



Fachbereich VWL / Department of Economics

EconNewsletter

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

NOVEMBER 14 – NOVEMBER 18, 2022

NEWSLETTER 2022-22

SEMINAR CALENDAR

Quantitative Economics

[Wenting Song, Bank of Canada:](#)

Tuesday November 15

Narrative-Driven Fluctuations in Sentiment: Evidence Linking Traditional and Social Media

This seminar will only be live streamed. 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

[Guillermo Larraín, Universidad de Chile:](#)

Wednesday November 16

Building more stable social contracts: lessons from the Chilean experience 18:15–19:45

R. 110 (Johnsallee 35)

This seminar is held in a hybrid format. To register for **Online participation** via Zoom please click the following link and fill in the necessary information: <https://ile-hamburg.us5.list-manage.com/track/click?u=a3a598540658d2c2aadfae5b6&id=3dc52b49a1&e=3446e273d6> or send an email to yasmin.seyrafian@ile-hamburg.de. You will then receive an Email with the access link prior to the lecture.

PhD Seminar

[Clara Silva Coelho, Hamburg University:](#)

Thursday November 17

Monetary Policy and Regional Inequality

12:15–13:15

R. 0079 (VMP 5)

Microeconomics Seminar & Interdisciplinary Research Seminar

[Fabian Schuppert, University of Potsdam:](#)

Thursday November 17

What Is Good Citizen Participation in the Context of Climate Policy-Making Processes?

17:15–18:45

R. 0079 (VMP 5)

This seminar will also be live streamed. 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

Wenting Song, Bank of Canada:

Narrative-Driven Fluctuations in Sentiment: Evidence Linking Traditional and Social Media

Abstract:

This paper studies the role of narratives for macroeconomic fluctuations. Microfounding narratives as directed acyclic graphs, we show how exposure to different narratives can affect expectations in an otherwise-standard macroeconomic framework. We identify such competing narratives in news media reports on the US yield curve inversion in 2019, using techniques in natural language processing. Linking this to data from Twitter, we show that exposure to the narrative of an imminent recession causes consumers to display a more pessimistic sentiment, while exposure to a more neutral narrative implies no such change in sentiment. Applying the same technique to media narratives on inflation, we estimate that a shift to a viral narrative of inflation damaging the real economy in 2021 accounts for 42% of the fall in consumer sentiment in the second half of the year.

Hamburg Lectures in Law and Economics

Guillermo Larraín, Universidad de Chile:

Building more stable social contracts: lessons from the Chilean experience

Abstract:

Chile's social crisis of 2019 is paradoxical in two ways. First, because it was preceded by three decades of substantial political stability and economic and social progress. Two particular dimensions of this were the promise of creating a more inclusive society and the vulnerability created in the middle class as a consequence of the particular Chilean development model. Short of a better name for it, we shall call it neoliberalism. I will show how the rigidity of formal institutions failed to create conditions to accommodate to these two consequences. Specific reference will be made concerning the Constitution and Organic Laws. This incapacity of adaptation eroded the political system's credibility for enhancing inclusion and delivering social rights. Its gradual discrediting also affected potential output growth, promoting a vicious circle that exploded in October 2019. The second paradoxical element is how Chile's political system handled the crisis and how it has, so far, failed to solve the problem. A sequence of constitutional reforms between November 2019 and January 2020 produced a formal constituent process. Ex ante, its characteristics fulfilled most formal requirements for a successful outcome. In September 2022, the proposed new Constitution was massively rejected. We shall discuss the reasons that can now be discerned about what created such a failure and explore some alternatives to redress the process towards a more promising path.

PhD Seminar

Clara Silva Coelho, Hamburg University:

Monetary Policy and Regional Inequality

Abstract:

In this paper an overlapping generations model with multiple regions is developed, based on Fujishima and Oyama (2021), with savings technology and a Central Bank following a Taylor rule. The model can endogenously determine the spatial distribution of economic activity, i.e. regional inequality. The addition of a monetary authority allows the model to further replicate recent findings of the literature regarding long term consequences of monetary policy on regional inequality: relatively poorer regions respond more strongly to the policy change and monetary policy can induce lower growth or even stagnation in those regions, i.e. possible σ -divergence. This model also allows the study of networks among regions and how stronger or weaker ties can have an impact when it comes to the effects of monetary policy in this setting.

Microeconomics Seminar & Interdisciplinary Research Seminar

Fabian Schuppert, University of Potsdam:

What Is Good Citizen Participation in the Context of Climate Policy-Making Processes?

Abstract:

Citizen participation formats such as citizen assemblies and citizen juries are extremely popular in the context of contemporary climate policy-making processes. Commonly these formats are justified by reference to the positive effects that citizen participation will generate, including increasing democratic legitimacy, leading to better policy outcomes and higher social acceptance of said policy outcomes. In short, citizen participation formats are often introduced with a wide range of normative expectations. However, quite often these normative expectations are not properly explained or defined. So what exactly would good citizen participation in the context of climate policy-making look like? This paper tries to (partially) answer that question and explain the difficulties of satisfying said normative expectations by looking at the pitfalls and shortcomings of existing citizen participation formats in four metropolitan cities.

ACTIVITIES OF DEPARTMENT MEMBERS

New Publications

- **Parra-Alvarez, J.C., Posch, O. and Mu-Chun Wang (2023)**, “Estimation of Heterogeneous Agent Models: A Likelihood Approach”, *Oxford Bulletin of Economics and Statistics* (*forthcoming*).

The next EconNewsletter will be published on Monday, November 21, 2022.

Editorial deadline: Friday, November 18, 2022.

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