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FÜR WIRTSCHAFTS- UND SOZIALWISSENSCHAFTEN

Fachbereich VWL / Department of Economics

EconNewsletter

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JULY 6 – JULY 10, 2020 | **NEWSLETTER 2020-15**

SEMINAR CALENDAR

All seminars listed below will be held virtually this semester.

HCHE Research Seminar
Prof. Dr. Renate Hartwig, GIGA Hamburg: — Monday July 6, 16:30–18:00
Unblurring the Market for Vision Correction: A Willingness-to-Pay Experiment in Rural Burkina Faso
Zoom-Link for the online seminar:
https://uni-hamburg.zoom.us/j/97202956071

Quantitative Economics
Christiane Baumeister, Notre Dame University: — Tuesday July 7, 12:15–13:30
Advances in Structural Vector Autoregressions with Imperfect Identifying Information
Please register via the following link:
https://uni-hamburg.zoom.us/meeting/register/tJYucu2rqj8tGNWr9oMgGntPoPvsSHmmyVtQ

PhD Seminar
Christos Litsios, Hamburg University: — Thursday July 9, 12:15–13:15
First-Mover Preference and Social Distance in Bargaining
Please register via the following link:
https://uni-hamburg.zoom.us/meeting/register/tJMof-yupzMjHNxOCshFUDnn3qXcqQiQXTdJ

All other seminars are cancelled until further notice.

If you are interested in meeting with one of the speakers, please contact the respective organizer. Further information can be found on our homepage:
https://www.wiso.uni-hamburg.de/fachbereich-vwl/forschung/forschungsseminare.html

ABSTRACTS

HCHE Research Seminar
Prof. Dr. Renate Hartwig, GIGA Hamburg:
Unblurring the Market for Vision Correction: A Willingness-to-Pay Experiment in Rural Burkina Faso

Abstract:
We assess the willingness to pay (WTP) for eyeglasses in an adult population in rural Burkina Faso using a variant of the Becker-DeGroot-Marschak (BDM) method. We combine the BDM approach with video and deferred payment options to analyze the role of information and liquidity constraints. Furthermore, we exploit variation in reservation and transaction prices to study potential screening and sunk cost effects. Our main results show that, consistent with the over-exclusion perspective documented for essential health products, the willingness to pay for glasses is low, amounting to 20% of the current market price. Information provided through a video raises the willingness to pay for corrective glasses by 16%. In contrast, deferred payment does not affect the willingness to pay. Finally, we find no evidence of screening or sunk cost effects. Overall our results lend support to subsidization of eyeglasses in a resource poor setting.

Quantitative Economics
Christiane Baumeister, Notre Dame University:
Advances in Structural Vector Autoregressions with Imperfect Identifying Information

Abstract:
This paper examines methods for structural interpretation of vector autoregressions when the identifying information is regarded as imperfect or incomplete. We suggest that a Bayesian approach offers a unifying theme for guiding inference in such settings. Among other advantages, the unified approach solves a problem with calculating elasticities that appears not to have been recognized by earlier researchers. We also call attention to some computational concerns of which researchers who approach this problem using other methods should be aware.

PhD Seminar
Christos Litsios, Hamburg University:
First-Mover Preference and Social Distance in Bargaining

Abstract:
We examine first-mover preferences in bargaining situations via an ultimatum game experiment. Subjects bid for the proposer role in a second-price auction. We examine the willingness to pay for the additional bargaining power of the proposer role in two settings: When the payout for the subsequent ultimatum game is made in private and when it is made in public. Purely selfish preferences would predict the proposer to share only a minimal part of the pie with the responder and thus to have a willingness to pay for this role that is almost as large as the ultimatum pie itself. However, manifold experiments have proven the minimum offer hypothesis wrong: proposers offer a substantial share of the surplus to the responder, partly due to other-regarding preferences on both sides and thereby also the (accurate) fear of low offers being rejected. We follow a similar argument as Andreoni and Bernheim (2009) and Benabou and Tirole (2006) that the offer made in the ultimatum game is a signal that reveals information about the proposer's preference type. The proposer is compelled to share a larger amount with the responder in the treatment where the payment is made in public, because she fears for her social- or self-image associated with an unfair or low offer. Therefore, we hypothesize the bids for the proposer role to be lower than in the private payment treatment.

ACTIVITIES OF DEPARTMENT MEMBERS

New Publications

- **Düben, C. und M. Krause (2020),** "Population, Light, and the Size Distribution of Cities", *Journal of Regional Science, forthcoming*.

The next EconNewsletter will be published **on Monday, November 2, 2020.**

Editorial deadline: **Friday, October 30, 2020.**

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