



Upcoming Seminars

Monday, 7.2.2022

Departmental Seminar

13.30-14.30

Saurabh Singhal, Lancaster University

Via Zoom-meeting

"The Long-Term Effect of Improving Early-Life Learning Preparedness on Cognitive Abilities"

(host: Theodoros Alysandratos)

Wednesday, 9.2.2022

Internal Seminar

12.15-13.15

Joep Lustenhouwer

AWI room 00.010

"Who's Afraid of the Zero Lower Bound? Experimental Evidence on Expectation Formation and Monetary Policy Communication"

(hybrid)

Wednesday, 9.2.2022

Macro & Econometrics Seminar

14.15-15.15

Marius Puke, Hohenheim University

AWI room 01.030

"External calibration validation for binary regressions"

(hybrid)

Departmental Seminar

Saurabh Singhal

"The Long-Term Effect of Improving Early-Life Learning Preparedness on Cognitive Abilities"

We estimate the long-term impact of an unanticipated shift in the beginning of the academic year from January to July in 1979 in Indonesia. Using a regression discontinuity design, we find that this policy led to between 0.1-0.14 standard deviation increase in cognitive abilities 30 years later. We find evidence that the policy increased long-term cognition by improving learning preparedness in early grades, mainly by increasing the absolute age-for-grade upon enrollment. We also find stronger impacts for individuals who had good health during childhood and did not experience early-life nutrition deficits. Our results provide novel evidence on the long-term impact of improving school readiness on cognition in a low-income country.

Internal Seminar

Joup Loustenhover

"Who's Afraid of the Zero Lower Bound? Experimental Evidence on Expectation Formation and Monetary Policy Communication"

We investigate by means of an online learning-to-forecast experiment (LtFE) the impact of interest rate information on expectation formation in normal times and in periods where the zero lower bound (ZLB) is binding. Through the variation of information about the monetary policy stance (i.e. the nominal interest rate and the hypothetical Taylor rate that would prevail if the ZLB would not exist), we investigate the role of central bank communication for expectation formation. Our results can be summarized as follows. First and foremost, at the ZLB, subjects tend to have less pessimistic expectations concerning output and inflation if they do not observe the nominal interest rate. This effect is driven by subjects who, on the one hand, know what a liquidity trap is but, on the other hand, do not have that much general macroeconomic knowledge. Subjects, who do not know what a liquidity trap is form the same expectations at the ZLB, no matter what information they observe. At the same time, for subjects who can be considered macroeconomic experts, the value of interest rate information also is not statistically significant.

Macro & Econometrics Seminar

Marius Puke

"External calibration validation for binary regressions"

Predictions stemming from binary regressions such as logit and probit models ought to be calibrated: If an event is predicted to occur with probability p , it should materialize with (approximately) that frequency. More generally, the conditional event probability (CEP) ought to be (close to) the identity. We propose testing calibration based on novel and universally valid confidence bands for the CEP, subject only to the natural assumption of isotonicity. Besides testing the classical goodness of fit null hypothesis of perfect calibration, our bands facilitate inverted goodness of fit tests whose rejection allows for the sought-after conclusion of a well (enough) specified model. We show that our bands have correct coverage and are narrower than existing approaches. We apply them to model predictions of an infant having a low birth weight.

New Publications

The chapter "Firm expectations about production and prices: Facts, determinants, and effects" by Benjamin Born, Zeno Enders, Gernot Müller, and Knut Niemann was accepted for publication in the forthcoming *Handbook of Economic Expectations* (Elsevier).

Editorial deadline for issue 4/2022 of the newsletter:
Wednesday, 9.2.2022, 12 p.m.
newsletter@awi.uni-heidelberg.de