

# BONN ECON NEWS

July 8–12, 2024

## Overview

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### People

BGSE graduates

### Workshops and seminars

Tuesday, July 9, 2024

BGSE Applied Microeconomics Workshop

Hans-Martin von Gaudecker (University of Bonn)

“Macroeconomic Expectations in Turbulent Times”

Bonn Applied Microeconomics Seminar (CRC TR 224 Seminar)

Peter Schwardmann (Carnegie Mellon University)

“Talking across the Aisle”

Wednesday, July 10, 2024

MEF/ECONtribute Seminar (Macro/Econometrics/Finance)

Kieran Larkin (University of Stockholm)

“Robust Consumption Inference: extracting recession expectations from a restricted consumption basket”

Thursday, July 11, 2024

Econometrics & Statistics

Simon Freyaldenhoven (Federal Reserve Bank of Philadelphia)

“(Visualizing) Plausible Treatment Effect Paths”

Friday, July 12, 2024

Bonn Macro Internal Seminar

Lorenzo Ranaldi (University of Bonn)

“The credit channel of inflation”

# People

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## BGSE graduates

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**Anna Schulze Tilling**

**Dissertation:** Interventions for sustainable consumption: Experiments in Behavioral Environmental Economics

**Kailin Chen**

**Dissertation:** [Essays on Voting, Learning, and Dynamic Games](#)

**Chui Yee Ho**

**Dissertation:** [Essays in Applied Microeconomics](#)

**Elif Bodur Weiss**

**Dissertation:** Three Essays on Beliefs and Perceptions in Applied Microeconomics

## Workshops and seminars

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Tuesday, July 9, 2024

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### BGSE Applied Microeconomics Workshop

Hans-Martin von Gaudecker  
(University of Bonn)

"Macroeconomic Expectations in Turbulent Times"

**Coauthor**

Moritz Mendel

**Time**

13:00–14:00 CET

**Location**

IZA, Conference Room, Schaumburg-Lippe-  
Straße 9

**Abstract**

This paper estimates how households form macroeconomic expectations when uncertainty is high. In order to do so, we analyze a panel of Dutch households' macroeconomic expectations at various horizons during a period spanning the Coronavirus crisis and the Russian war on Ukraine. A key novelty of our approach is that we jointly model expectations about inflation, unemployment, and GDP growth at various horizons. We employ a clustering algorithm to reduce dimensionality. Our results show that both during the pandemic and in early 2022, there is enormous heterogeneity in expected scenarios of the future. Some of these scenarios are hard to reconcile with historical data and information available at the respective point in time. Consistent with prior literature, we find that factors such as statistical reasoning abilities, economic experiences, political preferences, and type of media usage, are related to expectations. Different relevant background characteristics are associated with different updating patterns over time. People with low statistical reasoning abilities are very volatile; people with low trust in institutions are persistently pessimistic; for others, expectations converge as uncertainty is resolved.

Peter Schwardmann  
(Carnegie Mellon University)

"Talking across the Aisle"

**Coauthors**

Luca Braghieri, Egon Tripodi

**Time**

14:15–15:30 CET

**Location**

IZA, Conference Room, Schaumburg-Lippe-  
Straße 9

**Abstract**

We investigate the drivers of self-selection into politically homogeneous interactions (echo chambers) as well as their effects on information aggregation and affective polarization. Our large online experiment features face-to-face conversations between Democrats and Republicans. We identify both hedonic and informational barriers to cross-partisan interactions; specifically, partisans perceive interactions with counter-partisans as both more aversive and less informative than those with co-partisans. Subjects' pessimistic expectations about the extent to which they can learn from counter-partisans contain an element of truth: in the context of our experiment, subjects are indeed less successful at harnessing knowledge from counter-partisans than from co-partisans. We also show that cross-partisan interactions lead to a substantial reduction in affective polarization. Taken together, our findings suggest that policies that encourage cross-partisan interactions with the aim of reducing affective polarization and fostering information aggregation might be more successful at the former objective than the latter.

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

Kieran Larkin  
(University of Stockholm)

"Robust Consumption Inference: extracting recession expectations from a restricted consumption basket"

Time

12:15–13:30 CET

Location

Juridicum, Faculty Meeting Room (U1.040)

Abstract

This paper investigates how to recover households' expectations from consumption data when the consumption basket undergoes dramatic changes. I study consumption behavior during the Covid recession and subsequent recovery. Initially, household consumption declined significantly due to government restrictions and changing behavior. I propose a methodology for computing a measure of robust consumption that identifies a subset of goods and services that is informative about prevailing economic circumstances. Constructing this measure in micro data, reveals new facts about the Covid recession, such as differences in the response of robust consumption by education. I combine this measure of consumption with a sophisticated life-cycle model, featuring three consumption goods, and use it to estimate households' expectations during the recession and recovery when subject to a range of shocks. This delivers estimates of changing household perceptions of the persistence of the economic shocks during the course of the Covid recession. Household beliefs are shown to have an important effect on the strength of the consumption response to government stimulus policies. The welfare cost of the economics shocks of the Covid recession are sizable, but smaller than the recession of the 1980s.

## Thursday, July 11, 2024

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### Econometrics & Statistics

Simon Freyaldenhoven  
(Federal Reserve Bank of  
Philadelphia)

"(Visualizing) Plausible Treatment Effect Paths"

Time

16:00–17:00 CET

Location

Juridicum, Faculty Lounge (0.036)

Abstract

We consider point estimation and inference for the treatment effect path of a policy. Examples include dynamic treatment effects in microeconomics, impulse response functions in macroeconomics, and event study paths in finance. We present two sets of plausible bounds to quantify and visualize the uncertainty associated with this object. Our first set of bounds uses data-driven degree of freedom restrictions on the treatment path. Post-selection Inference (Berk et al. [2013]) gives us formal coverage guarantees for these bounds. The chosen restrictions also imply novel point estimates that perform well across our simulations. Our second set of bounds imposes no restrictions but comes with coverage guarantees under an alternative (weaker) notion of coverage. Both plausible bounds are often substantially tighter than traditional confidence intervals, and can provide useful insights even when traditional (uniform) confidence bands appear uninformative.

## Friday, July 12, 2024

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### Bonn Macro Internal Seminar

Lorenzo Rinaldi  
(University of Bonn)

"The credit channel of inflation"

Time

16:30–17:30 CET

Location

Kaiserplatz 7–9, Room 4.006

Abstract

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