



Fachbereich VWL / Department of Economics

# EconNewsletter

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MAY 11 – MAY 15, 2020

NEWSLETTER 2020-8

## SEMINAR CALENDAR

All seminars listed below will be held virtually this semester.

### Quantitative Economics

[Theresa Kuchler, Stern NYU:](#)

*International Trade and Social Connectedness*

Please register via the following link:

<https://uni-hamburg.zoom.us/meeting/register/tJYucu2rqj8tGNWr9oMgGntPoPvsSHmmyVtQ>

Tuesday May 12

12:15–13:30

### Environmental and Development Economics

[Eugen Pissarskoi, Uni Tübingen:](#)

*Possibly disastrous, but controllable – on dynamic decision making under Knightian uncertainty*

URL: <https://uni-hamburg.zoom.us/j/3173213641>; Meeting ID: 317 321 3641; Password: 008827

Wednesday May 13

12:15–13:45

### PhD Seminar

Lamis Saleh, Hamburg University:

*A Friend or a Foe in Exile: An Experimental Analysis of Punishment in the Zaatari Refugee Camp in Jordan*

Please register via the following link:

<https://uni-hamburg.zoom.us/meeting/register/tJMof-yupzMjHNxOCshFUDnn3qXcqQiQXTdJ>

Thursday May 14

12:15–13:15

**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

### **Quantitative Economics**

Theresa Kuchler, Stern NYU:

*International Trade and Social Connectedness*

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*Abstract:*

We use anonymized data from Facebook to construct a new measure of the pairwise social connectedness between 180 countries and 332 European regions. We find that two countries trade more with each other when they are more socially connected and when they share social connections with a similar set of other countries. The social connections that determine trade in each product are those between the regions where the product is produced in the exporting country and those where it is used in the importing country. Once we control for social connectedness, the estimated effect of geographic distance on trade declines substantially, and the effect of country borders disappears. Our findings suggest that social connectedness increases trade by reducing information asymmetries and by providing a substitute for both trust and formal mechanisms of contract enforcement. We also present evidence against omitted variables and reverse causality as alternative explanations for the observed relationships between social connectedness and trade flows.

### **Environmental and Development Economics**

Eugen Pissarskoi, Uni Tübingen:

*Possibly disastrous, but controllable – on dynamic decision making under Knightian uncertainty*

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*Abstract:*

The basic theory for decision-making under risk – Expected Utility Theory – requires that precise probabilities and the ethical value (often called “utility”) of possible outcomes of all available options for action are known. If decision makers are in a situation of uncertainty -- in which no precise probabilities of the outcomes of the available options for action are known -- a broad variety of rules justifying a choice of an option for action has been justified meanwhile, often discussed under the name of Precautionary Principles (PP).

However, with regard to policy options addressing global environmental change, principles derived from the EUT and PP are still not applicable in some cases. There are decision situations, in which decision makers know merely possible outcomes of the available options for action and in which the ethical values of the outcomes are on a par: all options for actions can lead to catastrophic outcomes in the worst case and tremendous gains in the best. In short: there are decision situations in which the available options for action cannot be ranked on the

basis of the foreknowledge about the epistemic and the ethical value of their possible outcomes.

In such situations, properties of the processes by which the particular options for actions are being realized should provide reasons for a choice of an option for action, or so I have argued elsewhere (Pissarskoi 2018). There are several candidates for evaluative criteria of dynamic processes, discussed especially within the field of Global Environmental Change research: flexibility, reversibility, resilience, controllability. However, the axiology of these criteria remains unsettled so far.

The goal of my research project lies in identification and justification of evaluative criteria for processes of realization of options for action under deep uncertainty. One candidate for such a criterium is the ability to control the realization processes. I believe that controllability is the most general value of dynamic processes and that the other properties such as flexibility, reversibility, or resilience are instrumentally valuable in so far they contribute to the ability to control the process. In order to justify this hypothesis, an explication of the notion of “controllability of a process of realization of an option for action” is required.

In my talk, I shall present my current state of research on an explication of this notion. David Collingridge (1980, 1982) suggested an explication of controllability. I shall introduce it and demonstrate some of its shortcomings. Based on this critique, I shall suggest an alternative explication and empirical criteria for comparison of realization processes with regard to their controllability.

### **PhD Seminar**

Lamis Saleh, Hamburg University:

*A Friend or a Foe in Exile: An Experimental Analysis of Punishment in the Zaatari Refugee Camp in Jordan*

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#### *Abstract:*

Are refugees likely to be nasty in a gated community? This paper investigates the willingness of Syrian refugee groups in the Zaatari refugee camp to engage in destructive behavior under the shadow of scarcity and competition. The paper uses the joy-of-destruction game to test the exogenous impact of resource scarcity. Results show that Syrian refugees living in districts with less facilities are more likely to display anti-social behavior. Syrians show an in-group inclination towards their districts versus other district inhabitants in the camp.

## ACTIVITIES OF DEPARTMENT MEMBERS

### New Publications

- **Donsimoni, J. R., Glawion, R., Plachter, B. & Wälde, K. (2020)**, “Projecting the spread of COVID-19 for Germany”, *German Economic Review* 21, S. 181 - 216.  
<https://doi.org/10.1515/ger-2020-0031> .
- **Drupp, M.A. & Hänsel, M.C. (2020)**, “Relative Prices and Climate Policy: How the Scarcity of Non-market Goods drives Policy Evaluation”, *American Economic Journal: Economic Policy* (forthcoming),  
<https://www.aeaweb.org/articles?id=10.1257/pol.20180760&&from=f> .

*The next EconNewsletter will be published on Monday, May 18, 2020.*

*Editorial deadline: Friday, May 15, 2020.*

### **EconNewsletter**

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