Fachbereich VWL / Department of Economics

EconNewsletter

JUNE 28 – JULY 2, 2021   **NEWSLETTER 2021-19**

SEMINAR CALENDAR

All seminars listed below will be held virtually this semester.

Labour Economics Seminar
[Michael Knaus, Hochschule St Gallen:](#)   Monday June 28
Double Machine Learning based Program Evaluation under   16:30–18:00
Unconfoundedness
Zoom-Link:
https://uni-hamburg.zoom.us/s/69249643202

Quantitative Economics
[Felix Strobel, Deutsche Bundesbank:](#)   Tuesday June 29
US trade policy and the US dollar   12:15–13:30
Please register via the following link:
https://uni-hamburg.zoom.us/meeting/register/tJYvc-itqzgpHNVhBUWXWPX6bv3WwEHioDq5

Hamburg Lectures in Law and Economics
[Emilia Justyna Powell, University of Notre Dame:](#)   Wednesday June 30
Islamic Law States and Peaceful Resolution of Territorial Disputes 18:15–19:45
Please confirm your participation by sending a short e-mail to justyn.brockmeyer@ile-hamburg.de .
After confirming your registration you will receive the access information for the seminar on Zoom.

PhD Seminar
[Timo Promann, Hamburg University:](#)   Thursday July 1
You Lie? I Lie? How Social Norms and Reputational Concerns   12:15–13:15
Affect Honesty
Please register via the following link:
https://uni-hamburg.zoom.us/meeting/register/tJElce2ppzMpEtSntdV3ofF2S-qKBw7vhbEl

Interdisciplinary Research Seminar

Matthew Jackson, Stanford University: Thursday July 2

Social Network Barriers to Information and Opportunities and Their Role 17:15–18:45
in Persistent Inequality

Please register via the following link:

https://www.wiso.uni-hamburg.de/en/forschung/verbundprojekte/rtg-collective-decision-making/events/register-for-irs-talk.html

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ABSTRACTS

Labour Economics Seminar
Michael Knaus, Hochschule St Gallen:
Double Machine Learning based Program Evaluation under Unconfoundedness

Abstract:
This paper reviews, applies and extends recently proposed methods based on Double Machine Learning (DML) with a focus on program evaluation under unconfoundedness. DML based methods leverage flexible prediction models to adjust for confounding variables in the estimation of (i) standard average effects, (ii) different forms of heterogeneous effects, and (iii) optimal treatment assignment rules. An evaluation of multiple programs of the Swiss Active Labor Market Policy illustrates how DML based methods enable a comprehensive program evaluation. Motivated by extreme individualized treatment effect estimates of the DR-learner method, we propose the normalized DR-learner (NDR-learner) to address this issue. The NDR-learner acknowledges that individualized effect estimates can be stabilized by an individualized normalization of inverse probability weights.

Quantitative Economics
Felix Strobel, Bundesbank:
US trade policy and the US dollar

Abstract:
2018/2019 the US imposed additional import tariffs on Chinese goods. We investigate the extent to which the effect on US (after-tariff) import prices was offset by the concurrent appreciation of the US dollar and trace the source of a substantial share of the appreciation back to US trade policy itself. Using detailed product data on unit values of manufacturing imports, we first document that Chinese exporters react to an USD appreciation by markedly lowering their US-dollar denominated export prices. This holds in particular for intermediate goods producers, which had been the main target of the new tariffs. Then, in a structural vector autoregressive (SVAR) model, next to the actual tariff shocks we identify trade policy uncertainty shocks and find that especially the latter result in an appreciation of the USD against

a broad currency basket and against the Yuan. Combining these empirical findings suggests that the trade-policy-induced share of the US dollar appreciation did offset three quarters of the effect of US tariffs on post-tariff import prices until May 2019. After the imposition of additional tariffs in mid-2019, the offsetting effect declines to around one quarter until end of 2019. Finally, we rationalize the effect of trade policy uncertainty on the dollar exchange rate in an open economy NK-model featuring financial frictions in bank's assets holdings. In the model, an increase in trade-policy uncertainty increases the relative demand for safer US assets, triggering an appreciation of the US dollar.

Hamburg Lectures in Law and Economics
Emilia Justyna Powell, University of Notre Dame:
Islamic Law States and Peaceful Resolution of Territorial Disputes

Abstract:
This research examines Islamic law states' (ILS) decisions to use international conflict management venues in the context of territorial disputes (1945–2012). The dissonance between the Islamic legal tradition and international law is particularly apparent in the context of territorial claims, because Islamic notions of land ownership and territorial sovereignty are religious in nature. Not all ILS approach international conflict management in the same way. Secular—or rather shared—legal features, such as the presence of a secular court system and constitutional mentions of peaceful resolution of disputes, have the power to attract such ILS to international legalized approaches, arbitration and adjudication. In contrast, mediation and conciliation are most appealing to those ILS whose legal systems are deeply infused with traditional Islamic precepts. Such states are morally committed to these procedures. In an important way, there is a synergy between norms of traditional Islamic dispute resolution and international nonbinding third-party mechanisms.

PhD Seminar
Timo Promann, Hamburg University:
You Lie? I Lie? How Social Norms and Reputational Concerns Affect Honesty

Abstract:
This paper investigates whether social norms and reputational concerns affect honest behavior interactively. Participants of our online experiment are playing a version of the die roll game by Fischbacher and Föllmi-Heusi (2013). A difference in perceived social norms is induced by grouping participants with either three players who behaved honestly in the die roll game before or three dishonestly behaving players. Reputational concerns are supposed to be stronger for participants who's decision is made public to their group and who receive feedback by their

group concerning this decision. We expect that reputational concerns increase honesty when the norm is to be honest, yet that reputational concerns can have a backfiring effect when the norm is to be dishonest, i.e., reputational concerns could make people act more according to the underlying social norm – in this case of dishonesty and thereby encourage dishonesty.

Interdisciplinary Research Seminar
Matthew Jackson, Stanford University:
Social Network Barriers to Information and Opportunities and Their Role in Persistent Inequality

Abstract:
Divisions in social networks affect the quality and diversity of information to which people have access, as well as their job opportunities. We discuss how this affects both persistent inequality as well as a society's prospects for growth, and optimal policies.

ACTIVITIES OF DEPARTMENT MEMBERS

New Publications

- **Parra-Alvarez, J. C., Posch, O. and A. Schrimpf (2021)**, "Peso Problems in the Estimation of the C-CAPM", *Quantitative Economics (forthcoming),* https://tinyurl.com/ckxj5nfn .

The next EconNewsletter will be published **on Monday, July 5, 2021.**

Editorial deadline: **Friday, July 2, 2021.**