

# BONN ECON NEWS

FACHBEREICH WIRTSCHAFTSWISSENSCHAFTEN  
DEPARTMENT OF ECONOMICS

## WORKSHOPS AND SEMINARS May 09 – 13, 2022

### Tuesday, May 10, 2022

Applied Micro Seminar  
**16:00 CET, via Zoom, details below**

**Xavier Gabaix**, Harvard University  
"The Complexity of Economic Decisions: Theory and Evidence"

ECONtribute Law & Econ Workshop  
**18:00 CET, hybrid, via Zoom and at Juridicum, RSI Room, n° 0.017, details below**

**Friedrich Heinemann**, ZEW and University of Heidelberg  
"Europe's fiscal constitution and its pandemic transformation"

### Wednesday, May 11, 2022

BGSE Workshop  
**12:00 CET, Juridicum, RSI Room, n° 0.017, details below**

**Daniel Bird**, Tel-Aviv University  
"Learning in the Marriage Market: The Economics of Dating"

MEF-Seminar (Macro/ Econometrics/ Finance)  
**12:15 – 13:30 CET, Juridicum, Faculty Room, details below**

**Facundo Piguillem**, EIEF  
"Fiscal Rules and Discretion with Risk of Default"

Micro Theory Seminar  
**16:30 CET, Juridicum, Faculty Room**

**Christopher Sandmann**, London School of Economics  
"Oligopolistic nonlinear pricing: a random search model"

Finance/CRC/ECONtribute Seminar  
**14:45 – 16:00 CET, Juridicum, Faculty Lounge, n°0.036, and via Zoom, details below**

**Nicola Gennaioli**, University of Bocconi  
"Belief Overreaction and Stock Market Puzzles"

### Thursday, May 12, 2022

IZA Research Seminar

**14:00 CET, hybrid format, via Zoom and at University of Bonn, Niebuhrstr. 5, Bonn, Conference Room 0.018, details below**

**Pierre Cahuc**, Sciences Po, IZA, CEPR

“The Effect of Workplace vs School-Based Vocational Education on Youth Unemployment: Evidence from France”

Econometrics & Statistics Seminar

**16:00 – 17:00 CET, Juridicum, Faculty Lounge, n°0.036, details below**

**Dominik Wied**, University of Cologne

“Estimating Fixed Effects Stochastic Frontier Panel Models Under ‘Wrong’ Skewness with an Application to Health Care Efficiency in Germany”

MacroHistory Seminar

**16:00 CET, via Zoom, details below**

**Jeremiah Dittmar**, London School of Economics

“Pandemic Shock and Economic Divergence: Political Economy Before and After the Black Death”

### Friday, May 13, 2022

YEP Seminar ECONtribute

**13:00 CET, via Zoom, details below**

**Axel Niemeyer**, BGSE, University of Bonn

“On-the-Match Search and Match-Specific Productivity Growth”

## SPECIAL RECOMMENDATIONS ON UPCOMING EVENTS

### Monthly Podcast

ECONtribute Podcast Special #Ukraine

**Monthly episodes, details below**

**Farzad Saidi, Carolin Jackermeier**

Focus on economic consequences of the war

### Friday, June 10, 2022

ECONtribute Selten Salon

**17:00-19:00 CET**

**Studio Dumont, Breite Str. 72, 50667 Cologne, details below**

**Claudia Buch**

Vice President of the German Federal Bank  
„Why is financial stability important for society?“

## Applied Micro Seminar

**Xavier Gabaix**, Harvard University

“The Complexity of Economic Decisions: Theory and Evidence” (with Thomas Graeber)

*Via Zoom—Zoom URL tba via the Applied Micro mailing list*

## ECONtribute Law & Econ Workshop

**Friedrich Heinemann**, ZEW and University of Heidelberg

“Europe's fiscal constitution and its pandemic transformation”

*Hybrid format: Via Zoom and at Juridicum, RSI, room n°0.017*

<https://uni-bonn.zoom.us/j/68663333930?pwd=a0w5VW5tNFdJN3l3QlItcms5N0FkUT09>

## BGSE Workshop

**Daniel Bird**, Tel-Aviv University

"Learning in the Marriage Market: The Economics of Dating"

### Abstract:

This Discussion Paper is issued under the auspices of the Centre's research programmes:  
Organizational Economics

Any opinions expressed here are those of the author(s) and not those of the Centre for Economic Policy Research. Research disseminated by CEPR may include views on policy, but the Centre itself takes no institutional policy positions. The Centre for Economic Policy Research was established in 1983 as an educational charity, to promote independent analysis and public discussion of open economies and the relations among them. It is pluralist and non-partisan, bringing economic research to bear on the analysis of medium- and long-run policy questions. These Discussion Papers often represent preliminary or incomplete work, circulated to encourage discussion and comment. Citation and use of such a paper should take account of its provisional character.

*At the RSI room only, Juridicum, room n° 0.017*

## MEF-Seminar (Macro/ Econometrics/ Finance)

**Facundo Piguillem**, EIEF

„Fiscal Rules and Discretion with Risk of Default“ (with Chiara Felli and Liyan Shi)

### Abstract:

It is widely believed that governments tend to over accumulate debt, which gives rise to the need for fiscal rules. This paper studies the optimal fiscal and default rules when governments can default on their debt obligations. We build a continuous-time model that encompasses the standard rationale for debt overaccumulation: hyperbolic discounting and political economy frictions. In addition, governments are subject to taste shocks, which makes spending optimally random. Since shocks are private information, there is a trade-off between rules and discretion. We derive the optimal fiscal rules which are debt-dependent only when default is possible. Depending on the severity of the spending bias and the cost of default, the optimal fiscal rules range from strict debt limits, complemented by strong deficit limits, to the absence of all rules. In intermediate cases, debt-dependent deficit limits must be complemented with default rules, with some areas where default is forbidden and others where default is forced.

*At the Faculty Room only, Juridicum*

## Micro Theory Seminar

**Christopher Sandmann**, London School of Economics

"Oligopolistic nonlinear pricing: a random search model"

### Abstract:

This paper proposes a new framework for oligopolistic nonlinear pricing: I incorporate the standard monopolistic screening problem in a dynamic random search model with explicit search cost. Firms' market power derives from search frictions and idiosyncratic brand preference shocks. I show that under private values firms' quality provision attains the first-best level, i.e., were one to maximize buyer's utility minus cost. This confirms and generalizes findings in the celebrated paper due to Rochet and Stole (2002) to a dynamic environment and a broader class of preferences and distributions. In contrast, first-best efficiency fails to obtain when there are common values. As a novel result I report that under adverse selection quality provision is less than the first-best whereas quality provision exceeds the first-best under advantageous selection for all but the buyers of least and greatest valuation. This both confirms and disproves the intuition derived from Rothschild and Stiglitz (1976) where there are two types only: There are downward distortions, but they are largest for intermediate types, not at the bottom. Also, unlike in Rothschild–Stiglitz, profit is not constant (i.e. zero) across types. Instead, under adverse (advantageous) selection firms make less (more) profit on high valuation buyers.

*At the Faculty Room only, Juridicum*

## Finance/ CRC/ ECONtribute Seminar

**Nicola Gennaioli**, University of Bocconi  
“Belief Overreaction and Stock Market Puzzles”  
(with Pedro Bordalo, Rafael La Porta, and Andrei Shleife)

### Abstract:

We construct an index of long term expected earnings growth for S&P500 firms and show that it has remarkable power to jointly predict errors in these expectations and stock returns, in both the aggregate market and the cross section. The evidence supports a mechanism whereby good news cause investors to become too optimistic about earnings growth, for the market as a whole but especially for specific firms. This leads to inflated stock prices and, as beliefs are systematically disappointed, to subsequent low returns in the aggregate market and for specific firms in the cross section. Overreaction of measured long-term expectations helps resolve major asset pricing puzzles without time series or cross-sectional variation in required returns.

**Hybrid format: At the Faculty Lounge, Juridicum, room 0.036 and via Zoom**

<https://uni-bonn.zoom.us/j/95735374743?pwd=T3BYbWt1bVZNelkvcDV3SUcxUlkrUT09>

## IZA Research Seminar

**Pierre Cahuc**, Sciences Po, IZA, CEPR  
“The Effect of Workplace vs School-Based Vocational Education on Youth Unemployment: Evidence from France” (with Jérémy Havelin)

### Abstract:

This article analyzes the impact of increasing workplace-based versus school-based vocational education to promote the employment of low-skilled young people. We combine a field experiment in France with the estimation of a job search and matching model which takes into account the productivity difference of the young people in these two pathways and the choice of employers. We find a limited positive impact of increasing workplace-based education on youth employment by the fact that the effect comes almost totally from remaining in the training firm without having a significant impact on young people seeking employment in other firms after graduation.

**Hybrid format: At Niebuhrstr. 5, Bonn, Conference Room 0.018 and via Zoom**

<https://iza-org.zoom.us/j/87487213161>

If you would like to attend the seminar in person, please register your interest here: <https://forms.gle/i1XWaM1qFXUqq6bb6>

## Econometrics & Statistics Seminar

**Dominik Wied**, University of Cologne

"Estimating Fixed Effects Stochastic Frontier Panel Models Under 'Wrong' Skewness with an Application to Health Care Efficiency in Germany"

Abstract:

Typically, the error term in stochastic frontier models is assumed to be positively skewed; however, efficiency scores are biased if this assumption is violated. This paper considers the case in which also negative skewness is allowed in the model. In contrast to other approaches, this skewness is not assumed to be a small sample issue, but is rather related to inefficiency in the market. The paper discusses estimation of a stochastic frontier panel model with unobserved fixed effects. On the one hand, the parameters can be estimated via integrating out nuisance parameters by means of marginal maximum likelihood. On the other hand, we propose an approximation based on closed skew normal distributions which turns out to be accurate enough for maximum likelihood estimation. Simulations assess finite sample performances of estimators and show that all model parameters and efficiency scores can be estimated consistently regardless of positive or negative inefficiency skewness. An empirical analysis to unravel inefficiencies in the German healthcare system demonstrates the practical relevance of the model.

***At the Faculty Lounge, Juridicum, room n° 0.036***

## MacroHistory Seminar

**Jeremiah Dittmar**, London School of Economics

„Pandemic Shock and Economic Divergence: Political Economy Before and After the Black Death“ (with Luis Bosshart)

Abstract:

We document how the Black Death activated politics and led to economic divergence within Europe. Before the pandemic, economic development was similar in Eastern and Western German cities despite greater political fragmentation in the West. The pandemic precipitated a divergence that coincided with prior differences in politics. After the pandemic, construction and manufacturing fell by 1/3 in the East relative to underlying trends and the Western path. Politics institutionalizing local self-government advanced in the West, but not in the East. This divergence is observed across otherwise similar cities along historic borders and foreshadows a subsequent divergence in agriculture.

***Via Zoom:***

<https://uni-bonn.zoom.us/j/65260388992?pwd=YWVmRjVPUmZoSVRSMIhUWDczUkoOUT09>

*Meeting-ID: 652 6038 8992, Kenncode: 308052*

## YEP Seminar ECONtribute

**Axel Niemeyer**, BGSE, University of Bonn

“On-the-Match Search and Match-Specific Productivity Growth”

(with Sophie Kreutzkamp & Finn Schmieter)

### Abstract:

We study a matching model with search frictions where heterogeneous agents search on the match. In deciding with whom to match, agents must trade off the flow utility provided by a partner against the stability of a match, i.e., the rate at which the partner leaves for another agent. Thus, stability determines and is determined by the agents' behavior, yielding multiple steady state equilibria. In almost every equilibrium, agents coordinate on payoff-dominated behavior. However, if there is match-specific productivity growth, i.e., if flow utility increases in the duration of a match, agents no longer fail to coordinate. We characterize the set of steady state equilibria that survive a perturbation with match-specific productivity growth. In some equilibria, less productive agents prefer to match with other less productive agents, suggesting an alternative explanation for assortative matching. In general, productivity growth can significantly affect matching behavior and sorting patterns.

**Zoom URL tba via mailing list**

## ECONtribute Podcast Special #Ukraine

**Farzad Saidi**, Institute of Finance & Statistics, ECONtribute, University of Bonn

„The SWIFT System”

### Abstract:

ECONtribute discusses economic impacts of the Ukraine war in a special season of the ECONtribute Wirtschaftspodcast. Listen now – wherever podcasts are available.

In the context of the Ukraine war, ECONtribute’s economic podcast discusses international economic impacts of the conflict scientifically. Energy embargo, financial sanctions and negotiation strategies: Researchers from the Cluster of Excellence provide scientific evidence. In monthly episodes of about 30 minutes, Carolin Jackermeier discusses the most exciting topics of ECONtribute research with researchers from the Universities of Bonn and Cologne as well as external guests and provides insight into the work of the Cluster of Excellence.

**Podcast:** <https://econtribute.de/de/newsroom/#podcast>

## ECONtribute Selten Salon

**Claudia Buch**, Vice President of the German Federal Bank  
„Why is financial stability important for society?“

Abstract:

The functioning of the financial system is of central importance for real economic development. Financial crises have shown that disruptions in the financial system can harm economic and employment growth and burden government budgets. It is therefore important that the system is sufficiently resilient. After all, a stable financial system can also cushion unexpected events – even during periods of upheaval in the real economy. But how stable is the financial system and what are the current challenges? These and other questions will be explored by Prof. Dr. Claudia Buch in her lecture.

**Friday, June 10, 2022, 17:00-19:00 CET**  
Studio Dumont, Breite Str. 72, 50667 Cologne

**Registration and further information on:**

<https://econtribute.de/event-registration-selten-salon/>

<https://econtribute.de/de/event/selten-salon-mit-claudia-buch/>

**Redaktionsschluss / Deadline**  
**BONN ECON NEWS May 16 - 20, 2022**  
Wednesday, May 11, 2022  
**12:00 CET**

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