# BONN ECON NEWS

## May 6–10, 2024

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            "I'll Tell You Tomorrow: Committing to Future Commitments"
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            "Tastes better than expected: Post-intervention effects of a vegetarian month in the student canteen"

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# Workshops and seminars

## Tuesday, May 7, 2024

### Bonn Applied Microeconomics Seminar (CRC TR 224 Seminar)

| Nicola Gennaioli (Bocconi University) | "How People Use Statistics" |
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**Coauthors**
Pedro Bordalo, John Conlon, Spencer Kwon, Andrei Shleifer

**Time**
14:15–15:30 CET

**Location**
IZA, Conference Room, Schaumburg-Lippe-Straße 9

**Abstract**
We document two new facts about the distributions of answers in famous statistical problems: they are (i) multi-modal and (ii) unstable with respect to irrelevant changes in the problem. We offer a model in which, when solving a problem, people represent each hypothesis by attending "bottom up" to its salient features while neglecting other, potentially more relevant, ones. Only the statistics associated with salient features are used, others are neglected. The model unifies biases in judgments about i.i.d. draws, such as the Gambler's Fallacy and insensitivity to sample size, with biases in inference such as under- and overreaction and insensitivity to the weight of evidence. The model makes predictions about how changes in the salience of specific features should jointly shape the prevalence of these biases and measured attention to features, but also create entirely new biases. We test and confirm these predictions experimentally. Bottom-up attention to features emerges as a unifying framework for biases conventionally explained using a variety of stable heuristics or distortions of the Bayes rule.

# Wednesday, May 8, 2024

## BGSE Micro Workshop

| Andrew Bongjune Choi (Bocconi University) | "I'll Tell You Tomorrow: Committing to Future Commitments" |
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**Time**
12:00–13:00 CET

**Location**
Juridicum, Reinhard Selten Room (0.017)

**Abstract**
A principal wishes to promote the agent only if the state is good, and gradually receives private information about the state. The agent wants promotion, but would rather leave than stay and fail promotion. The principal optimally induces the agent to stay by committing to commit, that is, by committing today to tell the agent tomorrow about his chances of promotion the day after. The principal may promote the agent with some probability regardless of her information. Our results apply to worker retention, relationship-specific investment, and forward guidance.

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

| Sergio de Ferra (University of Oxford) | "Income Risk, Global Shocks, and International Capital Flows" |
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**Coauthors**
Gabriel Fritsch, Kurt Mitman, Federica Romei

**Time**
12:15–13:30 CET

**Location**
Juridicum, Faculty Meeting Room (U1.040)

**Abstract**

What is the relationship between international differences in income risk and countries' external asset positions? We study income risk and its higher-order moments in twelve countries. We then calibrate and discretize an income process that can account for countries' heterogeneity in income risk and embed this process in a standard heterogeneous-agents macro model. The model shows that international differences in higher-order moments of income risk give rise to sizable differences in international asset positions. We study global shocks through the lens of the model, such as the rise in automation or geopolitical fragmentation. The model predicts that higher and more unequal growth in the United States leads to important changes in other countries' saving and consumption inequality. A fall in foreign lending by countries with large international asset positions also affects substantially consumption risk in debtor economies

## Finance/CRC Seminar

| Bo Bian<br>(UBC Sauder School of Business) | "Financing the Global Shift to Electric Mobility" |
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**Coauthors**
Jan Bena, Huan Tang

**Time**
14:45–16:00 CET

**Location**
Juridicum, Faculty Lounge (0.036)

**Abstract**
Using comprehensive auto loan data, we identify a gap in financing terms between Electric Vehicles (EVs) and non-EVs. EVs, compared to their non-electric counterparts in the same make-model or make-model-power category, are financed with higher interest rates, lower loan-to-value ratios, and shorter loan durations. The primary driver of this financing gap is the risk associated with EVs. The rapid and uncertain progress in EV-specific technologies accelerates obsolescence, reducing EVs' resale value and thus increasing the cost associated with loans for these vehicles. Factors such as car buyers' willingness to pay, socioeconomic characteristics, government incentives for EVs, lenders' market power, and macroeconomic conditions play minimal roles in explaining the higher cost of EV loans. Our findings highlight that technological carbon-transition risk is priced in financing terms of green durable assets consumption.

## Micro Theory Seminar

| Kevin He<br>(University of Pennsylvania) | "Learning from Viral Content" |
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**Coauthor**
Krishna Dasaratha

**Time**
16:30–17:45 CET

**Location**
Juridicum, Faculty Meeting Room (U1.040)

**Abstract**
We study learning on social media with an equilibrium model of users interacting with shared news stories. Rational users arrive sequentially, observe an original story (i.e., a private signal) and a sample of predecessors' stories in a news feed, and then decide which stories to share. The observed sample of stories depends on what predecessors share as well as the sampling algorithm generating news feeds. We focus on how often this algorithm selects more viral (i.e., widely shared) stories. Showing users viral stories can increase information aggregation, but it can also generate steady states where most shared stories are wrong. These misleading steady states self-perpetuate, as users who observe wrong stories develop wrong beliefs, and thus rationally continue to share them. Finally, we describe several consequences for platform design and robustness.

# Friday, May 10, 2024

## Applied Micro Coffee

| Anna Schulze Tilling (University of Bonn) | "Tastes better than expected: Post-intervention effects of a vegetarian month in the student canteen" |
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**Coauthor**
Charlotte Klatt

**Time**
11:30-12:15 CET

**Location**
briq, Schaumburg-Lippe-Straße 9

**Hybrid**
https://uni-bonn.zoom-x.de/j/64524248902
(password via the Applied Micro mailing list)

**Abstract**
Interventions to decrease meat consumption are often only implemented for short periods of time, and it is unclear how they might have lasting effects. We combine student canteen consumption (over 270,000 purchases made by over 4,500 guests) and survey data ($N > 800$) to study how a one-month intervention to decrease meat consumption affects consumer behavior post-intervention. During the intervention period, meat meals were eliminated from the menu of the treatment canteen, while the two control canteens were unaffected. Using a difference-in-difference approach, we estimate that the intervention did not decrease student canteen purchases. Further, guests usually frequenting the treatment canteen reduced their lunchtime canteen meat consumption by 4% post-intervention. A large part of this effect seems explicable with guests learning about the quality of the canteen's vegetarian meals. We find little to no evidence of the intervention changing perceived social norms.