



Fachbereich VWL / Department of Economics

EconNewsletter

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

APRIL 22 – APRIL 26, 2024

NEWSLETTER 2024-8

SEMINAR CALENDAR

Quantitative Economics

[Heiner Mikosch, KOF ETH Zurich:](#)

*Seeing and Hearing is Believing: The Role of Audiovisual
Communication in Shaping Inflation Expectations*

Tuesday April 23
12:15–13:30
R. 0079 (VMP 5)

Interdisciplinary Research Seminar

[Manuel Foerster, University of Bielefeld:](#)

Policy-advising competition and endogenous lobbies

Thursday April 25
17:15–18:45
R. 0079 (VMP 5)

ABSTRACTS

Quantitative Economics

Heiner Mikosch, KOF ETH Zurich:

Seeing and Hearing is Believing: The Role of Audiovisual Communication in Shaping Inflation Expectations

Abstract:

This paper presents novel causal evidence on the relationship between various communication channels employed by central banks and households' expectations about future inflation. In a pre-registered randomized survey experiment administered in 2022, we examine adjustment of inflation expectations when confronted with a press conference statement by the president of the European Central Bank (ECB) articulating the bank's commitment to a 2% inflation target. First, we replicate previous literature showing that respondents update toward the inflation target. Second, we show that the medium of communication matters, holding the target message constant: Relative to a text transcript, audiovisual mediums (audio, photograph, or video) strengthen updating toward the target. In particular, dynamic mediums that communicate the target through multiple sensory channels (audio and video) are most effective in moving inflation expectations. In an analysis of mechanisms, we can rule out increased attentiveness to the survey and increased trust in the ECB as pivotal drivers of these effects. In a heterogeneity analysis, we find that economically less-informed respondents (those consuming less economic news) are more responsive in updating to audiovisual mediums. Overall, these results suggest that the use of audiovisual communications technology improves the information quality of central bank messaging and makes that messaging easier to process for less-informed households.

Interdisciplinary Research Seminar

Manuel Foerster, University of Bielefeld:

Policy-advising competition and endogenous lobbies

Abstract:

We present a general model of Bertrand competition between experts in a policy-advising market. A policy-maker can hire one of the experts or acquire information himself. We first characterize equilibria and show that an expert is never hired under centralization under a weak condition on the uncertainty about the environment. Second, competition reduces the costs of advice and may even cause an expert previously hired at a positive price to then engage in lobbying. Finally, hiring (competition from) a good expert may decrease social welfare if the policy issue is narrow and mainly concerns the policy-maker's own voters.

The next EconNewsletter will be published on Monday, April 29, 2024.

Editorial deadline: Friday, April 26, 2024.

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