Bonn Econ News 2023 Week 18 (May 1–5)

May 1–5, 2023

Overview

Workshops and seminars

Tuesday, May 2, 2023

Finance/CRC/ECONtribute Seminar

Sebastian Hillenbrand (Harvard Business School)	“TBA”
Coauthor(s) List of names Time 14:45–16:00 CET Location Juridicum, Faculty Lounge (0.036) Hybrid Zoom-link: https://uni-bonn.zoom.us/j/95735374743?pwd=T3BYbWt1bVZNelkvcDV3SUcxUlkrUT09	Abstract TBA

Wednesday, May 3, 2023

BGSE Micro Workshop

Margarita Kirneva (CREST-Ecole Polytechnique)	“Informing to Divert Attention”
Time 12:00–13:00 CET Location Juridicum, Reinhard Selten Room (0.017)	Abstract We study a multidimensional Sender–Receiver game in which Receiver can acquire limited information after observing the Sender’s signal. Depending on the parameters describing the conflict of interest between Sender and Receiver, we characterise optimal information disclosure and the information acquired by Receiver as a response. We show that in case of partial conflict of interests (aligned on some dimensions and misaligned on others), Sender uses multidimensionality of the environment to divert Receiver’s attention away from the dimensions of misalignment of interests. Moreover, there is negative value of information in the sense that Receiver would be better off if she could commit not to extract private information or to have access to information of lower quality. We present applications to informational lobbying and optimal bonus policies.

MEF/ECONtribute Seminar (Macro/Econometrics/Finance)

Erwan Gautier (Bank of France)	“How Do Gasoline Prices Respond to a Cost Shock?”
Coauthors Magali Marx, Paul Vertier Time 12:15–13:30 CET Location Juridicum, Faculty Meeting Room (U1.040)	Abstract In a broad class of sticky price models, theory predicts that the ratio of the kurtosis to the frequency of price changes is a sufficient statistic for the cumulative impulse response of prices (CIRP) to a nominal shock. Using several millions of daily gasoline prices in France, we provide supporting evidence of this prediction. The CIRP correlates with the kurtosis to frequency ratio, but also with both frequency and kurtosis taken separately. The sign and the magnitude of the correlations are fully in line with theoretical predictions. Other moments of the price change distribution do not correlate with CIRP.

Finance/CRC/ECONtribute Seminar

Isabel Gödl-Hanisch (LMU Munich & CESifo)	“Bank Concentration and Monetary Policy Pass-Through”
Time 14:45–16:00 CET Location Juridicum, Faculty Lounge (0.036) Hybrid Zoom-link: https://uni-bonn.zoom.us/j/95735374743?pwd=T3BYbWt1bVZNelkvcDV3SUcxUlkrUT09	Abstract This paper analyzes the implications of the gradual rise in bank concentration since the 1990s for the transmission of monetary policy. I use branch-level data on deposit and loan rates to evaluate the monetary policy pass-through conditional on the level of local bank concentration and bank capitalization. I find that banks operating in high-concentration markets and under-capitalized banks adjust short-term lending rates more. I then build a theoretical model with heterogeneous banks that rationalizes the empirical findings and explains the underlying mechanism. In the model, monopolistic competition in local deposit and loan markets, along with bank capital requirements, lead to frictions on the pass-through to the real economy. Counterfactual analyses highlight that the rise in bank concentration alters monetary policy pass-through by two channels: the market power and capital allocation channels. Both channels further strengthen monetary policy transmission to output and investment, amplify the credit cycle, and flatten the Phillips curve.

Micro Theory Seminar

Olivier Tercieux (Paris School of Economics)	Unpaired Kidney Exchange: Overcoming Double Coincidence of Wants without Money
Coauthors Mohammad Akbarpour, Julien Combe, YingHua He, Victor Hiller, Robert Shimer Time 16:30–17:45 CET Location Juridicum, Faculty Meeting Room (U1.040)	Abstract For an incompatible patient–donor pair, kidney exchanges often forbid receipt-before-donation (the patient receives a kidney before the donor donates) and donation-before-receipt, causing a double-coincidence-of-wants problem. We study an algorithm, the Unpaired kidney exchange algorithm, which eliminates this problem. In a dynamic matching model, we show that waiting time of patients under the Unpaired is close to optimal and substantially shorter than widely used algorithms. Using a rich administrative dataset from France, we show that Unpaired achieves a match rate of 63 percent and an average waiting time of 176 days for transplanted patients. The (infeasible) optimal algorithm is only slightly better (64 percent and 144 days); widely used algorithms deliver less than 40 percent and at least 232 days. We discuss a range of solutions that can address the potential practical incentive challenges of the Unpaired. In particular, we extend our analysis to an environment where a deceased donor waitlist can be integrated to improve the performance of algorithms. We show that our theoretical and empirical comparisons continue to hold. Finally, based on these analyses, we propose a practical version of the Unpaired algorithm.

Thursday, May 4, 2023

Econometrics & Statistics

Pascal Lavergne (TSE)	"One-step nonparametric instrumental regression using smoothing splines"
Coauthors Jad Beyhum, Elia Lapenta Time 16:00–17:00 CET Location Juridicum, Faculty Lounge (0.036)	Abstract This paper proposes a new estimator for nonparametric instrumental regressions. It relies on a minimum distance approach and smoothing splines. Unlike popular alternative estimation procedures, our approach does not rely on a first-step regression. This way the estimator is not affected by statistical variability from a first step and we avoid smoothness assumptions on the distribution of the endogenous variables conditional on the instruments The estimator is computationally advantageous because it has a closed-form expression and relies on a unique regularization/smoothing parameter that can be easily selected by cross-validation. We rely on the theory of reproducing kernel hilbert spaces to derive the rates of the convergence of the estimator and its first derivative. Simulations confirm the advantage of avoiding performing a first-step regression. We apply our new method to estimate Engel curves for leisure and catering.

Bonn MacroHistory Seminar

Taha Choukhmane (MIT Sloan School of Management)	"Who Benefits from Retirement Saving Incentives in the U.S.? Evidence on Racial Gaps in Retirement Wealth Accumulation"
Coauthors Jorge Colmenares, Cormac O'Dea, Jonathan Rothbaum, Lawrence Schmidt Time 15:00–16:00 CEST Online https://uni-bonn.zoom.us/j/62056840252?pwd=aHpjbWUxTnZGSDdvRWZHcWwxZnN1Zz09	Abstract In 2021, U.S. private employers and the federal government devoted a combined $300bn to encourage contributions to retirement savings plans. In this paper, we study the distributional impact of these tax and employer match incentives across racial groups using a new linked employer-employee data set covering millions of Americans. On average, Black (Hispanic) workers contribute 39% (27%) less to retirement accounts than White workers and two-thirds of this gap remain when comparing co-workers at the same employer, with similar income, occupation, education, and county of residence. This gap in contributions, amplified by the tax and matching incentives, results in the average Black and Hispanic participant in a defined contribution (DC) plan retiring with 51% and 37% less in their account compared to the average White participant. We explore two mechanisms underlying the differences in contribution among employees with similar individual-level attributes. First, household composition and parental characteristics can account for nearly half of the remaining gap in retirement contributions across racial groups. Second, we find evidence that Black and Hispanic participants face tighter liquidity constraints. Black retirement savers are twice as likely as Whites to make an early withdrawal from their retirement account in a given year, indicative of limited access to alternative liquidity sources. These findings suggest that the institutional design of U.S. retirement plans, which rewards those who can and do save more, exacerbates racial wealth gaps and propagates wealth inequality across generations.

Friday, May 5, 2023

Applied Micro Coffee

Paul Schäfer (University of Bonn)	"Friendship and Other Anti-Competitive Firm Networks"
Time 11:00–11:45 CET Location briq, Schaumburg-Lippe-Straße 9 Online/Hybrid https://uni-bonn.zoom.us/j/62101658384?pwd=ZURLelAxOTBhT0xhSS9abndvM3Vadz09	Abstract Firms are connected by various networks that might reduce competition: Common owners, directors on multiple boards (board interlocks), and friendships between their executives. A recent regulatory change decreased the importance of board interlocks and likely increased the importance of friendships. We lack (field) evidence for the effect of friendships on competition and their relationship to other anti-competitive firm networks. I will present a research idea that addresses this gap.