DEPARTMENT OF ECONOMICS BONN

BONN ECON NEWS

November 11–15, 2024

Overview

Universität Bonn, Adenauerallee 24-42, 53113 Bonn
www.econ.uni-bonn.de
Editor: Deike Engel, Department of Economics
Phone: +49 (0)228-73 3070; mail: econpr@uni-bonn.de

Workshops and seminars

Tuesday, November 12, 2024

BGSE Applied Microeconomics Workshop

Marco Forti (BGSE)	“The Production of Meaningful Work”

Coauthors
Thimo De Schouwer, Thibault Deneus

Time
13:00–14:00 CET

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

Abstract
Theoretical literature in organizational psychology and economics identifies four job-related factors that contribute to meaningful work: autonomy, competence, relatedness, and beneficence. However, empirical evaluations of the impact of these factors on work meaningfulness are still limited. We estimate a production function for work meaningfulness using data from the American Working Conditions Survey. We employ a latent-variable model to reduce measurement error and individual fixed effects to address concerns about self-selection into jobs. Our results indicate positive direct elasticities for all four factors, with beneficence showing the largest elasticity. Additionally, we find that autonomy and competence are complements—aligning with predictions from psychology—while autonomy and beneficence are substitutes. Our findings speak to a growing literature in economics that highlights the significance of work meaningfulness for productivity and labor supply decisions.

Bonn Applied Microeconomics Seminar (CRC TR 224 Seminar)

Kristóf Madarász (London School of Economics and Political Science)	“Title”

Time
14:15–15:45 CET

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

Hybrid
Zoom link announced via the Applied Micro mailing list

Abstract
TBA

Wednesday, November 13, 2024

BGSE Micro Workshop

Siwen Liu (BGSE)	“Flexible Moral Hazard Problems with Adverse Selection”
Time 12:00–13:00 CET Location Juridicum, Reinhard Selten Room (0.017)	Abstract We study a moral hazard problem where a principal aims to incentivize an agent who can directly control the output distribution under a moment-based cost function. The agent is risk-neutral, protected by limited liability, while possessing private information about his cost. Deviating from classical models, not only can the principal motivate the agent to exert certain level of aggregate efforts by designing the 'power' of the contracts, she can also regulate the support of the chosen output distributions by designing the 'range' of the contract. We study the basic properties of the optimal menu and show that at the optimal menu, either a single full-range contract is provided, or the optimal low-type contract exclude some high outputs, or the optimal high-type contract excludes some low outputs. We provide sufficient and necessary conditions on when the optimal menu consists of a single full-range contract when the effort function is convex, and show that this condition is also sufficient with general effort functions.

MEF/ECONtribute Seminar (Macro/Econometrics)

Basile Grassi (Bocconi University, Mailand)	“The EU Miracle: When 75 Million Reach High Income”
Time 12:15–13:30 CET Location Juridicum, Faculty Meeting Room (U1.040)	Abstract In 2004, 75 million people across 10 countries joined the European Union (EU). Over the subsequent 15 years, their GDP per capita has almost doubled. Using a synthetic control method, I show that half of this increase is attributed to the EU accession. By joining the EU, the GDP per capita of the new members would have been 8,433 USD or 32% higher in 2019. The same methodology does not identify a robust effect on the 15 countries that were already members of the EU before 2004. These findings are robust to various tests and specifications: a leave-one-out test, an in-country placebo, an in-time placebo, and alternative donor pools. A simple growth accounting decomposition shows that the contribution of the Solow residual to growth of the new member countries is three times larger. The data shows convergence in investment, consumption, government spending, export/import shares, employment rate, FDI, and regulations indices. Measures of misallocation also went down. The TFP of the new member states has been growing at a higher rate since 2004. These results raise the question of why accession to the EU had such a large impact on TFP.

Finance/CRC Seminar

Andreas Fuster (Swiss Finance Institute @ EPFL)	“Underwater: Strategic Trading and Risk Management in Bank Securities Portfolios”

Coauthors

Teodora Paligorova & James I. Vickery

Time

14:45–16:00 CET

Location

Juridicum, Faculty Lounge (0.036)

Abstract

We use bond-level data to study how US banks manage their securities portfolios, focusing on bank responses to the rapid shift in interest rates in 2022-23 and the role of financial and regulatory frictions in shaping bank behavior. Interest rate risk in bank portfolios increased sharply as rates rose, but with significant cross-bank heterogeneity depending on the ex ante share of bonds with embedded options. Exposed banks did not, however, offset the rise in risk either by selling long-duration bonds or hedging using "qualified" accounting hedges. We identify two frictions that may help account for this inertia. First, we show banks are highly averse to selling underwater bonds at a discount to book value--e.g., banks were 8-9 times more likely to trade bonds with unrealized gains than unrealized losses in 2022-23. This "strategic" trading is more pronounced for banks that do not recognize unrealized losses in regulatory capital and banks with low stock market valuations. Second, frictions in establishing qualified accounting hedges limited hedging activity depending on bond type and accounting classification. Banks did, however, reduce the sensitivity of regulatory capital to interest rates by classifying the riskiest bonds as held-to-maturity.

Micro Theory Seminar

Aaron Kolb (Indiana University)	“The Design and Price of Influence”

Coauthor

Raphael Boleslavsky

Time

16:30–17:45 CET

Location

Juridicum, Faculty Meeting Room (U1.040)

Abstract

A sender with private preferences would like to influence a receiver’s action by providing information in the form of a statistical test. The technology for information production is controlled by a monopolist intermediary, who offers a menu of tests and prices to screen the sender’s type, possibly including a “threat” test to punish nonparticipation. We characterize the intermediary’s optimal screening menu and the associated distortions, which we show can benefit the receiver. We compare the sale of persuasive information with other forms of influence—overt bribery and controlling access.

Thursday, November 14, 2024

Econometrics & Statistics

Kevin Dano (Princeton University)	“Title”
Time 16:00–17:00 CET Location Juridicum, Faculty Lounge (0.036)	Abstract TBA