

BONN ECON NEWS

May 27–31, 2024

Overview

People

New at the department

Workshops and seminars

Tuesday, May 28, 2024

CENs Research Seminar

Andreas G. B. Ziegler (University of Essex)
“Morals in Multi-Unit Markets”

Finance Brown Bag Seminar

Yuliyen Mitkov (University of Bonn)
“Limited commitment, bank bailouts, and run risk: a sunspot-based approach”

Bonn Applied Microeconomics Seminar (CRC TR 224 Seminar)

Katherine B. Coffman (Harvard Business School)
“Choosing and Using Information in Evaluation Decisions”

ECONtribute LawEcon Workshop

Margherita Saraceno (Università di Pavia)
“How hard it is scoring a bullseye: Public policies and compliance hesitancy in heterogeneous populations (with G. Rampa)”

MPI EEG Seminar

Claudio Ferraz (University of British Columbia)
“When Democracy Refuses to Die: Evaluating a Training Program for New Politicians”

Wednesday, May 29, 2024

MEF/ECONtribute Seminar (Macro/Econometrics/Finance)

Simon Scheidegger (HEC Lausanne)
“Deep Uncertainty Quantification: With an Application to Integrated Assessment Models”

Finance/CRC Seminar

Yossi Spiegel (Tel Aviv University)
“Horizontal Partial Cross Ownership and Innovation”

Micro Theory Seminar

Ilse Lindenlaub (Yale University)
“The Worker–Job Surplus”

MPI EEG Seminar

Katherine B. Coffman (Harvard Business School)
“Choosing and Using Information in Evaluation Decisions”

People

New at the department

David Bruckner

Position: Science Manager ECONtribute

Workshops and seminars

Tuesday, May 28, 2024

CENs Research Seminar

Andreas G. B. Ziegler
(University of Essex)

"Morals in Multi-Unit Markets"

Coauthors

Giorgia Romagnoli, Theo Offerman

Time

11:00–12:30 CET

Location

Center for Economics and Neuroscience
(CENs), Am Hofgarten 8, conference room
(1st floor)

Hybrid

<https://uni-bonn.zoom.us/j/92962788977?pwd=bDhCNk83NVFxV0p2RDhtYzVYRU1rQT09>

Abstract

We examine how the erosion of morals, norms, and norm compliance in markets depends on the market power of individual traders. Previously studied markets allow traders to exchange at most one unit and provide market power to individual traders by deactivating two forces: (i) the replacement logic, whereby immoral trading is justified by the belief that others would trade otherwise and (ii) market selection, by which the least moral trader determines aggregate quantities. In an experiment, we compare single-unit to (more common) multi-unit markets, which may activate these forces. Multi-unit markets, in contrast to single-unit markets, lead to a complete erosion of morals. This is associated primarily with a deterioration in norm compliance: the observed level of immoral trade is in contrast with the prevailing social norm. The replacement logic is the main mechanism driving this finding.

Finance Brown Bag Seminar

Yuliyán Mitkov
(University of Bonn)

"Limited commitment, bank bailouts, and run risk: a sunspot-based approach"

Time

12:15–13:00 CET

Online

<https://uni-bonn.zoom.us/j/2948843624?pwd=V2dBQXJCVC0RocWhKN1VWNVwvaVFkUT09>

Abstract

The sunspot-based approach to financial fragility treats the run probability as an exogenous parameter, which is at odds with empirical evidence showing that systematic runs happen during economic distress. The global-games approach to bank runs by Goldstein and Pauzner (2005) addresses this issue but, as I argue, at the cost of strong assumptions on the environment and contracts. I propose a framework for deriving an endogenous run probability within the sunspot-based approach based on idiosyncratic sentiment variation. I apply this framework to analyze the interplay between run risk, bank incentives, and discretionary bailouts in a version of the Diamond and Dybvig (1983) model featuring limited commitment.

Bonn Applied Microeconomics Seminar (CRC TR 224 Seminar)

Katherine B. Coffman
(Harvard Business School)

"Choosing and Using Information in Evaluation Decisions"

Coauthors

Scott Kostyshak, Perihan O. Saygin

Time

14:15–15:30 CET

Location

IZA, Conference Room, Schaumburg-Lippe-
Straße 9

Abstract

Most studies of gender discrimination consider how male versus female candidates are assessed given otherwise identical information about them. But, in many settings of interest, evaluators have a choice about how much information to acquire about a candidate before making a final assessment. We use a large controlled experiment to explore how this type of endogenous information acquisition amplifies discriminatory outcomes in a simulated hiring environment. Across evaluators, we vary the composition of candidate pools, exploring not only environments where men outperform women on average but also environments with no gender difference or with a female advantage. Perhaps surprisingly, we observe no gender discrimination overall: conditional on their likelihood of being qualified, male and female candidates receive indistinguishable evaluations. But, we observe important differences across candidate pools. Candidates belonging to an advantaged group—the gender with the performance advantage in the pool—receive significantly better evaluations than equally qualified candidates in pools with no gender gap in performance. Similarly, candidates belonging to a disadvantaged group—the gender with a performance disadvantage in the pool—receive significantly worse evaluations relative to equally qualified candidates in pools with no gender gap in performance. This “relative advantage” bias appears in initial assessments, influences how evaluators update their beliefs about a candidate after acquiring more information, and persists in final evaluations. This bias has a significantly larger impact on evaluations when evaluators endogenously acquire information compared to treatments where we exogenously provide it, in part because we observe significant under-acquisition of information. We show that this bias leads to two important types of mistakes: evaluators miss out on talented candidates from disadvantaged groups and over-select less talented candidates from advantaged groups.

ECONtribute LawEcon Workshop

Margherita Saraceno
(Università di Pavia)

"How hard it is scoring a bullseye: Public policies and compliance hesitancy in heterogeneous populations (with G. Rampa)"

Time

18:00–19:15 CET

Location

Juridicum, Reinhard Selten Room (0.017)

Abstract

TBA

MPI EEG Seminar

Claudio Ferraz
(University of British Columbia)

"When Democracy Refuses to Die: Evaluating a Training Program for New Politicians"

Coauthors

Ernesto Dal Bó, Frederico Finan, Pedro Pessoa

Time

16:00–17:00 CET

Location

MPI Bonn, ground floor, seminar room

Abstract

Brazil has experienced democratic backsliding in recent years, often blamed on rising distrust of a political class marred by corruption scandals. This phenomenon is also present in several other nations in the developing and developed world. In response, several non-profit organizations have developed training programs designed to select and train a new class of political leaders. However, whether this response by civil society can succeed in renewing the political class remains uninvestigated. This paper evaluates the most extensive non-profit, non-partisan training program for aspiring politicians in Brazil. Using different empirical strategies, we estimate the program's effects on aspirants deciding to run and, conditional on running, on their electoral performance during the 2020 local elections.

Wednesday, May 29, 2024

MEF/ECONtribute Seminar (Macro/Econometrics/Finance)

Simon Scheidegger
(HEC Lausanne)

"Deep Uncertainty Quantification: With an Application to Integrated Assessment Models"

Coauthors

Aleksandra Friedl, Felix Kübler, Takafumi Usui

Time

12:15–13:30 CET

Location

Juridicum, Faculty Meeting Room (U1.040)

Abstract

This paper presents a comprehensive method for efficiently solving stochastic Integrated Assessment Models (IAMs) and performing parametric uncertainty quantification. Our approach consists of two main components: a deep learning-based algorithm designed to globally solve IAMs as a function of endogenous and exogenous state variables as well as uncertain parameters within a single model evaluation. Additionally, we develop a Gaussian process-based surrogate model to facilitate the efficient analysis of key metrics, such as the social cost of carbon, with respect to uncertain model parameters. Our approach enables a rapid estimation of Sobol' indices, Shapley values, and univariate effects, which would otherwise be computationally very challenging. To demonstrate the effectiveness of our method, we posit a high-dimensional stochastic IAM that aligns with cutting-edge climate science. This model incorporates a social planner with recursive preferences, iterative belief updates of equilibrium climate sensitivity using Bayes' rule, and stochastic climate tipping. Our computations reveal that most of the variability in the social cost of carbon stems from the parametric uncertainty in the equilibrium climate sensitivity and in the damage function. We also show that the uncertainty about the equilibrium climate sensitivity resolves in about a decade, which in turn leads to higher optimal temperatures and a slightly decreased social cost of carbon compared to a modeling set-up without Bayesian learning.

Finance/CRC Seminar

Yossi Spiegel
(Tel Aviv University)

"Horizontal Partial Cross Ownership and Innovation"

Time

12:00 - 13:15

Location

HS N

Abstract

We study the effects of partial cross ownership (PCO) among rival firms on their incentives to innovate. PCO in our model gives rise to a price effect due to its effect on price competition and hence on the marginal benefit from investment, as well as a cannibalization effect which arises because each firm internalizes part of the negative externality of its investment on the rival's profit. We show that overall, PCO may benefit or harm consumers depending on the size of the PCO stakes, their degree of symmetry, the size of the innovation, its marginal cost, and whether it is drastic or not.

Micro Theory Seminar

Ilse Lindenlaub
(Yale University)

"The Worker–Job Surplus"

Coauthor

Fabien Postel-Vinay

Time

16:30–17:45 CET

Location

Juridicum, Faculty Meeting Room (U1.040)

Abstract

The worker–job surplus—the sum of the worker’s and the employer’s net values of a match—is the object that drives decisions in most matching models of the labor market. We develop a theory-based method to determine which of the observable worker and job characteristics impact the worker–job surplus in the data. To do so, we exploit the mobility choices of employed workers. Our method further provides a test of the commonly used single-index assumption, according to which worker and job heterogeneity can each be summarized by scalar indices. We implement our method on US data and find that relatively few worker and job attributes are surplus-relevant. We reject the existence of a single-index representation of these relevant multi-dimensional worker and job attributes. Finally, we illustrate the practical usefulness of these results in a new approach to defining the economy’s labor submarkets, based on workers with different surplus-relevant skills climbing different job ladders.

MPI EEG Seminar

Katherine B. Coffman
(Harvard Business School)

"Choosing and Using Information in Evaluation Decisions"

Coauthors

Scott Kostyshak, Perihan Saygin

Time

16:00–17:00 CET

Location

MPI Bonn, EG Seminar Room

Abstract

We use a controlled experiment to study how information acquisition impacts candidate evaluations. We provide evaluators with group-level information on performance and the opportunity to acquire additional, individual-level performance information before making a final evaluation. We find that, on average, evaluators under-acquire individual-level information, leading to more stereotypical evaluations of candidates. Consistent with stereotyping, we find that (irrelevant) group-level comparisons have a significant impact on how candidates are evaluated; group-level comparisons bias initial assessments, responses to information, and final evaluations. This leads to under-recognition of talented candidates from comparatively weaker groups and over-selection of untalented candidates from comparatively stronger groups.