BONN ECON NEWS

November 4–8, 2024

Overview

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Workshops and seminars

Monday, November 4, 2024

IZA Guest Seminar

Andrea Weber (Central European University)	"Do Politicians Affect Firm Outcomes? Evidence from Connections to the German Federal Parliament"

Coauthors
André Diegmann and Laura Pohlan

Time
12:15–13:15 CET

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

Abstract
We study how connections to German federal parliamentarians affect firm dynamics by constructing a novel dataset to measure connections between politicians and the universe of firms. To identify the causal effect of access to political power, we exploit (i) new appointments to the company leadership team and (ii) discontinuities around the marginal seat of party election lists. Our results reveal that connections lead to reductions in firm exits, gradual increases in employment growth without improvements in productivity. The economic effects are mediated by better credit ratings while access to subsidies or procurement contracts are documented to be of lower importance.

Tuesday, November 5, 2024

BGSE Applied Microeconomics Workshop

Valentin Kecht (BGSE)	"Aging at the Very Top"

Coauthors
Alessandro Lizzeri, Farzad Saidi

Time
13:00–14:00 CET

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

Abstract
We study the market for top executives with a focus on CEO age upon appointment. Using employment history data from BoardEx and LinkedIn, we document a rise in CEO age, driven by later appointments and a greater variety of prior work experiences. Firms managed by older CEOs tend to grow more slowly and take on lower risk. We hypothesize that these trends reflect a shift toward generalist skills, obtained by switching across positions, firms, and industries. Using exogenous variation in access to strategy-consulting firms, we find that demand for generalist skills in response to greater industry-level uncertainty is associated with older CEO appointments. Our results also indicate that prospective CEOs strategically respond to these evolving skill requirements. Exploiting the network structure resulting from employment histories, we demonstrate that job mobility increases in response to positive information shocks about the value of job transitions. Our findings emphasize how the demand and supply of executives' skill profiles shape firm dynamism.

BGSE Applied Microeconomics Workshop

Georg Schneider (BGSE)	"Labor Markets and Financial Risk: The Role of Bankers' Outside Options in Amplifying Credit Cycles"
Coauthor Valentin Kecht **Time** 14:15–15:15 CET **Location** IZA, Conference Room, Schaumburg-Lippe-Straße 9	**Abstract** Theory predicts that labor market conditions affect agency problems in employment relationships, but the empirical evidence supporting this link remains limited. This paper provides causal evidence on how bankers' labor mobility impacts risk-taking in the financial industry. Using LinkedIn profile data, we construct a bank-level measure of outside options capturing labor demand shocks at other financial institutions. We find that a one-standard-deviation improvement in outside options corresponds to a 3.3% reduction in the share of investment-grade loans and a 9% increase in non-prime lending volume. Banks exposed to positive outside option shocks also exhibit increased balance sheet risk and significantly larger contributions to systemic risk. These results are consistent with a model in which enhanced outside options weaken the capacity of performance-based compensation to discipline loan managers. Our findings suggest a labor mobility channel in the amplification of credit cycles and highlight the role of labor markets for financial stability.

Wednesday, November 6, 2024

BGSE Micro Workshop

Atulya Jain (University of Bonn)	"Calibrated Forecasting and Persuasion"
Coauthor Vianney Perchet **Time** 12:00–13:00 CET **Location** Juridicum, Reinhard Selten Room (0.017)	**Abstract** How should an expert send forecasts to maximize her utility subject to passing a calibration test? We consider a dynamic game where an expert sends probability forecasts to a decision maker. The decision maker uses a calibration test based on past outcomes to verify the expert's forecasts. We characterize the optimal calibrated forecasting strategy by reducing the dynamic game to a static persuasion problem. A distribution of forecasts is feasible if and only if it is a mean-preserving contraction of the distribution of conditionals (honest forecasts). We characterize the value of information by comparing what an informed and uninformed expert can attain. Moreover, we consider a decision maker who uses regret minimization, instead of the calibration test, to take action. We show that an expert can always guarantee the calibration benchmark against a regret minimizer, and in some instances, she can guarantee strictly more.

MEF/Finance Seminar (Macro/Econometrics/Finance)

Helene Rey (London Business School)	"Title"

Time
12:40–13:55 CET

Abstract
TBA

Location
Juridicum, Faculty Meeting Room (U1.040)

Micro Theory Seminar

Daniele Condorelli (University of Warwick)	"Deep Learning to Play Games"

Coauthor
Massimiliano Furlan

Time
16:30–17:45 CET

Location
Juridicum, Faculty Meeting Room (U1.040)

Abstract
We train two neural networks adversarially to play normal-form games. At each iteration, a row and column network take a new randomly generated game and output individual mixed strategies. The parameters of each network are independently updated via stochastic gradient descent to minimize expected regret given the opponent's strategy. Our simulations demonstrate that the joint behavior of the networks converges to strategies close to Nash equilibria in almost all games. For all 2×2 and in 80% of 3×3 games with multiple equilibria, the networks select the risk-dominant equilibrium. Our results show how Nash equilibrium emerges from learning across heterogeneous games.

Thursday, November 7, 2024

Econometrics & Statistics

Evan Munro (University of California, Berkeley)	"Title"

Time
16:00-17:00 CET

Abstract
TBA

Location
Juridicum, Faculty Lounge (0.036)

CEPR Macroeconomics and Growth Annual Symposium 2024

for more details see
https://cepr.org/events/cepr-macroeconomics-and-growth-annual-symposium-2024
Registration required

Time

07.11.-08.11.2024

Location

IZA, Conference Room,

Schaumburg-Lippe-Straße 9

Organisation:

Institute for Macroeconomics and Econometrics
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