



Fachbereich VWL / Department of Economics

EconNewsletter

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DECEMBER 5 – DECEMBER 9, 2022

NEWSLETTER 2022-25

SEMINAR CALENDAR

HCHE Research Seminar

[Jannis Stöckel, London School of Economics:](#)

Staying sick but feeling better? – The impact of health shocks on health perceptions and behaviours

Monday December 5
16:30-18:00
Esplanade 36, R. 4011/13

Quantitative Economics

[Katja Mann, Copenhagen Business School:](#)

Consumption Inequality in the Digital Age

Tuesday December 6
12:15–13:30
R. 0079 (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>

Hamburg Lectures in Law and Economics

[Jens Frankenreiter, Washington University in St. Louis:](#)

Cost-Based California Effects

Wednesday December 7
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=8b0f27d8df&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

[Carsten Creutzburg, Hamburg University:](#)

Racial Discrimination and the Home Advantage Effect - New Evidence from Tennis

Thursday December 8
12:15–13:15
R. 0079 (VMP 5)

Microeconomics Seminar & Interdisciplinary Research Seminar

[Giacomo Corneo, FU Berlin:](#)

Lifetime Income Inequality and Redistribution

This seminar will only be live streamed. To receive the Zoom link send an email to

jesus.sanchez.ibrahim@uni-hamburg.de.

Thursday December 8
17:15–18:45

ABSTRACTS

Quantitative Economics

Katja Mann, Copenhagen Business School:
Consumption Inequality in the Digital Age

Abstract:

This paper studies how digitalization affects consumption inequality. We assemble a novel dataset of digital technology used in the production process, link it to US consumption data and establish a new stylized fact: High-income households consume a higher share of digitally produced products than low-income households. Building on this finding, we present a structural model in which digitalization affects consumption inequality in two ways: By a polarization of incomes and by a decline in the relative price of digitally produced goods. Both channels work in favor of high-income households. Calibrating the model to the US economy between 1960 and 2017, we demonstrate that the price channel has sizeable welfare effects and amplifies the increase in consumption inequality that is caused by digitalization by around 25%.

Hamburg Lectures in Law and Economics

Jens Frankenreiter, Washington University in St. Louis:
Cost-Based California Effects

Abstract:

The “California Effect” is a recurring trope in discussions about regulatory interdependence. This effect predicts that businesses active in multiple jurisdictions sometimes adopt the strictest regulatory standards that they face in any jurisdiction globally, even if the jurisdiction’s law does not require global compliance. As the argument goes, California Effects often occur because firms find it less expensive to comply with the most stringent standard everywhere than to provide different products to consumers in different jurisdictions based on the relevant local standards. There is a substantial literature that assumes the existence of such Cost-Based California Effects both at the interstate level in the United States and the international level, where they often appear in connection with the EU’s regulatory activities under the moniker “Brussels Effect.” However, empirical evidence documenting these effects’ existence and strength is scarce.

This Article makes two contributions. On a theoretical level, it argues that Cost-Based California Effects should be treated separately from other forms of cross-jurisdictional influence, as their normative implications differ. On an empirical level, it reports results from a case study investigating the existence of these effects in data privacy law, a field in which they have been said to be particularly influential. The analysis tracks changes in almost 700 webpages’ privacy policies in order to reveal the extent to which EU law (which is usually described as comparably stringent) influences transactions between U.S. online services and consumers. The analysis covers two years starting in November 2017, a period that saw the enactment of a new, sweeping data privacy law in the EU. Contrary to what many assume,

the analysis reveals that most U.S. online services treat U.S. consumers and EU consumers differently, with EU consumers enjoying higher levels of protection. This result indicates that the impact of EU law on the operations of U.S. online services is limited. Moreover, it suggests that Cost-Based California Effects might be less important than is commonly assumed, at least in data privacy law.

PhD Seminar

Carsten Creutzburg , Hamburg University:

Racial Discrimination and the Home Advantage Effect - New Evidence from Tennis

Abstract:

We investigate the potential impact of consumers' racial preferences on worker productivity at the example of the home advantage (HA) effect in sports. To this end, we predict individual game outcomes in men's professional tennis using game-level data from 2001 to 2020 (pre-Covid). Race groups and players' racial affiliation are determined by combining facial recognition and clustering algorithms. Our empirical design allows to distinguish between HA factors related to the presence of fans, referee bias, travel fatigue, and home court familiarity. We find evidence for the existence of social environments in which minorities are given preferential treatment – black players benefit more strongly from fan support than players of other racial appearances. The effect appears to be driven by both a direct impact of the presence of fans on player productivity and a fan-induced referee bias.

Microeconomics Seminar

Giacomo Corneo, FU Berlin:

Lifetime Income Inequality and Redistribution

Abstract:

This paper explores actual lifetime income inequality and redistribution over a large number of cohorts in Germany. Starting with the 1935 cohort, we document a secular rise of lifetime income inequality, both pre-fisc and post-fisc. The German tax-transfer system is linearly progressive in lifetime income and exerts a substantial impact on the disposable incomes of the top and bottom decile. Governmental income redistribution mechanically reduces lifetime inequality by one fifth to one fourth; the lion's share of this reduction is effectuated by the personal income tax. The rise of lifetime inequality in terms of equivalized income has been contained by a reduced propensity of individuals in the bottom quartile to form a family. Differential mortality is sizable but eliminating it would not markedly reduce lifetime income inequality. We develop a theoretically founded money-metric welfare measure that takes the value of greater longevity into account. We find that differential mortality is a major driver of lifetime welfare inequality.

The next EconNewsletter will be published on Monday, December 12, 2022.

Editorial deadline: Friday, December 9, 2022.

EconNewsletter

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