



Fachbereich VWL / Department of Economics

EconNewsletter

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MAY 16 – MAY 20, 2022

NEWSLETTER 2022-11

SEMINAR CALENDAR

HCHE Research Seminar

[Wanda Mimra, ESCP Business School:](#)

The Streetlight Effect: Focusing on Unimportant Attributes

Monday May 16

16:30-18:00

Esplanade 36, R. 4011/13

Quantitative Economics

[Emanuel Mönch Frankfurt School:](#)

Carbon Intensity, Productivity, and Growth

Tuesday May 17

12:15–13:30

R. 0031 (VMP 5)

This seminar will also be live streamed. For participation via Zoom please register via the following link:

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

Environmental and Development Economics

[Arthur van Benthem, Wharton/University of Pennsylvania:](#)

Regulating Untaxable Externalities: Are Vehicle Air Pollution Standards Effective and Efficient?

Wednesday May 18

12:15–13:45

R. 0031 (VMP 5)

Hamburg Lectures in Law and Economics

[Hillel Rapoport, Université Paris 1 Panthéon-Sorbonne:](#)

Exit and Voice: Germany, 1848-1933

Wednesday May 18

18:15–19:45

The seminar is held in a digital format. To register for **Online participation** via Zoom please click the following link and fill in the necessary information: <https://forms.office.com/r/rWdpxVKLrA>

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

Interdisciplinary Research Seminar

[Michael Jankowski, University of Oldenburg:](#)

Preferences for Descriptive Representation: Evidence from a Conjoint Experiment

Thursday May 19

17:15–18:45

R. S28 (VMP 9)

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.

ABSTRACTS

HCHE Research Seminar

Wanda Mimra, ESCP Business School:

The Streetlight Effect: Focusing on Unimportant Attributes

Abstract:

We model competition in the provision of a multi-attribute good, for which a consumer observes attribute quality imprecisely before purchase. Attributes are not equally important for the consumer, high quality in one attribute is more important for ex-post utility than high quality in the other attribute. Quality production is stochastic and providers can shift resources to increase expected quality in some attribute. We say that there is consumer focusing on an attribute if the consumer's best response prescribes to choose according to a high quality signal in this attribute, independent of signals in the other attribute. We show that there may be focusing on the unimportant attribute if the relative signal precision in this attribute is high. Under focusing on the unimportant attribute, providers invest in quality in this attribute in the unique symmetric equilibrium and any equilibrium is inefficient. Increasing signal precision, while improving selection based on realized quality, may lower welfare by shifting quality investments. We discuss the implications of different regulations for quality reporting.

Quantitative Economics

Emanuel Mönch Frankfurt School:

Carbon Intensity, Productivity, and Growth

Abstract:

Over the past several decades real GDP per capita in the US has strongly increased while CO₂ emissions per capita have seen a secular decline, thus sharply reducing the carbon emission intensity of output. We identify an emission intensity shock as the innovation which explains the maximum share of variation in the ratio of CO₂ emissions and real GDP at the horizon of 20 years. While the shock is associated with a persistent decline of emissions per unit of output, per capita CO₂ emissions quickly revert back to their initial level. The reason is that output and its components strongly increase in response to the emission intensity shock, providing evidence of a rebound effect in aggregate US carbon emissions. The emission intensity shock triggers a substitution of fossil fuels with electricity that is mainly generated from nuclear energy. A separately identified TFP news shock is highly correlated with the emission intensity shock, and both explain similarly large fractions of GDP at longer horizons. A TFP news shock orthogonalized to the emission intensity shock only explains small fractions of GDP and its components, suggesting that innovations to the energy mix of the US economy have been a key driver of growth in recent decades. While the emission intensity shock explains the bulk of variation of emissions per unit of output, it only explains modest shares of emissions per capita. The remaining variation is driven by shocks related to the demand for oil at business cycle, and to the supply of oil at lower frequencies.

Environmental and Development Economics

Arthur van Benthem, Wharton/University of Pennsylvania:

Regulating Untaxable Externalities: Are Vehicle Air Pollution Standards Effective and Efficient?

Abstract:

What is a feasible and efficient policy to regulate air pollution from vehicles? A Pigouvian tax is technologically infeasible. Most countries instead rely on exhaust standards that limit air pollution emissions per mile for new vehicles. We assess the effectiveness and efficiency of these standards, which are the centerpiece of US Clean Air Act regulation of transportation, and counterfactual policies. We show that the air pollution emissions per mile of new US vehicles has fallen spectacularly, by over 99 percent, since standards began in 1967. Several research designs with a half century of data suggest that exhaust standards have caused most of this decline. Yet exhaust standards are not cost-effective in part because they fail to encourage scrap of older vehicles, which account for the majority of emissions. To study counterfactual policies, we develop an analytical and a quantitative model of the vehicle fleet. Analysis of these models suggests that tighter exhaust standards increase social welfare and that increasing registration fees on dirty vehicles yields even larger gains by accelerating scrap, though both reforms have complex effects on inequality.

Hamburg Lectures in Law and Economics

Hillel Rapoport, Université Paris 1 Panthéon-Sorbonne:

Exit and Voice: Germany, 1848-1933

Abstract:

Albert Hirschman hypothesized that more exit leads to less voice. We test this conjecture in the context of Germany. In the five years that followed the failed revolutions of 1848, more than one million Germans emigrated to the United States. We explore the political consequences of this exodus. We show that differently from earlier and later emigration waves -- which were economically rather than politically motivated -- the intensity of emigration during the revolutionary period significantly affected political outcomes within Germany over the course of eighty years, culminating in the rise to power of the Nazi Party. Specifically, a onestandard deviation in emigration rates between 1848 and 1854 is associated with an increase in the share of votes for the Nazi Party between 0.1 to 0.3 standard deviations. We show that both the emigration of ordinary citizens and of prominent political leaders mattered, and that selective entry and exit of local newspapers on ideological grounds as well as the presence and composition of social clubs are likely mechanisms behind our results. Overall, our results suggest that the well-documented contribution of the Forty-eighters to democracy building in the US (Dipple and Helblich, 2021) came at the price of less democracy in Germany.

Interdisciplinary Research Seminar

Michael Jankowski, University of Oldenburg:

Preferences for Descriptive Representation: Evidence from a Conjoint Experiment

Abstract:

A large corpus of literature argues that descriptive representation is important and can increase the substantive representation of underrepresented groups. At the same time, it is impossible to create a parliament in which all groups of the society are adequately represented. Therefore, normative theories argue that the descriptive representation of certain groups is more relevant than others. However, we know little about the preferences of voters regarding the descriptive representation of different societal groups in parliament. Existing empirical research largely focuses on analyzing voters' preferences for individual candidate characteristics. Such studies are uninformative for assessing voters preferences for descriptive representation as they measure voters' preferences for 'ideal' candidates, but not for the representation of groups. In this article, I design a novel conjoint experiment in which respondents have to decide between two differently composed parliaments and use this design for testing theories about representation preferences. These findings provide a novel perspective on voters' preferences for descriptive representation.

The next EconNewsletter will be published on Monday, May 30, 2022.

Editorial deadline: Friday, May 20, 2022.

EconNewsletter

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