DEPARTMENT OF ECONOMICS BONN

BONN ECON NEWS

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Overview

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Workshops and seminars

Tuesday, October 28, 2025

BGSE Applied Microeconomics Workshop

Oleksii Hamaniuk (University of Bonn)	"Why Decentralised Governance Works: Evidence from Heating Consumption in Ukraine"
Time 13:00–14:00 CET Location IZA, Conference Room, Schaumburg-Lippe-Straße 9	Abstract This paper investigates empirically whether decentralised institutions are more efficient than centralised systems, using a database of heating consumption from 8,839 multi-apartment buildings in Kyiv. The empirical analysis reveals that buildings switching to homeowner associations (HOAs) reduce their heating consumption compared to those that remain externally governed by municipal or private companies. The efficiency gain is mostly observed in the warmer months of the heating season. The first channel for the heating consumption reduction operates through mitigating the principal–agent problem, allowing HOAs to regulate heating more flexibly during warmer months. The second channel involves investments made through co-financing programmes in which HOAs participate. Such investments significantly reduce heating consumption, unlike unconditional investments financed from the city budget. The estimation results align with the theory of governing the commons, suggesting that the formation of local institutions is an approach to resolving the tragedy of the commons.

Bonn Applied Microeconomics Seminar (CRC TR 224 Seminar) and Finance Seminar

Pascal Noel (University of Chicago)	"Liquid Wealth and Consumption Smoothing of Typical Labor Income Shocks"
Coauthors Peter Ganong, Damon Jones, Diana Farrell, Fiona Greig, Chris Wheat Time 14:15–15:45 CET Location IZA, Conference Room, Schaumburg-Lippe-Straße 9	Abstract We identify exogenous, transitory, and unpredictable shocks to labor income by combining elements from both the quasi-experimental and structural approaches in the consumption smoothing literature. We find that household consumption is highly sensitive to monthly labor income shocks. This suggests that temporary income volatility has a large welfare cost. Furthermore, consumption is most sensitive for households with low liquidity and almost unchanged for households with high liquidity. Our findings that consumption is sensitive in a welfare-relevant setting and that there is a steep, precisely-estimated liquidity gradient help to distinguish between competing classes of consumption models.

Wednesday, October 29, 2025

BGSE Micro Workshop

Victor Augias (University of Bonn)	"The Economics of Convex Function Intervals"
Coauthor Lina Uhe Time 12:00–13:00 CET Location Juridicum, Reinhard Selten Room (0.017)	Abstract We introduce convex function intervals (CFIs): families of convex functions satisfying given slope and boundary constraints. CFIs naturally arise as constraint sets in economic design, including problems with type-dependent participation constraints and two-sided (weak) majorization constraints. Our main results include: (i) a geometric characterization of the extreme points of CFIs; (ii) sufficient optimality conditions for linear programs over CFIs; and (iii) methods for nested optimization on their lower boundary that can be applied, e.g., to the optimal design of outside options. We apply these results to four settings: screening and delegation problems with type-dependent outside options, contest design with limited disposal, and mean-based persuasion with informativeness constraints. We draw several novel economic implications using our tools. For instance, we show that better outside options lead to larger delegation sets, and that posted price mechanisms can be suboptimal in the canonical monopolistic screening problem with nontrivial, type-dependent participation constraints.

CASFI Seminar (Macro/Econometrics/Finance)

Vincent Sterk (University College London)	"The Macroeconomics of Energy Price Controls"
Coauthors Alan Olivi, Dajana Xhani Time 12:00–13:15 CET Location Juridicum, Faculty Meeting Room (U1.040)	Abstract Since the invasion of Ukraine in 2022, several governments have regulated electricity and gas prices to shield households from sharp increases in inflation. In this paper, we analyse the welfare effects of such policies, considering not only their direct impacts on consumption and distributional outcomes but also their macroeconomic implications and interactions with monetary policy. We derive a welfare formula within a multi-sector New Keynesian framework featuring heterogeneity in income, wealth, and consumption baskets. Our results show that energy price controls can, in principle, enhance social welfare by alleviating the central bank's trade-off between the output gap and inflation, which may outweigh the adverse welfare effects of distorted consumption baskets. However, stabilizing the aggregate demand effects of such price controls may require large interest rate adjustments, generating adverse redistributive consequences. We apply our framework quantitatively to the energy price cap implemented by the UK government.

Finance Seminar see Tuesday, October 28, Applied Micro & Finance Seminar

Finance Job Mock Talk

Lorenzo Ranaldi (University of Bonn)	"The Credit Channel of Inflation"
Time 15:00–16:15 CET Location Juridicum, Faculty Lounge (0.036)	Abstract This paper shows how inflation affects the real economy through bank balance sheets: unexpected inflation erodes banks' net worth by devaluing long-term loans relative to short-term liabilities, constraining lending and depressing real economic activity. First, using a century of cross-country data, I document that inflation surprises reduce aggregate loans and shrink bank balance sheets, even in the absence of contractionary monetary policy. Second, exploiting rich micro-level data on bank-firm relationships, I show that inflation-exposed banks reduce credit supply when inflation increases, and their borrower firms scale back investment due to credit rationing. As such, inflationary pressures on banks can counteract the traditional debt-inflation benefits.

Micro Theory Seminar

Pierpaolo Battigalli (Bocconi University)	"Monotonicity and Robust Implementation Under Forward-Induction Reasoning"
Coauthor Emiliano Catonini Time 16:30–17:45 CET Location Juridicum, Faculty Meeting Room (U1.040)	Abstract In sequential games, the set of paths consistent with rationality and forward-induction reasoning may change non-monotonically when adding transparent restrictions on players' beliefs. Yet, we prove that—in an incomplete-information environment—predictions become sharper when the restrictions only concern initial beliefs about types. Thus, strong rationalizability for games with payoff uncertainty characterizes the path predictions of forward-induction reasoning across all possible restrictions on players' hierarchies of exogenous beliefs. With this, we can solve an open problem: The implementation of social choice functions through sequential mechanisms under forward-induction reasoning—which considerably expands the realm of implementable functions compared with simultaneous mechanisms (Müller, *J. Econ. Theory* 2016)—is indeed robust in the sense of Bergemann and Morris (*Theor. Econ.* 2009).

Bonn Macro Internal Seminar

Johannes Weber (University of Bonn)	"Regional Occupations, Local Rents and Worker Mobility"
Time 15:00–16:00 CET Location Kaiserplatz 7–9, Room 4.006	Abstract ---

Thursday, October 30, 2025

Econometrics & Statistics

Jad Beyhum (KU Leuven)	“Inference after discretizing time-varying unobserved heterogeneity"
Time 16:15–17:15 CET Location Juridicum, Faculty Room (U 1.040, at Dean’s office)	Abstract Approximating time-varying unobserved heterogeneity by discrete types has become increasingly popular in economics. Yet, provably valid post-clustering inference for target parameters in models that do not impose an exact group structure is still lacking. This paper fills this gap in the leading case of a linear panel data model with nonseparable two-way unobserved heterogeneity. Building on insights from the double machine learning literature, we propose a simple inference procedure based on a bias-reducing moment. Asymptotic theory and simulations suggest excellent performance. In the application on fiscal policy we revisit, the novel approach yields conclusions in line with economic theory.