Ph.D. Students Seminar

SoSe 2020

Department of Economics

The seminar meets (bi-)weekly on Thursdays, **12:15-13:15**.

Usually, the seminar would take place in room WiWi 2101/2105.

But due to the corona pandemic, it will be held in an online format in the summer semester 2020. Presenters will hold their presentation via Zoom (presentation slides plus audio comments).

Ph.D. students are invited to present their work, if their supervisor is a member of the economics department ("Erstmitglied" or "Zweitmitglied"). The paper should be at an advanced stage at the time of presentation (this is, ready for presentation at a conference). The supervisor is required to attend the presentation. If you have questions, please contact **Melanie Krause** (melanie.krause@uni-hamburg.de).

Presenter information: Please keep your presentation under **35 minutes** in order to have enough time for questions and discussions.

Date	Speaker	Title
14.05.2020	Presenter: Lamis Saleh Supervisor: Voigt	A Friend or a Foe in Exile: An Experimental Analysis of Punishment in the Zaatari Refugee Camp in Jordan
28.05.2020	Presenter: Sebastian Golder Supervisor: Szimayer	Rational Attention Allocation in the Mortgage Market
11.06.2020	Presenter: Piero Basaglia Supervisor: Drupp	Carbon Pricing, Compensation, and Competitiveness: Lessons from UK Manufacturing
18.06.2020	Presenter: Gero Henseler Supervisor: Gerber	Cooperation with Excludable Public Goods
25.06.2020	Presenter: Karsten Müller Supervisor: Fritsche	German Forecaster's Narratives: Looking at German Business Cycle Forecasts - How Informative are Forecast Reports?
02.07.2020	Presenter: Florian Schütze Supervisor: Fritsche	Predicting Business Cycle Fluctuations using Sentiment Covariates and Web Embedding
09.07.2020	Presenter: Christos Litsios Supervisor: Mühlheußer	First-Mover Preference and Social Distance in Bargaining

Abstracts:

14.05.2020, Lamis Saleh: "A Friend or a Foe in Exile: An Experimental Analysis of Punishment in the Zaatari Refugee Camp in Jordan"

Are refugees likely to be nasty in a gated community? This paper investigates the willingness of Syrian refugee groups in the Zaatari refugee camp to engage in destructive behavior under the shadow of scarcity and competition. The paper uses the joy-of-destruction game to test the exogenous impact of resource scarcity. Results show that Syrian refugees living in districts with less facilities are more likely to display anti-social behavior. Syrians show an in-group inclination towards their districts versus other district inhabitants in the camp.

28.05.2020, Sebastian Golder: "Rational Attention Allocation in the Mortgage Market"

We propose a structural mortgage prepayment model, where mortgage holders have to allocate costly attention to implement prepayment decisions. Our empirical results suggest that common observed refinancing mistakes, such as choosing the wrong refinancing rate and time, are optimal responses of borrowers who allocate their attention rationally. We find that financial sophistication and experience in refinancing reduce costs for attention, while additional financial obligations cause the opposite. The mortgage liabilities of a median household increase by 2,4 % due to costly attention. The general model can be applied to a broad range of American-style contracts beyond mortgage prepayment.

11.06.2020, Piero Basaglia: "Carbon Pricing, Compensation, and Competitiveness: Lessons from UK Manufacturing"

Carbon pricing is often paired with transfers to energy-intensive firms to offset higher costs, for example through free emission permit allocation or through rebates for higher electricity prices. While such schemes are intended to limit competitive disadvantage and carbon leakage, they may at the same time attenuate the carbon price signal. This paper explores the potential trade-off between incentivizing abatement and protecting domestic industry, by studying the impacts of carbon pricing on UK manufacturing. Specifically, we focus on the indirect impacts of carbon pricing via higher electricity prices and examine how these effects are mediated through compensation schemes. The UK climate policy landscape offers an ideal setting as electricity prices reflect relative high carbon costs induced by a number of policies, including a UK carbon tax that more than tripled the costs of power sector emissions. By exploiting idiosyncrasies in the eligibility for compensation for the indirect costs induced by these policies, we are able to examine the effects of carbon pricing with and without compensation schemes in place. Using plant-level data for the period 2009-2016, and controlling for plant-specific characteristics and industrial trends, we can recover causal estimates of the regulation on a number of outcome variables, including sales, employment, and energy intensity.

18.06.2020, Gero Henseler: "Cooperation with Excludable Public Goods"

Cooperation has many faces. Several countries form international unions, some firms do joint ventures, and a couple of researchers engage in common projects. We model cooperation as coalition formation game with excludable public goods where members benefit from cross-member non-rival contribution spillovers and suffer from a collective contribution decision. We explore the

existence of stable coalition structures, investigate their properties, and show that they may be inefficient.

25.06.2020, Karsten Müller: "German Forecaster's Narratives: Looking at German Business Cycle Forecasts - How Informative are Forecast Reports?"

Based on a panel of German business cycle forecast reports covering 10 German institutions in the time span from 1993 to 2017, the paper analyse the informativeness and usefulness of German forecaster's narratives for German business cycle forecasts. In a first step, qualitative text data are converted into quantitative sentiment indices. The paper use textual analysis procedures such as dictionary-based and text regression methods, to develop nine different sentiment indices and employ sentiment analysis to investigate sentiment's characteristics. Second, sentiment indices are subsequently used to test (point) forecast efficiency for growth and inflation forecasts. Using 12-month ahead fixed horizon forecasts, fixed-effects panel regression results suggests some informational content of sentiment indices for both variables. Additionally, a forecasting exercise analyses the predictive power of computational linguistics sentiment indices for realized growth and inflation and point to some in-sample and, to a lesser extent, out-of-sample predictive power of these variables.

02.07.2020, Florian Schütze: "Predicting Business Cycle Fluctuations using Sentiment Covariates and Web Embedding"

We develop a new methodology to produce text-based covariates using a distributional representation of words, known as word embeddings. Our approach selects, from a pre-trained german word embedding model, crisis-related and uncertainty-related terms occurring in economic and financial contexts to create sentiment covariates measuring the terms' intonations in each document of the corpus of german economic institutions. Results show enhanced predictive power of these covariates when used to predict business cycle fluctuations in Germany, as they outperform existing sentiment dictionaries, with an average out-of-sample accuracy of 95% reached using gradient boosted trees.

09.07.2020, Christos Litsios: "First-Mover Preference and Social Distance in Bargaining"

We examine first-mover preferences in bargaining situations via an ultimatum game experiment. Subjects bid for the proposer role in a second-price auction. We examine the willingness to pay for the additional bargaining power of the proposer role in two settings: When the payout for the subsequent ultimatum game is made in private and when it is made in public. Purely selfish preferences would predict the proposer to share only a minimal part of the pie with the responder and thus to have a willingness to pay for this role that is almost as large as the ultimatum pie itself. However, manifold experiments have proven the minimum offer hypothesis wrong: proposers offer a substantial share of the surplus to the responder, partly due to other-regarding preferences on both sides and thereby also the (accurate) fear of low offers being rejected. We follow a similar argument as Andreoni and Bernheim (2009) and Benabou and Tirole (2006) that the offer made in the ultimatum game is a signal that reveals information about the proposer's preference type. The proposer is compelled to share a larger amount with the responder in the treatment where the payment is made in public, because she fears for her social- or self-image associated with an unfair or

low offer. Therefore, we hypothesize the bids for the proposer role to be lower than in the private payment treatment.