DEPARTMENT OF ECONOMICS BONN

BONN ECON NEWS

May 26–30, 2025

Overview

Workshops and seminars

Tuesday, May 27, 2025

ECONtribute LawEcon Workshop

Daniele Nosenzo (Aarhus University)	“tba”
Time 18:00–19:15 CET Location Juridicum, Reinhard Selten Room (0.017)	Abstract Please check the LawEcon workshop website in the coming days for the title and abstract (https://www.jura.uni-bonn.de/castle/econtribute-lawecon-workshop).

Wednesday, May 28, 2025

BGSE Micro Workshop

Francesc Dilmé (University of Bonn)	“Dynamic Deterrence and the Role of Privacy”
Coauthor Aaron Kolb Time 12:00–13:00 CET Location Juridicum, Reinhard Selten Room (0.017)	Abstract We analyze a continuous-time deterrence game where a defender faces arriving attackers who receive noisy public signals about the defender’s strength. Attackers can attack or restrain, and after an attack, the defender can defend or concede. Two regimes are compared: transparent, where past attacks are public, and opaque, where attackers only observe the public signal. Unlike when there is no public signal, equilibria feature partial deterrence, reputation cycles, and on-path attacks. Our analysis uncovers a novel insight: although transparency deters attacks more, the defender might favor secrecy because it avoids costly defenses and still allows reputation to improve over time.

MEF/ECONtribute Seminar (Macro/Econometrics)

Alexander Monge-Naranjo (EUI, European University Institute)	"Occupational Choices, Human Capital, and Cross-Country Income Differences"
Coauthors Charles Gottlieb, Jan Grobovšek Time 12:15–13:30 CET Location Juridicum, Faculty Meeting Room (U1.040)	Abstract We revisit the role of human capital in explaining the cross-country variation in GDP. We propose a general-equilibrium accounting model in which workers of different human-capital groups (education and experience) sort across broad occupational categories. The occupational assignment is determined by the comparative advantage of workers as well as occupational productivity, human-capital quality, and occupational distortions. We map the model to a unique harmonized micro dataset that allows to measure average wages by human capital and occupation for 50 countries that span the entire development spectrum. The calibration reveals that rich countries have particularly high productivity in more complex, white-collar occupations. They also have higher human-capital quality. The composition and quality of human capital explain half of the cross-country non-agricultural GDP per-worker gap relative to the US. For the poorest quintile of countries, a shift to US human capital would double non-agricultural GDP and the white-collar employment rate while decreasing the wage of white-collar relative to blue-collar workers by 30 percent. We also find that occupational distortions are more pronounced in poor countries. They depress white-collar employment and contribute to a high white-collar wage premium, yet have a modest quantitative effect on aggregate output.

Finance/CRC Seminar

Nicola Limodio (Bocconi University)	"Deposit Insurance and Portfolio Allocation"
Time 14:45–16:00 CET Location Juridicum, Faculty Lounge (0.036)	Abstract This paper examines the effects of deposit insurance (DI) on the household portfolio allocation between bank deposits and risky assets. Our theoretical framework shows that limited DI creates a kink in the capital allocation line, prompting depositors to bunch at the DI threshold and increase equity investments. Using a natural experiment in India and monthly individual-level data, we first confirm depositor bunching at the DI threshold. Employing a bunching-in-difference approach, we then show that DI expansion shifts portfolios from equity and mutual funds to deposits, producing temporary asset pricing effects. We document that this shift from equity to deposits is driven by an unmet demand for safe assets, indicating the crucial role of DI in limiting the supply of safe assets. Bunchers invest more in safer equity of state-owned firms and liquidate them after DI expansion with transient asset pricing implications for these stocks. Finally, by integrating our model with the data, we estimate the depositor-implied probability of bank failure and evaluate the welfare implications of DI-induced portfolio reallocation. Our welfare analysis suggests that although DI expansion can increase welfare, this improvement is limited by the increase in moral hazard after DI expansion.

Micro Theory Seminar

Vijay Krishna (Penn State University)	"Spreading Information via Networks: An Irrelevance Result"
Coauthor Yu Awaya Time 16:30–17:45 CET Location Juridicum, Faculty Meeting Room (U1.040)	Abstract An informed planner wishes to spread information among a group of agents in order to induce efficient coordination—say, the adoption of a new technology with positive externalities. The agents are connected via a social network. The planner informs a seed and then the information spreads via the network. While the structure of the network affects the rate of diffusion, we show that the rate of adoption is the same for all acyclic networks.

Friday, May 30, 2025

Applied Micro Coffee

Paul Grass (University of Bonn)	“Model Spillovers and Investor Beliefs”
Time 11:00-11:45 CET Location IZA, Schaumburg-Lippe-Straße 9 Online/Hybrid https://uni-bonn.zoom-x.de/j/67208563416?pwd=MhXepJyBzPIIDTDzT1YmKlplVtHuf6.1 -	Abstract This project studies how retail investors transfer their mental models—strategies for interpreting information and forming beliefs—across different asset classes. Building on the observation that investors often enter different asset markets sequentially, I test whether familiarity with a particular model for one asset class (e.g., cryptocurrencies) systematically influences belief formation in another (e.g., stocks). To investigate this, I designed a controlled experiment in which participants first learn and apply a model in one asset class, then form beliefs about returns in both the familiar and a new asset class. I will present initial pilot results in this seminar. In planned follow-up experiments, I aim to explore the cognitive mechanisms driving such potential model spillovers, including the role of perceived similarity between asset classes.