

# Bonn Econ News 2023 Week 20 (May 15–19)

May 15–19, 2023

## Overview

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### Workshops and seminars

Tuesday, May 16, 2023

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

Uwe Sunde (Ludwig-Maximilians-Universität München)

“Preference Convergence Around the World”

Wednesday, May 17, 2023

BGSE Micro Workshop

Patrick Lahr (BGSE)

“Screening: A Unified Geometric Perspective”

MEF/ECONtribute Seminar (Macro/Econometrics/Finance)

Krzysztof Pytka (University of Mannheim)

“Shopping Frictions and Household Heterogeneity: Theory and Empirics”

Finance/CRC/ECONtribute Seminar

Cyril Monnet (University of Bern)

“Title”

Micro Theory Seminar

Ian Ball (MIT)

“Should the Timing of Inspections be Predictable?”

Thursday, May 18, 2023—Public holiday

## Workshops and seminars

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### Tuesday, May 16, 2023

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

Uwe Sunde (Ludwig- Maximilians- Universität München)	“Preference Convergence Around the World”
Coauthor Rainer Kotschy  Time 14:15–15:30 CET  Location briq, Schaumbur g-Lippe-Straße 9	Abstract Individual preferences are the core of models of human decision making. While recent evidence has documented substantial global heterogeneity in preferences, both across and within populations, little is known about its dynamics. Here we test whether heterogeneity in time, risk, and social preferences persists, potentially even increases, or instead converges among more recent birth cohorts across and within countries. Using preference measures for 80,000 individuals elicited in representative samples of 76 countries from all continents, we document preference convergence across countries among recent birth cohorts, both in terms of differences in location (means) and scale (standard deviations), and convergence between women and men within countries. These convergence patterns obtain for countries at different levels of economic development, and with different genetic composition and historical population flows. They do not reflect convergence to preferences of the US population, but are consistent with convergence to a global average and partly reflect convergence in economic development.

Wednesday, May 17, 2023

**BGSE Micro Workshop**

Patrick Lahr (BGSE)	“Screening: A Unified Geometric Perspective”
Coauthor Axel Niemeyer Time 12:00–13:00 CET Location Juridicum, Reinhard Selten Room (0.017)	<b>Abstract</b> We investigate single-agent mechanism design with arbitrary restrictions on the agent's vNM preferences over a finite set of outcomes. This covers many standard problems with or without transfers, including the (multi-good) monopolistic seller problem. We characterize incentive-compatible mechanisms through their associated delegation sets, convex bodies within the unit simplex. Every extreme point of the set of incentive-compatible mechanisms grants the agent a veto, allowing them to choose, for any outcome, a lottery that excludes it. Determining whether a veto mechanism is an extreme point corresponds to solving the indecomposability problem for convex bodies as introduced by Gale (1954). In one-dimensional type spaces, we find that the principal's ex-ante expected utility is maximized by offering a menu with at most three options. However, for multi-dimensional type spaces, no such simplification exists: the set of (exposed) extreme points is dense in the set of veto-granting mechanisms. We apply these insights to derive known and novel results about the monopolistic seller problem.

**MEF/ECONtribute Seminar (Macro/Econometrics/Finance)**

Krzysztof Pytka (University of Mannheim)	“Shopping Frictions and Household Heterogeneity: Theory and Empirics”
Time 12:15–13:30 CET Location Juridicum, Faculty Meeting Room (U1.040)	<b>Abstract</b> This paper shows that price dispersion matters for shaping individual household consumption. Using detailed scanner data, I document that the high-earning employees pay from 2 to 7% higher prices than the low-earning ones for exactly the same or very similar goods. The causal link between the income level and paid prices is established by exploiting a quasi-experimental setup of the Economic Stimulus Act of 2008. Between 8 and 22% of the increase in household spending after a transitory income shock is explained by positive changes in the paid prices. Next, I present a novel and tractable theory to study search for consumption as part of the optimal savings problem. Due to retail-market frictions, households have to exert search effort to purchase the consumption goods. The proposed framework reconciles the documented patterns in a quantitatively meaningful way. A counterfactual analysis of the calibrated model shows that over two thirds of all households pay higher prices due to a negative externality generated by shoppers with low search intensity.

**Finance/CRC/ECONtribute Seminar**

Cyril Monnet (University of Bern)	“Title”
Time 14:45–16:00 CET Location Juridicum, Faculty Lounge (0.036)	<b>Abstract</b> TBA

## Micro Theory Seminar

Ian Ball (MIT)	"Should the Timing of Inspections be Predictable?"
Coauthor Jan Knöpfle Time 16:30–17:45 CET Location Juridicum, Faculty Meeting Room (U1.040)	<b>Abstract</b> A principal hires an agent to work on a long-term project that culminates in a breakthrough or a breakdown. At each time, the agent privately chooses to work or shirk. Working increases the arrival rate of breakthroughs and decreases the arrival rate of breakdowns. To motivate the agent to work, the principal conducts costly inspections. She fires the agent if shirking is detected. We characterize the principal's optimal inspection policy. Periodic inspections are optimal if work primarily speeds up breakthroughs. Random inspections are optimal if work primarily delays breakdowns. Crucially, the agent's actions determine his risk attitude over the timing of punishments.

**Thursday, May 18, 2023—Public holiday**

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