



Fachbereich VWL / Department of Economics

# EconNewsletter

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JUNE 13 – JUNE 17, 2022

NEWSLETTER 2022-14

## SEMINAR CALENDAR

### Quantitative Economics

[Francesca Loria, Federal Reserve Board of Governors:](#)

Tuesday June 14

*Understanding Growth-at-Risk: A Markov-Switching Approach*

12:15–13:30

The seminar is held in a digital format. For participation via Zoom please register via the following link:

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

### Environmental and Development Economics

[Manuel Linsenmeier, LSE:](#)

Wednesday June 15

*Quantifying the costs of climate variability using climate econometrics*

12:15–13:45

R. 0031 (VMP 5)

### Hamburg Lectures in Law and Economics

[Fernando Gómez, University Pompeu Fabra:](#)

Wednesday June 15

*Biased Financial Advisers, Regulation and Transparency*

18:15–19:45

R. 110, Johnsallee 35

This seminar will also be live streamed. To register for **Online participation** via Zoom please click the following link and fill in the necessary information: <https://forms.office.com/r/jp8F3tfre2>

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

### PhD Seminar

[Aljoscha Minnich, Hamburg University:](#)

Thursday June 16

*Ambiguity attitudes and surprises: Evidence from a large population sample*

12:15–13:00

R. 0031 (VMP 5)

### Interdisciplinary Research Seminar

[Gabriele Spilker, University of Konstanz:](#)

Thursday June 16

*Reporting on Climate-Change Action in News Worldwide:*

17:15–18:45

*An Amplification of the Domestic Cleavage*

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

### **Quantitative Economics**

Francesca Loria, Federal Reserve Board of Governors:

*Understanding Growth-at-Risk: A Markov-Switching Approach*

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*Abstract:*

We show that a Markov-switching model with endogenous transition probabilities can replicate a common finding in the Growth-at-Risk literature, that is that the (conditional) mean and volatility of future growth are negatively correlated. The model also provides an intuitive interpretation of macroeconomic risk: (endogenous) regime uncertainty generates tail risk. The higher the regime uncertainty, the starker are the differences in the growth outlook between a normal and a bad state of the economy. The model is a new tool to assess the risk of tail events, such as recessions, and to evaluate the likelihood of point forecasts. We also propose real-time measures of financial conditions and economic activity for the United States and use these measures to construct conditional quantiles and predictive distributions of average GDP growth over the next 12 months. We find that periods of high macroeconomic and financial distress, such as the Global Financial Crisis and the COVID-19 pandemic, are associated with low average future growth, high uncertainty, and risks tilted to the downside.

### **Environmental and Development Economics**

Manuel Linsenmeier, LSE:

*Quantifying the costs of climate variability using climate econometrics*

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*Abstract:*

Temperature fluctuates from year to year, season to season, and day to day. This variability is potentially important because evidence suggests that daily temperature levels have a non-linear effect on many socioeconomic outcomes and because larger variability generally means larger uncertainty. However, many estimates of the costs of future climate change are based only on projections of annual mean temperature. This presentation reports findings from two empirical studies on the consequences of climate variability at different time scales. The work applies novel identification strategies from climate econometrics and provides evidence on additional costs of climate change that have so far been mostly overlooked. Specifically, the results for the first time suggest that interannual and seasonal temperature variability tend to lower economic activity and that seasonal temperature variability is an important driver of seasonal economic cycles. Importantly, the results also show that under future climate change some costs of variability are projected to be particularly large in relatively warm and poor regions.

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

Fernando Gómez, University Pompeu Fabra:

*Biased Financial Advisers, Regulation and Transparency*

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*Abstract:*

We study the effects of transparency and investor sophistication over the incentives of a financial adviser to provide honest and suitable financial advice to partially informed consumers. The novel aspect of our analysis is the inclusion of courts as a costly mechanism to provide incentives to reduce incorrect advice, where the cost arises from judicial errors due to imperfect evidence. We show that the cost of using courts to provide appropriate incentives is decreasing in investor sophistication and transparency. However, the judicial system may not be able to implement the first best without appropriate regulation when advisers can choose their level of transparency. In such a case, advisers with strong incentives to provide incorrect advice may be tempted to reduce transparency if it increases the prevalence of judicial error. The analysis sheds lights on the structure of legal duties of investment services firms, such as those under the recent European MiFID II scheme.

### **PhD Seminar**

Aljoscha Minnich, Hamburg University:

*Ambiguity attitudes and surprises: Evidence from a large population sample*

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*Abstract:*

This paper investigates ambiguity attitudes for natural events (temperatures) and how they are updated following new information. Using a general population sample, we first obtain baseline ambiguity attitudes for future weather events based on realized temperatures over several past days. Second, we study the influence of different communication types on belief updating: participants are given either point estimators, interval estimators, or the combination of both as weather forecasts. We further vary whether the forecast is surprising or in line with the initially received information. In contrast to claims that ambiguity aversion may increase in response to surprising news, we find that ambiguity attitudes are rather robust to new information and variants of their communication. Yet, the different variants of communicating new information leads to significant differences of matching probabilities given to specific events. Our sample allows to analyze socio-demographic correlates of ambiguity attitudes and responses to new information.

### **Interdisciplinary Research Seminar**

Gabriele Spilker, University of Konstanz:

*Reporting on Climate-Change Action in News Worldwide: An Amplification of the Domestic Cleavage*

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#### *Abstract:*

Climate change poses an existential threat to future life on our planet, yet, today's societies are rather sluggish when it comes to climate action and public opinion on climate change has become increasingly polarized in most countries. At the same time, we observe both international cooperation, in the context of the Paris Agreement on Climate Change in particular, as well as bottom-up pressure from parts of the general public, in the form of the Fridays for Future (F4F) protests to avert these grim worst-case scenarios of climate change. But do these forms of pro-climate action impact on how the general public perceives climate change? Thus, can either international cooperation or public protest move the debate on climate change in a more positive direction or does it rather result in a backlash? We tackle these questions relying on a comparative media analysis including not only several news outlets over time but also various countries. We propose an original way of generating multilingual dictionaries and demonstrate its usefulness on a new dataset of newspaper articles from 16 countries, 26 newspaper outlets over a period from 2013 to 2020. To circumvent shortcomings of previous multilingual text analysis, we manually create a parallel corpus, which allows us to understand the context of words and thereby also their meaning. This enables us to generate dictionaries in different languages that contain words with similar meaning. Using this method, we are able to show that depending on the type of news medium, quality versus tabloid and liberal versus conservative, pro-climate action, such as F4F protest behavior or the Paris Agreement, are portrayed in very different ways thus potentially contributing to an increase in societal polarization on the issue of climate change. In addition, our extensive country and year coverage allows us to discuss interesting variations in climate-change reporting across space and time.

## ACTIVITIES OF DEPARTMENT MEMBERS

### **Miscellaneous**

- **Visiting scientist at the department of economics**

Prof. Hong Hwang from the National Taiwan University (NTU) will visit our department throughout the month of July (host: Gerd Muehlheusser) as part of the strategic partnership between the UHH and the NTU. His research areas are in applied micro, in particular IO and trade. Whoever wants to meet with him can contact him directly via email ([echong@ntu.edu.tw](mailto:echong@ntu.edu.tw)) or drop by his office (VMP 5, R. 2004).

*The next EconNewsletter will be published on Monday, June 20, 2022.*

*Editorial deadline: Friday, June 17, 2022.*

**EconNewsletter**

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