

BONN ECON NEWS

Week 46: November 14–18, 2022

Overview

News

International Research Conference

Workshops and seminars

Tuesday, November 15, 2022

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

Wednesday, November 16, 2022

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

Thursday, November 17, 2022

- Econometrics & Statistics
- Bonn MacroHistory Seminar
- MPI EEG Seminar

Friday, November 18, 2022

- MPI EEG Seminar
- Applied Micro Coffee
- Bonn Macro Internal Seminar

International Research Conference

Africa's regional and global integration - Lessons from the past and implications for the future

The German Institute of Development and Sustainability (Partner of the Department of Economics) organizes workshops on Africa's regional and global integration.

Besides regional integration, global integration steps offer new avenues for economic prosperity in Africa. However, will closer relationships with third countries help overcome or foster Africa's dependence on primary exports? How could deepened integration in the global economy prevent Africa's feared setback of economic development due to the Covid-19 pandemic? What are the implications of the recent drift towards de-globalization and reshoring of value chains for Africa? And lastly, do external relationships impede or promote economic integration efforts and development in Africa?

It will take place November, 17-18, 2022.

Find the program and more Information here: <https://www.idos-research.de/veranstaltungen/details/africas-regional-and-global-integration/>

If you are interested contact :

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Workshops and seminars

Tuesday, November 15, 2022

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

Diego R. Känzig (Northwestern University)	The unequal economic consequences of carbon pricing
<p>Time 14:15–15:30 CET</p> <p>Location briq, Schaumburg-Lippe-Straße 9</p> <p>Hybrid Zoom link announced via the Applied Micro mailing list</p>	<p>Abstract</p> <p>This paper studies how carbon pricing affects emissions, economic aggregates and inequality. Exploiting institutional features of the European carbon market and high-frequency data, I identify a carbon policy shock. I find that a tighter carbon pricing regime leads to a significant increase in energy prices, a persistent fall in emissions and an uptick in green innovation. This comes at the cost of a temporary fall in economic activity, which is not borne equally across society: poorer households lower their consumption significantly while richer households are less affected. Not only are the poor more exposed because of their higher energy share, they also experience a larger fall in their income. These indirect, general-equilibrium effects turn out to be quantitatively more important than the direct price effects. A climate-economy model with heterogeneity in households' energy shares, income incidence and marginal propensities to consume is able to account for these facts.</p>

Wednesday, November 16, 2022

MPI EEG Seminar

Dietmar Fehr (University Heidelberg)	Status, Control Beliefs, and Risk Taking
<p>Time 11:00-12:00 CET</p> <p>Location MPI, Seminar Room</p> <p>Hybrid https://zoom.us/j/96986834911?pwd=eElKaFFDYTdsbGRNUk5saitSNWh6UT09</p>	<p>Abstract</p> <p>We show that relative standing in the wealth distribution shape individuals' willingness to take risks. Using a representative large-scale survey, we manipulate perceptions of relative standing by randomly varying response categories when asking respondents about their wealth level. Respondents who are induced to perceive their relative standing as low display more tolerance towards risk in a subsequent incentivized lottery task. This effect is mainly driven by individuals who more firmly believe that life outcomes are beyond their control. This interaction between risk taking and underlying beliefs highlights the benefits of incorporating personality constructs into economic analysis.</p>

BGSE Micro Workshop

Melina Cosentino (BGSE)	Antipartisanship - an explanation for extremism? (brown bag)
Time 12:00–12:40 CET	Abstract I adapt the Hotelling-Downs model with three parties and add an "antipartisan"-component. Antipartisans vote for the party located furthest away from the party they dislike. While the standard game without antipartisanship has no equilibrium in pure strategies, antipartisanship allows for three types of outcomes: in equilibrium, parties spread over the spectrum, locate on extreme positions, or no equilibrium exists.
Location Juridicum, Reinhard Selten Room (0.017)	The model provides a theoretical explanation for phenomena as those observed in Brazil in 2018: an exogenous increase in the share of antipartisans, followed by relocation on the spectrum towards the extrema. I characterise conditions under which such relocations can be explained by antipartisanship only.

MEF Seminar (Macro/Econometrics/Finance)

Diego Comin (Dartmouth College)	Anatomy of Technology in the Firm
Coauthors Xavier Cirera, Marcio Cruz, Kyung Min Lee	Abstract We collect data on the technologies used across business functions of establishments in Vietnam, Senegal, and Ceará (Brazil), and construct technology sophistication measures at the business function level. The variance of technology sophistication across the business functions of an establishment is 2.8 times larger than the cross-firm variance in sophistication. We develop a model of technology adoption with non-homothetic production that predicts a stable cross-firm relationship between sophistication in the business function and firm-level technology that we call the technology curve. The slopes of technology curves differ greatly across business functions and account for 33% of within-firm variance in sophistication.
Time 12:15–13:30 CET	
Location Juridicum, Faculty Meeting Room (U1.040)	

BGSE Micro Workshop

Philipp Hamelmann (BGSE)	Discrete Conversations (brown bag)
<p>Time 12:45–13:25 CET</p> <p>Location Juridicum, Reinhard Selten Room (0.017)</p>	<p>Abstract</p> <p>Antic, Chakraborty and Harbaugh (2022) propose a model wherein two experts seek to exchange private information under the scrutiny of an uninformed observer. The latter draws inferences (pertaining to the unknown state) based on the experts' observable communication, in order to take an optimal, binary action. Players' payoffs depend on the realised state, and the observer's decision and may differ between the experts and the observer. The former alternately send partially revealing messages with the goal of conveying enough information to coordinate when all players' incentives align, while obfuscating sufficiently otherwise.</p> <p>I extend the analysis in Antic, Chakraborty and Harbaugh (2022) by deriving necessary and sufficient conditions (on the state space) for there to exist a sequence of messages that implements the experts' preferred outcome.</p>

Finance/CRC/ECONtribute Seminar

Emilio Bisetti (Hong Kong University of Science)	Smokestacks and the Swamp
<p>Coauthors Stefan Lewellen, Arkodipta Sarkar, Xiao Zhao</p> <p>Time 14:45–16:00 CET</p> <p>Location Juridicum, Faculty Lounge (0.036)</p> <p>Hybrid https://uni-bonn.zoom.us/j/95735374743?pwd=T3BYbWt1bVZNelkvcDV3SUcxUlkrUT09</p>	<p>Abstract</p> <p>We examine the causal effect of politicians' partisan ideologies on firms' industrial pollution decisions. Using a regression discontinuity design involving close U.S. congressional elections, we show that plants increase pollution and invest less in abatement following close Republican wins. We also find evidence of reallocation: firms shift emissions away from areas represented by Democrats. However, costs rise and M/B ratios decline for firms whose representation becomes more Democratic, suggesting that politicians' ideological demands can be privately costly. Pollution-related illnesses spike around plants in Republican districts, suggesting that firms' pass-through of politicians' ideologies can have real consequences for local communities.</p>

Micro Theory Seminar

Ran Spiegler
(Tel Aviv University and UCL)

False Narratives and Political Mobilization

Coauthor(s)

Kfir Eliaz and Simone Galperti

Time

16:30–17:45 CET

Location

Juridicum, Faculty Meeting Room (U1.040)

Abstract

We present an equilibrium model of politics in which political platforms compete over public opinion. A platform consists of a policy, a coalition of social groups with diverse intrinsic attitudes to policies, and a narrative. We conceptualize narratives as subjective models that attribute a commonly valued outcome to (potentially spurious) postulated causes. When quantified against empirical observations, these models generate a shared belief among coalition members over the outcome as a function of its postulated causes. The intensity of this belief and the members' intrinsic attitudes to the policy determine the strength of the coalition's mobilization. Only platforms that generate maximal mobilization prevail in equilibrium. Our equilibrium characterization demonstrates how false narratives can be detrimental for the common good, and how political fragmentation leads to their proliferation. The false narratives that emerge in equilibrium attribute good outcomes to the exclusion of social groups from ruling coalitions.

MPI EEG Seminar

Florian Zimmermann
(briq and Uni Bonn)

Stories, Statistics, and Memory

Time

16:00 - 17:00 CET

Location

MPI, Seminar Room

Hybrid

[https://zoom.us/j/96986834911?](https://zoom.us/j/96986834911?pwd=eElKaFFDYTdsbGRNUk5saitSNWh6UT09)

[pwd=eElKaFFDYTdsbGRNUk5saitSNWh6UT09](https://zoom.us/j/96986834911?pwd=eElKaFFDYTdsbGRNUk5saitSNWh6UT09)

Abstract

For most decisions, people rely on a myriad of relevant information encountered over the course of days, months or years. Such information come in various forms, including abstract summaries of multiple data points - statistics - and contextualized anecdotes about individual instances - stories. We propose that people form beliefs based on information they recall on the spot, that they do not always retrieve the full wealth of their accumulated information, and that the information type - story versus statistic - is a central determinant of selective memory. In controlled experiments we show that the effect of information on beliefs decays rapidly and exhibits a pronounced story-statistic gap: the average impact of stories on beliefs fades by 33% over the course of a day, but by 73% for statistics. This pattern is driven by the role of context in memory: prompting contextual associations with statistics slows their temporal decay. Guided by a model of similarity and interference in memory, we experimentally examine the explanatory power of a broad swath of different dimensions of interference. Consistent with the model, similarity relationships - rather than, e.g., memory load per se - are the key driving force behind the story-statistic gap.

Econometrics & Statistics

Ashesh Rambachan (Cambridge, MA)	Title:TBA
Time 16:00 - 17:00 CET	Abstract TBA
Online: https://uni-bonn.zoom.us/j/98672308512?pwd=TWcvOStFVzRFM0lGTW9lbnJLVkgxdz09#success	

Bonn MacroHistory Seminar

Daphné Skandalis (University of Copenhagen)	Racial inequality in the U.S. unemployment insurance system
Coauthors Ioana Marinescu, Maxim Massenkoff	Abstract
Time 16:00–17:00 CET	The U.S. unemployment insurance (UI) system operates as a federal-state partnership, where states have considerable autonomy to decide on specific UI rules. This has allowed for systematically stricter rules in states with a larger Black population. We study how these differences in state rules create a gap in the unemployment insurance that Black and White unemployed workers receive. Using administrative data from random audits on UI claims in all states, we first document a large racial gap in the UI that unemployed workers receive after filing a new claim. Black claimants receive an 18% lower replacement rate (i.e., benefits relative to prior wage, including denials) than White claimants. In principle, the replacement rate of each claimant mechanically depends on the rules prevailing in her state and on her work history (e.g., the earnings before job loss and the reason for separation from prior employer). Since we observe claimants' UI-relevant work history and state, we are in a unique position to identify the role of each factor. After accounting for Black-White differences in work history, differences in rules across states create a 8% Black-White gap in replacement rate (i.e., slightly less than half of the overall gap). Using a standard welfare calculation, we show that states with the largest shares of Black workers would gain the most from having more generous UI rules. Altogether, our results highlight that disparate state rules in the UI institution create racial inequality without maximizing overall welfare.
Online https://uni-bonn.zoom.us/j/69821428114?pwd=Y3lvTlhhTHR3Si93TkhwZlZlbnBBdz09	

MPI EEG Seminar

Christina Felfe de Ormeño (Universität Würzburg)	Changing Gender Norms - The Impact of Paternity Leave on the Next Generation
Time 16:00 - 17:00 CET	Abstract Traditional norms about gender roles are one of the remaining barriers to gender equality. We ask to which extent counter-stereotypical behaviors among parents shape gender norms for their children. To that end, we combine the introduction of paternity leave in Spain -which has been shown to foster counter-stereotypical behaviors within households- with a large-scale lab-in-the-field experiment conducted with children born around the reform. We show that children whose fathers were eligible for paternity leave exhibit more egalitarian gender role attitudes and perceive less stereotypical social norms towards working mothers and fathers. They also engage more in counter-stereotypical day-to-day behaviors and expect to deviate from the male breadwinner model in the future.
Location MPI, Seminar Room	
Hybrid https://zoom.us/j/96986834911?pwd=eElKaFFDYTdsbGRNUk5saitSNWh6UT09	

Friday, November 18, 2022

MPI EEG Seminar

David Yanagizawa-Drott (Universität Zürich)	Title:TBA
Time 11:00 - 12:00 CET	Abstract TBA
Location MPI, Seminar Room	
Hybrid https://zoom.us/j/96986834911?pwd=eElKaFFDYTdsbGRNUk5saitSNWh6UT09	

Applied Micro Coffee

Paul Schäfer (University of Bonn)	The Effect of Social Networks on Market Efficiency
Time 11:30–12:15 CET	Abstract This paper examines the effects of social networks on market efficiency and prices in a laboratory experiment with real-world friendships and a market with substitutes and complements. I make social networks exogenous by assigning real-world friends to different roles in the market. Friendships act like partial mergers in two ways: First, friendships between sellers of complements lower prices (increase efficiency), and friendships between sellers of substitutes increase prices (decrease efficiency). Second, an adjusted common-ownership model (linear directed altruism) rationalizes the data.
Location Juridicum, Fakultätszimmer	
Online/Hybrid https://uni-bonn.zoom.us/j/62101658384?pwd=ZURLeAxOTBhT0xhSS9abndvM3Vadz09	

Bonn Macro Internal Seminar

**Maximilian Grimm and Timothy Meyer
(University of Bonn)**

**Grimm: Loose monetary policy and financial instability.
Meyer: Global Spillovers of Asset Price Booms: Who Benefits from
the end of privilege?**

Time

16:30–17:30 CET

Location

Kaiserplatz 7–9, Room 4.006

Abstract

TBA