensify these impacts on well-being, quality of life and productivity. In this paper, we first examine the predictors of menopausal age and then assess the effects of menopause onset on health and labor market outcomes. Leveraging Norwegian individual-level registry data on menopause-related diagnoses, health, and labor market outcomes, combined with survey data on self-reported menopause age, symptoms, and doctor visits, we first find that women from higher socioeconomic backgrounds tend to experience menopause later. Accounting for these heterogeneities in menopausal age, we apply a stacked difference-in-differences design to assess the impact of menopause on women's health and labor market outcomes. Our findings show declines in earnings, increased short- and long-term sick leave, and more frequent GP visits among affected women. Additional analyses provide three key insights: (1) women without symptoms, as well as those with mild symptoms who seek care, do not experience earnings losses; (2) women with severe symptoms experience notable earnings declines and, on average, receive a diagnosis with delay, i.e., 2.6 years after self-reported menopause onset; and (3) timely diagnosis for women with severe symptoms halves their earnings losses. These results suggest that policies promoting menopause awareness, improving symptom recognition, and facilitating timely treatment could better support women through this transition, alleviating individual and societal burdens.</p>

Bonn Macro Internal Seminar

<p>1. Lennard Schlattmann (University of Bonn)</p> <p>2. Gero Stiepelmann (University of Bonn)</p>	<p>1. "Spatial Redistribution of Carbon Taxes"</p> <p>2. "Optimal STW Policy in Recessions"</p>
<p>Time 15:30–17:10 CET</p> <p>Location Kaiserplatz 7–9, Room 4.006</p>	<p>Abstract —</p>