



Fachbereich VWL / Department of Economics

# EconNewsletter

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JANUARY 16 – JANUARY 20, 2023

NEWSLETTER 2023-2

## SEMINAR CALENDAR

### HCHE Research Seminar

[Florien Kruse, Radboudumc and Dutch Ministry of Health:](#)

*Healthcare provision: open for business?*

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

### Quantitative Economics

[Tom Zimmermann, Universität Köln:](#)

*The Debt-Inflation Channel of the German Hyperinflation*

Tuesday January 17  
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

[Philipp Ager, Universität Mannheim:](#)

*The Effects of Immigration Restrictions on the Economy - Lessons from the 1920s Border Closure*

Wednesday January 18  
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=a443b36a26&e=3446e273d6> or send an email to [yasmin.seyrafian@ile-hamburg.de](mailto:yasmin.seyrafian@ile-hamburg.de). You will then receive an Email with the access link prior to the lecture.

### Microeconomics Seminar

[Ben Greiner, WU Wien:](#)

*Incentives, Framing, and Trust in Algorithmic Advice:  
An Experimental Study*

Thursday January 19  
17:15–18:45  
R. 0079 (VMP 5)

## ABSTRACTS

### **Quantitative Economics**

Tom Zimmermann, Universität Köln:

*The Debt-Inflation Channel of the German Hyperinflation*

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*Abstract:*

Unexpected inflation can redistribute wealth from creditors to debtors. In the presence of financing frictions, such redistribution can impact the allocation of real activity. We use the German inflation of 1919-1923 to study how a large inflationary shock is transmitted to the real economy via a debt-inflation channel. In line with inflation reducing real debt burdens and relaxing financial constraints, we document a tight negative and convex relation between firm bankruptcies and inflation in aggregate data. Using newly digitized firm-level data, we further document a significant decline in leverage and interest expenses during the inflation. We show that firms that have more nominal liabilities at the onset of the inflation become more valuable in the stock market, face lower interest payments, and increase their overall employment once the inflation starts. The results are consistent with substantial real effects of the inflation through a financial channel that operates even when prices and wages are fully flexible.

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

Philipp Ager, Universität Mannheim:

*The Effects of Immigration Restrictions on the Economy - Lessons from the 1920s Border Closure*

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*Abstract:*

In the early 20th century, with few restrictions on entry for Europeans, close to one million immigrants arrived on the nation's shores each year. This ended in the 1920s with a series of increasingly restrictive immigration quotas, eventually limiting entry from affected countries to 150,000 a year. In this lecture, I will discuss the socio-economic consequences this policy had for the US population at that time, and what lessons can be learned from it.

**Microeconomics Seminar**

Ben Greiner, WU Wien:

*Incentives, Framing, and Trust in Algorithmic Advice: An Experimental Study*

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*Abstract:*

Managerial decision-makers are increasingly supported by advanced data analytics and other AI-based technologies, but are often found to be hesitant to follow the algorithmic advice. We examine how compensation contract design and framing of an AI algorithm influence decision-makers' reliance on algorithmic advice and performance in a price estimation task. Based on a large sample of almost 1,500 participants, we find that compared to a fixed compensation, both compensation contracts based on individual performance and tournament contracts lead to an increase in invested effort and to more reliance on algorithmic advice. We further find that using an AI algorithm that is framed as incorporating also human expertise has positive effects on advice utilization, especially for decision-makers with fixed pay contracts. By showing how widely used control practices such as incentives and task framing influence the interaction of human decision-makers with AI algorithms, our findings have direct implications for managerial practice.

*The next EconNewsletter will be published on Monday, January 23, 2023.*

*Editorial deadline: Friday, January 20, 2023.*

**EconNewsletter**

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