DEPARTMENT OF ECONOMICS BONN

BONN ECON NEWS

April 21–25, 2025

Overview

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People

BGSE graduates

Louis Luther
Dissertation: Essays in Economic Theory and Industrial Organization

Workshops and seminars

Tuesday, April 22, 2025

ECONtribute LawEcon Workshop

Jonas Ludwig (TU Berlin)	"Inequality Threat Increases Laypeople's, but Not Judges', Acceptance of Algorithmic Decision Making in Court"

Coauthors
Heineck, P.-M., Hess, M.-T., Kremeti, E., Tauschhuber, M., Hilgendorf, E., & Deutsch, R.

Time
18:00–19:15 CET

Location
Juridicum, Reinhard Selten Room (0.017)

Abstract
Algorithmic decision making (ADM) takes on increasingly complex tasks in the criminal justice system. Whereas new developments in machine learning could help to improve the quality of judicial decisions, there are legal and ethical concerns that thwart the widespread use of algorithms. Against the backdrop of current efforts to promote the digitization of the German judicial system, this research investigates motivational factors (pragmatic motives, fairness concerns, and self-image-related considerations) that drive or impede the acceptance of ADM in court. Hypotheses: We tested two hypotheses: (1) Perceived threat of inequality in legal judgments increases ADM acceptance, and (2) experts (judges) are more skeptical toward technological innovation than novices (general population). Method: We conducted a preregistered experiment with 298 participants from the German general population and 267 judges at regional courts in Bavaria to study how inequality threat (vs. control) relates to ADM acceptance in court, usage intentions, and attitudes. Results: In partial support of the first prediction, inequality threat increased ADM acceptance, effect size d = 0.24, 95% confidence interval (CI) [0.01, 0.47], and usage intentions (d = 0.23, 95% CI [0.00, 0.46]) of laypeople. Unexpectedly, however, this was not the case for experts. Moreover, ADM attitudes remained unaffected by the experimental manipulation in both groups. As predicted, judges held more negative attitudes toward ADM than the general population (d = −0.71, 95% CI [−0.88, −0.54]). Exploratory analysis suggested that generalized attitudes emerged as the strongest predictor of judges' intentions to use ADM in their own court proceedings. Conclusions: These findings elucidate the motivational forces that drive algorithm aversion and acceptance in a criminal justice context and inform the ongoing debate about perceptions of fairness in human–computer interaction. Implications for judicial praxis and the regulation of ADM in the German legal framework are discussed.

Wednesday, April 23, 2025

Finance Brown Bag Seminar

Maxi Günnewig (University of Bonn)	"Achieving Consensus on Blockchains"

Coauthors
Zahra Ebrahimi, Bryan Routledge, Ariel Zetlin-Jones

Time
14:45–15:30 CET

Location
Juridicum, Faculty Lounge (0.036)

Abstract
Blockchain is a database technology that enables a group of self-interested users to maintain a distributed ledger without relying on a trusted third party, such as a bank. In this paper, we develop a new game-theoretic framework for analyzing blockchain systems, wherein each user determines how to update the distributed ledger. The usefulness of blockchains depends on whether users' updating strategies achieve consensus—meaning that they agree on the correct version of the ledger and have no incentive to omit or alter past data. We show that the currently implemented strategy—the longest chain rule—fails to achieve consensus when users are sufficiently heterogeneous. We then establish the existence of new equilibrium strategies, which are slight modifications of the longest chain rule and ensure consensus regardless of the degree of heterogeneity. In practice, these equilibrium strategies enhance the resilience of blockchain systems against threats such as double-spending and 51% attacks. Our findings underscore the critical role economic incentives play in determining the security and stability of blockchain ledgers.

Micro Theory Seminar

Martino Banchio (Bocconi University)	"Rediscovery"

Coauthor
Suraj Malladi

Time
16:30–17:45 CET

Location
Juridicum, Faculty Meeting Room (U1.040)

Abstract
We model search in settings where decision makers know what can be found but not where to find it. A searcher faces a set of choices arranged by an observable attribute. Each period, she either selects a choice and pays a cost to learn about its quality, or she concludes search to take her best discovery to date. She knows that similar choices have similar qualities and uses this to guide her search. We identify robustly optimal search policies with a simple structure. Search is directional, recall is never invoked, there is a threshold stopping rule, and the policy at each history depends only on a simple index.

Friday, April 25, 2025

Bonn Macro Internal Seminar

Matteo Sirani (University of Bonn)	"Financial constraints across the production network and the transmission of monetary policy"
Coauthors Alessandro De Sanctis, Stefan Gebauer, Federic Holm-Hadulla Time 16:30–17:15 CET Location Kaiserplatz 7–9, Room 4.006	Abstract We investigate how production network linkages and sector-specific financial constraints influence monetary policy transmission. Using granular country-sector data for the euro area and input–output tables, we develop a novel set of empirical measures of upstream and downstream financial tightness. Our analysis reveals that financial constraints among upstream suppliers and downstream customers significantly impact firms' pricing and production decisions, thus affecting monetary policy transmission. Consistent with a sector-specific "cost channel" of monetary policy, upstream constraints raise sectoral prices, while downstream constraints trigger demand-channel effects in response to a monetary policy tightening. We develop a multi-sector model incorporating sectoral financial constraints heterogeneity, deriving theoretical counterparts to our empirical measures. Our model corroborates our empirical findings through both analytical validation and simulation exercises.