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FÜR WIRTSCHAFTS- UND
SOZIALWISSENSCHAFTEN

Fachbereich VWL / Department of Economics

EconNewsletter

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MAY 13 – MAY 17, 2024 **NEWSLETTER 2024-11**

SEMINAR CALENDAR

HCHE Research Seminar
Michelle Sovinsky, Universität Mannheim:
More than joints: multi-substance use, choice limitations, and policy implications
Monday May 13
16:30-17:45
Esplanade 36, R. 4011/13

Quantitative Economics
Alexis Toda, UCSD:
Robust Asset-Liability Management
Tuesday May 14
12:15–13:30
R. 0079 (VMP 5)

Labour Economics Seminar
Lea Cassar, University of Regensburg:
Keep Calm and Carry On: Immediate- vs. Six-Month Effects of Mindfulness Training on Academic Performance
Thursday May 16
14.30–16:00
Online
Zugangsdaten (Zoom):
https://uni-hamburg.zoom.us/j/64629860938?pwd=K3lXNlZoTFFudHpvNGJCWm1aU3lIdz09
Meeting ID: 646 2986 0938
Passcode: 59394366

Interdisciplinary Research Seminar
Francesc Amat, University of Barcelona:
Bank Failures and Elites Democratic Consent: An Exploration with Individual Data
Thursday May 16
17:15–18:45
R. 0079 (VMP 5)

ABSTRACTS

HCHE Research Seminar
Michelle Sovinsky, Universität Mannheim:
More than joints: multi-substance use, choice limitations, and policy implications

Abstract:
As illicit substances move into the legal product space, substitution patterns with legal products become more salient. In particular, marijuana legalization may have implications for the use of other legal "sin" goods. We estimate a structural model of multi-product use of illegal and legal substances considering joint use, limited access to illicit products, and persistence in use. We focus on a young person's choice to consume marijuana, alcohol or cigarettes (and possible combinations), and we find that sin goods are complements. Furthermore, our findings emphasize the necessity of accounting for joint consumption and access to obtain correct price sensitivity estimates. Post-legalization, youth marijuana use would increase from 25% to 37%. However, counterfactual results show that a combination of (reasonable) tax increases on all goods along with enforcement against illegal use can potentially revert use to pre-legalization levels. The earlier the tax increases are implemented the more effective they are at curbing future use. Our results inform the policy debate regarding the impact of marijuana legalization on the long-term use of sin goods.

Quantitative Economics
Alexis Toda, UCSD:
Robust Asset-Liability Management

Abstract:
How should financial institutions hedge their balance sheets against interest rate risk when they have long-term assets and liabilities? Using the perspective of functional and numerical analysis, we propose a model-free bond portfolio selection method that generalizes classical immunization and accommodates arbitrary liability structure, portfolio constraints, and perturbations in interest rates. We prove the generic existence of an immunizing portfolio that maximizes the worst-case equity with a tight error estimate and provide a solution algorithm. Numerical evaluations using empirical and simulated yield curves from a no-arbitrage term structure model support the feasibility and accuracy of our approach relative to existing methods.

Labour Economics Seminar

Lea Cassar, University of Regensburg:

Keep Calm and Carry On: Immediate- vs. Six-Month Effects of Mindfulness Training on Academic Performance

Abstract:

Mindfulness practices are gaining popularity in private and public organizations. In a randomized controlled trial, we examine whether mindfulness training improves the academic performance of university students. The intervention improves mental health and non-cognitive skills. However, it takes time before students' performance can benefit from the training: we find that, if anything, the intervention marginally decreases average grades right after the end of the intervention, whereas it significantly increases academic performance, by about 0.4 standard deviations, six months after.

Interdisciplinary Research Seminar

Francesc Amat, University of Barcelona:

Bank Failures and Elites Democratic Consent: An Exploration with Individual Data

Abstract:

Do economic shocks influence elites' democratic attitudes and commitment? Elites play a crucial role in shaping democratization processes and their consent is oftentimes thought of as a necessary condition to consolidate democratic political institutions. Canonical contributions by Acemoglu & Robinson (2003), or Boix (2003) have highlighted the importance of elites' economic interests, the perception of an economic threat or the types of assets in hands of elites to explain when and why elites accept democracy and commit to democratic procedures. Yet, this theory has never been tested at the micro-level with individual data. Here we use a novel individual-level dataset from the failure of a large bank in Catalonia in 1931 — so that for each individual depositor we know the amounts of their deposits in the failed bank. We match individual depositor data with electoral turnout data from individual voting roll calls for a very specific set of elections in which elites were divided. In the last elections before the outbreak of the Spanish Civil War, in April 1936, some relevant political parties boycotted the elections, and thus individual turnout among the elites can be interpreted as de facto support for the democratic regime. This unique setting allows us to test whether economic interests are indeed influential on elites' democratic consent at the individual-level. The individual panel structure of the data allows the inclusion of individual FEs and a difference-in-difference identification strategy that exploits individuals' differential turnout rates across several elections at different points in time – January 1934, February 1936 and April 1936. Preliminary results indicate that, as expected, individuals exposed to financial losses because of the bank collapse were indeed less likely to turnout in the last presidential elections before the Spanish Civil War. We interpret this differential abstention rates among individuals exposed to the bank collapse as evidence of lack of democratic consent. To explore further the mechanism, we also match the individual depositors lists and the individual voting roll calls with individual registers of political associations and clubs. We show that the differential abstention rates among depositors exposed

to the bank collapse are driven by individual members of associations and clubs that explicitly supported the boycott of the last democratic elections.

The <u>next EconNewsletter</u> will be published **on Monday, May 27, 2024.**

<u>Editorial deadline</u>: **Friday, May 24, 2024.**

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