



Fachbereich VWL / Department of Economics

# EconNewsletter

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MAY 9 – MAY 13, 2022

NEWSLETTER 2022-10

## SEMINAR CALENDAR

### Quantitative Economics

[Laura Liu, Indiana University:](#)

*Full-Information Estimation of Heterogeneous Agent Models Using  
Macro and Micro Data*

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>

Tuesday May 10

12:15–13:30

### Hamburg Lectures in Law and Economics

[Zachary Liscow & Daniel Markovits, Yale Law School:](#)

*Democratizing Behavioral Economics*

The seminar is also live-streamed on Zoom. To register for **Online participation** via Zoom please click the following link and fill in the necessary information:

<https://forms.office.com/r/JVvRCCKRG6>

You will then receive an Email with the access link prior to the lecture.

Wednesday May 11

18:15–19:45

R. 110 (Johnsallee 35)

### Microeconomics Seminar and Interdisciplinary Research Seminar

[Eyal Winter, Hebrew University of Jerusalem and Lancaster University:](#)

*On Stars and Galaxies: Exploiting Social Influence in Networks*

The seminar is also live-streamed on Zoom. Please see

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

if you want to register for the seminar.

Thursday May 12

17:15–18:45

R. S28 (VMP 9)

## ABSTRACTS

### **Quantitative Economics**

Laura Liu, Indiana University:

*Full-Information Estimation of Heterogeneous Agent Models Using Macro and Micro Data*

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*Abstract:*

We develop a generally applicable full-information inference method for heterogeneous agent models, combining aggregate time series data and repeated cross sections of micro data. To handle unobserved aggregate state variables that affect cross-sectional distributions, we compute a numerically unbiased estimate of the model-implied likelihood function. Employing the likelihood estimate in a Markov Chain Monte Carlo algorithm, we obtain fully efficient and valid Bayesian inference. Evaluation of the micro part of the likelihood lends itself naturally to parallel computing. Numerical illustrations in models with heterogeneous households or firms demonstrate that the proposed full-information method substantially sharpens inference relative to using only macro data, and for some parameters micro data is essential for identification.

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

Zachary Liscow & Daniel Markovits, Yale Law School:

*Democratizing Behavioral Economics*

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*Abstract:*

Behavioral economics—arising from the insight that people make recognizable, systematic mistakes—has revolutionized policymaking. For example, in governments around the world, including the US, teams of experts have recently arisen to harness these insights, promising to do things like increase retirement savings. But there is a problem: economic experts do not look or think like the rest of the population. Their demographics and policy views are deeply unrepresentative. This would be less problematic if the experts were merely helping people pursue the behavior that the people themselves would undertake, as was the case in traditional law and economics. However, the whole point of behavioral economics is that such behavior is often not in people’s interest. Rather, in making judgments about the right policy, behavioral law and economics (“BLE”) has erected a new, shaky structure, based on ad hoc and often unstated normative assumptions. The result risks merely enacting the policy preferences (or biases) of unrepresentative experts and thereby distorting policymaking. We propose a new approach—Democratic BLE—in which behavioral economists, rather than dictating what the right policy or action is, instead inform representative samples of ordinary people about the evidence, including specifically about their own behavioral biases, and let them decide for themselves. Those decisions, rather than experts’ opinions alone, then inform policymakers. Our approach harnesses the insights of behavioral economics, but in a way that lets the people themselves, rather than the behavioral expert, be the arbiter of the good life.

**Microeconomics Seminar and Interdisciplinary Research Seminar**

Eyal Winter, Hebrew University of Jerusalem and Lancaster University:

*On Stars and Galaxies: Exploiting Social Influence in Networks*

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*Abstract:*

We study mechanisms that exploit social influence in networks to coordinate agents to act. Agents' social benefit from taking action increases with any additional friend who acts. On top of the social benefits, the principal offers external rewards to sustain a unique Nash equilibrium where everyone acts. We first show that in the influence mechanism that minimizes the principal's expenses, popular agents receive preferential treatment from the principal. We use this observation to identify networks that are most favorable for the principal to induce action. Such networks, "galaxies", partition nodes into core and periphery, with every core node being linked to all nodes, and every periphery node being linked only to core nodes. We discuss the relevance of this finding to social media platforms (such as Facebook and Twitter) in terms of manipulating the network, as well as to regulators who would attempt to prevent such manipulation.

*The next EconNewsletter will be published on Monday, May 16, 2022.*

*Editorial deadline: Friday, May 13, 2022.*

**EconNewsletter**

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