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Upcoming Seminars

Monday, 23.5.2016

Departmental Seminar

17.15-18.15

AWI 00.010

Christian Traxler, Hertie School of Governance, Berlin,
(invited by Christine Binzel)

"Compliance Behavior in Networks: Evidence from a Field
Experiment"

Wednesday, 25.5.2016

Internal Seminar

12.15-13.15

AWI 00.010

Christian Oldiges

"Income Shocks, Consumption Smoothing and Financial
Market Transactions: Evidence from Indian Villages"

Friday, 27.5.2016

HeiKaMEtrics-Seminar

13.30-14.30

AWI 01.034

Richard T. Baillie, Michigan State University, Queen Mary
University of London

"Is Robust Inference with OLS Sensible in Time Series
Regressions? Investigating Bias and MSE Trade-offs with
Feasible GLS and VAR Approaches"

Departmental Seminar

Christian Traxler

"Compliance Behavior in Networks: Evidence from a Field Experiment"

This paper studies the spread of compliance behavior in neighborhood networks involving over 500,000 households in Austria. We exploit random variation from a field experiment which varied the content of mailings sent to potential evaders of TV license fees. Our data reveal a strong treatment spillover: 'untreated' households, who were not part of the experimental sample, are more likely to switch from evasion to compliance in response to the mailings received by their network neighbors. We analyze the spillover within a model of communication in networks based on DeGroot (1974). Consistent with the model, we find that (i) the spillover increases with the treated households' eigenvector centrality and that (ii) local concentration of equally treated households produces a lower spillover. These findings carry important implications for enforcement policies.

(with Francesco Drago and Friederike Mengel)

Internal Seminar

Christian Oldiges

"Income Shocks, Consumption Smoothing and Financial Market Transactions: Evidence from Indian Villages"

A large body of economic development literature focuses on risk coping mechanisms in the presence of income volatility and limited access to financial institutions. It is found that despite unstable income rural households' consumption remains mostly smooth, while risk coping mechanisms range from borrowing among relatives to distress sale of assets and buffer stocks. This paper builds on the existing literature by examining both consumption and financial market transactions of rural households in four South Indian villages over a span of four years. For this purpose, I combine self-collected local administrative data on India's public employment programme with ICRISAT's household-level data. Since households face considerable uncertainty regarding the timing of wage payments I treat wage payments as positive income shocks. In high-frequency panel data analyses I find that these income shocks have a limited effect on monthly consumption. Instead, the earnings are largely used to repay microfinance loans. I conclude that consumption amongst the studied households is largely well-insured against moderate income shocks. Further, access to innovative formal financial institutions plays an important role in how households deal with income fluctuations.

HeiKaMEtrics-Seminar

Richard T. Baillie

"Is Robust Inference with OLS Sensible in Time Series Regressions? Investigating Bias and MSE Trade-offs with Feasible GLS and VAR Approaches"

It has become commonplace in applied time series econometric work to estimate regressions with consistent, but asymptotically inefficient OLS and to base inference of conditional mean parameters on robust standard errors. This approach seems mainly to have occurred due to concern at the possible violation of strict exogeneity conditions from applying GLS: We first show that even in the case of the violation of contemporaneous exogeneity, that the asymptotic bias associated with GLS will generally be less than that of OLS. This result extends to Feasible GLS where the error process is approximated by a sieve autoregression. The paper also examines the trade offs between asymptotic bias and efficiency related to OLS, feasible GLS and inference based on full system VAR. We also provide simulation evidence and several examples including tests of efficient markets, orange juice futures and weather and a control engineering application of furnace data. The evidence and general conclusion is that the widespread use of OLS with robust standard errors is generally not a good research strategy. Conversely, there is much to recommend FGLS and VAR system based estimation.

Talks and Research Visits

Jonas Dovern presented his paper "Order Invariant Evaluation of Multivariate Density Forecasts" in the EMF Group Seminar at the Warwick Business School on May 17.

Zeno Enders discussed a Paper by Pasten, Schoenle, and Weber at the 47th Konstanz Seminar for Monetary Theory and Policy, Island Reichenau, May 11-13.

Christina Gathmann presented the paper „Access to Citizenship and the Social Integration of Immigrants“ at the Conference of the Society of Labor Economists (SOLE), Seattle/USA, May 6-7.

Sarah Langlotz presented the paper "Aid and growth. New evidence using an excludable instrument" at the Tuborg Research Centre Seminar, Arhus, May 5.

New Publications

Christine Merk, Gert Pönitzsch, and Katrin Rehdanz: "Knowledge about aerosol injection does not reduce individual mitigation efforts", Environmental Research Letters 11(5).

**Editorial deadline for issue 11/2016 of the newsletter:
Wednesday, May 25, 2016, 12 p.m.
newsletter@awi.uni-heidelberg.de**

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please contact the address above.