

BONN ECON NEWS

Week 45: November 7–11, 2022

Overview

Workshops and seminars

Monday, November 7, 2022

- Micro Theory Seminar

Tuesday, November 8, 2022

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

Wednesday, November 9, 2022

- BGSE Micro Workshop
- MEF Seminar (Macro/Econometrics/Finance)
- Finance/CRC/ECONtribute Seminar

Thursday, November 10, 2022

- IZA Research Seminar
- Econometrics & Statistics
- Bonn MacroHistory Seminar

Friday, November 11, 2022

- Bonn Macro Internal Seminar

Workshops and seminars

Monday, November 7, 2022

Micro Theory Seminar

Eva Tardos (Cornell University)	Title TBA
Time 16:30–17:45 CET	Abstract TBA
Location Juridicum, Faculty Meeting Room (U1.040)	

Tuesday, November 8, 2022

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

Luca Henkel (BGSE, University of Bonn)	Proud to Not Own Stocks: How Identity Shapes Financial Decisions
Coauthor Christian Zimpelmann	Abstract
Time 14:15–15:30 CET	This paper introduces a key factor influencing households' decision to invest in the stock market: how people view stockholders. Using survey data from the US and the Netherlands, we first document that the overwhelming majority of respondents view stockholders negatively—they are perceived as greedy, gambler-like, and selfish individuals. We then provide experimental evidence that such perceptions of identity-relevant characteristics causally influence decision-making: if people view stockholders more negatively, they are less likely to choose stock-related investments. Furthermore, by linking survey and administrative data, we show that negative perceptions strongly predict households' stock market participation, more so than leading alternative determinants. Beyond investment decisions, perceptions predict individuals' polarizing behavior towards stockholders, support for taxation and regulation of financial markets, and misreporting in surveys. Our findings provide a novel explanation for the puzzlingly low stock market participation rates around the world, new perspectives on the malleability of financial decision-making, and evidence for the importance of identity in economic decision-making.
Location briq, Schaumburg-Lippe-Straße 9	
Hybrid Zoom link announced via the Applied Micro mailing list	

ECONtribute LawEcon Workshop

**Gedeon Lim
(Hongkong University)**

**Local Elites, Land Rents, Selection, and Incentives for
Development: Evidence from Village Chiefs in Indonesia**

Time

18:00–19:15 CET

Location

Juridicum, Reinhard Selten Room (0.017)

Abstract

I use a historical policy in Java, Indonesia, to identify the long-run effects of awarding higher land rents to elected village chiefs. In the early nineteenth century, a homogeneous region was split, with chiefs on one side of the border awarded bengkok rights: cultivation rights over village rice land, a stable revenue-generating asset. Using a fuzzy spatial RDD, I find this policy led to persistent long-run differences in economic land rents for chiefs in affected villages, which have better development outcomes today. Chiefs with bengkok rights raise more funds and construct more public goods such that the villages under their rule are richer, healthier, and more highly educated. Using original data from in-depth qualitative fieldwork, I reconstruct the complete political and economic history of 931 chiefs in 193 villages elected between 1979 and 2014 and show that bengkok's influence has persisted through its impact on historical political selection and educational goods provision and contemporary (political) incentives. Higher land rents attracted better quality chiefs in the past. These chiefs were so effective at building schools that entire villages today remain more educated. Higher land rents today continue to attract a higher quality candidate pool, but neither candidates nor chiefs are more selected than the average villager. Instead, the positive development outcomes today appear to be shaped by the alignment of chiefs' incentives away from supra-village elite interests. Overall, my findings provide evidence that paying local leaders from a stable source of bottom-up, local revenue can benefit long-run political and economic development.

Wednesday, November 9, 2022

BGSE Micro Workshop

**Lucas Pahl
(University of Bonn)**

Robust Equilibria in Generic Extensive-Form Games

Coauthor

Carlos Pimienta

Time

12:00–13:00 CET

Location

Juridicum, Reinhard Selten Room (0.017)

Abstract

We prove the 2-player, generic extensive-form case of the conjecture of Govindan and Wilson (1997a,b) and Hauk and Hurkens (2002) stating that an equilibrium component is essential in every equivalent game if and only if the index of the component is nonzero. This provides an index-theoretic characterization of the concept of hyperstable components of equilibria in generic extensive-form games, first formulated by Kohlberg and Mertens (1986). We explore the consequences of the result for the literature on refinements.

MEF Seminar (Macro/Econometrics/Finance)

Pawel Doligalski (University of Bristol)	Redistribution with Performance Pay
Coauthors A. Ndiaye and N. Werquin	Abstract Half of the jobs in the U.S. feature pay-for-performance. We derive novel incidence and optimum formulas for the overall rate of tax progressivity and the top tax rates when such labor contracts arise from moral hazard frictions within firms. Optimal taxes account for the fiscal externalities and welfare consequences of two distinct forces: a direct crowding-out of private insurance and a countervailing crowding-in due to endogenous labor effort responses. These imply that the amount of pre-tax earnings risk to which the worker is exposed is roughly invariant to tax progressivity, whereas the (adverse) welfare consequences of the crowd-out outweigh those of the crowd-in, leading to lower optimal tax progressivity.
Time 12:15–13:30 CET	
Location Juridicum, Faculty Meeting Room (U1.040)	

Finance/CRC/ECONtribute Seminar

Juanita González-Uribe (LSE)	The Value-Add of Venture Capital Due-Diligence: Information Frictions, Startup Growth, and Failed Fundraising Campaigns
Coauthors Robyn Klingler-Vidra, Su Wang, and Xiang Yin	Abstract Most research investigating the prevalence of venture capital (VC) investors in innovation clusters focuses on VCs' value-add to portfolio-companies. We explore the value-add of VCs beyond their portfolios, specifically through due-diligence: the multi-stage process that VCs use to assess companies for investment. We hypothesize that VC due-diligence helps entrepreneurs mitigate their information frictions. We test this hypothesis using data on nearly 2,000 applicants for funding to a seed fund that screens them for due-diligence by quasi-randomly assigning applicants to reviewers. We find supportive evidence that assignment to due-diligence leads to higher growth, potentially through productivity improvements rather than signaling effects.
Time 14:45–16:00 CET	
Location Juridicum, Faculty Lounge (0.036)	
Hybrid https://uni-bonn.zoom.us/j/95735374743?pwd=T3BYbWt1bVZNelkvcDV3SUcxUlkrUT09	

IZA Research Seminar

Oriana Bandiera (LSE)	Gender Roles and the Misallocation of Labor Across Countries
<p>Coauthors Nava Ashraf, Virginia Minni, Victor Quintas y Martinez</p> <p>Time 14:00–15:15 CET</p> <p>Location IZA, Schaumburg-Lippe-Straße 9, Conference room 9</p> <p>Hybrid Zoom-Link https://iza-org.zoom.us/j/87487213161</p>	<p>Abstract</p> <p>This paper asks whether the gendered division of work inside and outside the home leads to the misallocation of labor. Using personnel data of a multinational firm covering 100K employees in 101 countries over 5 years together with labor force participation data we show that women are more positively selected than men: the productivity of the average female worker is higher than that of the average male worker, and this gap is decreasing in women’s participation in the labor force. Structural estimates indicate that equalising barriers to labor force participation would increase firm productivity by 32% keeping employment and the wage bill constant.</p>

Econometrics & Statistics

Sami Stouli (University of Bristol)	Gaussian Transforms Modeling and the Estimation of Distributional Regression Functions
<p>Coauthor Richard Spady</p> <p>Time 16:00 - 17:00 CET</p> <p>Location Juridicum, Faculty Lounge (0.036)</p>	<p>Abstract</p> <p>We propose flexible Gaussian representations for conditional cumulative distribution functions and give a concave likelihood criterion for their estimation. Optimal representations satisfy the monotonicity property of conditional cumulative distribution functions, including in finite samples and under general misspecification. We use these representations to provide a unified framework for the flexible Maximum Likelihood estimation of conditional density, cumulative distribution, and quantile functions at parametric rate. Our formulation yields substantial simplifications and finite sample improvements over related methods. An empirical application to the gender wage gap in the United States illustrates our framework.</p>

Bonn MacroHistory Seminar

**Mintra Dwarkasing
(University of Bonn)**

Where money goes, credit flows: Who gains from unconventional monetary policy? Implications from the Dutch mortgage market

Time

16:00–17:00 CET

Online

<https://uni-bonn.zoom.us/j/69821428114?pwd=Y3lvTlhhTHR3Si93TkhwalZHbnBBdz09>

Abstract

This paper investigates the effect of unconventional monetary policy on banks' mortgage lending behavior and its subsequent impact on the wealth distribution. In specific we examine the LTRO introduced by the ECB in December 2011 which enabled banks to borrow at the facility at advantageous terms. Using a difference in difference setting that exploits variation in the propensity to borrow from the LTRO facility we show that banks that had a larger propensity to borrow increased mortgage lending to more risky first time home buyers just after the introduction of the LTRO compared to banks with a lower propensity. To investigate what this implied for the wealth distribution we track individual household wealth portfolios. We document a heterogeneous effect of unconventional monetary policy for households at different points in the initial wealth distribution: Borrowers from treated banks in the left tail of the wealth distribution perform worse ex-post. They are more likely to observe a decrease in net wealth, i.e. assets – liabilities, after 7 years of ownership. For borrowers from the right tail of the distribution we observe a reverse effect, implying that the LTRO resulted in fattening tails of the wealth distribution.

Friday, November 11, 2022

Bonn Macro Internal Seminar

**Leanne Nam
(University of Bonn)**

Optimal Progressive Pension Systems with Heterogeneity in Job Stability

Time

16:30–17:30 CET

Location

Kaiserplatz 7–9, Room 4.006

Abstract

TBA