



Fachbereich VWL / Department of Economics

# EconNewsletter

Editorial Contact: Michael Paetz  
tel: +49 40 42838-5561; e-mail: econ.newsletter.Wiso@uni-hamburg.de

DECEMBER 13 – DECEMBER 17, 2021

NEWSLETTER 2021-30

## SEMINAR CALENDAR

### Quantitative Economics

[Kristina Bluwstein, Bank of England:](#)

Tuesday December 14

*Back to the Real Economy: The Effects of Risk Mispricing on the Term Premium and Bank Lending*

12:15–13:30

This seminar will be held in a digital format. For participation via Zoom please register via the following link:

<https://uni-hamburg.zoom.us/meeting/register/tJYvc-itqzgpHNVhBUWXWPX6bv3WwEHioDq5>

### Hamburg Lectures in Law and Economics

[Raanan Sulitzeanu-Kenan, Hebrew University of Jerusalem:](#)

Wednesday December 15

*When Rights Meet Political Motivation: Contextual Heterogeneity*

18:15–19:45

This lecture will be held in a digital format. For participation via Zoom please register via the following link: <https://forms.office.com/r/KEt8YQNVnn>

### Interdisciplinary Research Seminar

[Franz Dietrich, Paris School of Economics & CNRS/CES,](#)

and [Kai Spiekermann, LSE:](#)

Thursday December 16

*Deliberation and the Wisdom of Crowds*

17:15–18:45

This lecture will be held in a digital format. For participation via Zoom 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>

## ABSTRACTS

### **Quantitative Economics**

Kristina Bluwstein, Bank of England:

*Back to the Real Economy: The Effects of Risk Mispricing on the Term Premium and Bank Lending*

---

*Abstract:*

We develop a dynamic stochastic general equilibrium framework that can account for important macroeconomic and financial moments, given Epstein-Zin preferences, heterogeneous banking and third-order approximation methods that yield a time-varying term premium that feeds back to the real economy. A risk perception shock increases term premia, lowers output, and reduces short-term credit in the private sector in response to higher loan rates and constrained borrowers, as banks rebalance their portfolios. A ‘bad’ credit boom, driven by investors mispricing risk, leads to a more severe recession and is less supportive of economic growth than a ‘good’ credit boom based on fundamentals.

### **Hamburg Lectures in Law and Economics**

Raanan Sulitzeanu-Kenan, Hebrew University of Jerusalem:

*When Rights Meet Political Motivation: Contextual Heterogeneity*

---

*Abstract:*

“Rights are entitlements (not) to perform certain actions, or (not) to be in certain states; or entitlements that others (not) perform certain actions or (not) be in certain states” (Wenar 2020). While rights provide the basis for formal legal actions, they are also normatively expected to influence the many choices of individuals and groups within society, when they confront dilemmas that involve practices that are protected by rights. Furthermore, quite often such practices involve political activities (e.g., free speech) that may effectively promote or undermine one’s political ideas and goals. Quite surprisingly, existing knowledge on the causal effect of rights on the decisions of individuals is rather limited. Moreover, little is known about the possible interactions between the effect of rights and political motivations.

Drawing on studies in politically motivated reasoning and empirical legal studies, we offer three hypotheses: (1) Rights increases the propensity to support rights-protected practices, regardless of political implications (additive effects); (2) Rights increases this propensity while diminishing the effect of political motivations (the de-biasing effect of rights); (3) The effect of rights on this propensity is moderated by political motivations (instrumental effect of rights). We further hypothesize that the likelihood of observing a de-biasing effect of rights (H2) or an

instrumental effect of rights (H3) varies based on the status of rights and political polarization in society.

To test our theory we utilize a novel experimental decision task, which primes awareness to rights, and political motivations across two nationally representative samples in Canada and Israel. These countries provide theoretically contrasting cases based on the dimensions of the status of rights and polarization. We find strikingly opposite interaction effects of civil rights and political motivations in the two countries. In line with our expectations, rights appear to de-bias the effect of political motivations in Canada, in keeping with H2, whereas in Israel the effect of rights appears to be moderated by political preferences (H3). These results provide evidence for the effect of rights on citizens' public decisions, and for the contextual heterogeneity of the interactions of rights and political preferences.

#### **Interdisciplinary Research Seminar**

Franz Dietrich, Paris School of Economics & CNRS/CES, and Kai Spiekermann, LSE:

*Deliberation and the Wisdom of Crowds*

---

#### *Abstract:*

Under the epistemic interpretation of voting, votes express judgments about what is correct, and the aggregation rule aims to generate correct outcomes, using the individual judgments as informational input. Is group deliberation epistemically beneficial, i.e., does it tend to change individual judgments in ways that improve the aggregate outcome? To tackle this notorious question, we construe deliberation as information sharing. That is, each voter bases their judgment on some personal set of evidence items, and during deliberation any voter shares some or all of their evidence with others, so that the evidence sets of voters increase and become more similar. We present a formal model that captures deliberation as information sharing, and use this model to highlight and simulate three voting failures and their potential reduction through deliberation. The first failure is the overrepresentation of widespread evidence: evidence items held by many voters are overrepresented in voting outcomes as compared to evidence items held by few or just one voter. The second failure is the neglect of evidence strength: because of "one man one vote", each voter has the same impact regardless of the strength of their evidence. The third failure is the neglect of informational complementarities across voters: knowledge that would follow by combining evidence of different voters fails to enter voting outcomes, as it does not enter any voter's vote. We finally address the relationship to jury theorems.

*The next EconNewsletter will be published on Monday, January 3, 2022.*

*Editorial deadline: **Friday, December 31, 2021.***

**EconNewsletter**

Department of Economics

University of Hamburg

Von-Melle-Park 5, 20146 Hamburg

To un/subscribe from/to this newsletter, please

send an e-mail to [econ.newsletter.Wiso@uni-hamburg.de](mailto:econ.newsletter.Wiso@uni-hamburg.de)