



Upcoming Seminars

Monday, 23.1.23

Departmental Seminar 1

13.30-14.30
AWI room 00.010

Leif Anders Thorsrud, BI Norwegian Business School
"Climate Risk and Commodity Currencies"
(Host: Joep Lustenhouwer)

Wednesday, 25.1.23

Departmental Seminar 2

12.15-13.15
AWI room 00.010

Augustin Landier, HEC
"Emission caps and investment in green technologies"
(Host: Pascal Kieren)

Abstracts

Departmental Seminar 1

Leif Anders Thorsrud

"Climate Risk and Commodity Currencies"

Climate change increases the likelihood of extreme climate- and weather-related events, but also the pressure to adjust to a lower-carbon economy. We propose a measure of climate change transition risk and document that when it unexpectedly increases, major commodity currencies experience a persistent depreciation in line with traditional general equilibrium arguments. Expanding the analysis to a richer set of countries we find a significant negative correlation between a country's fossil fuel export dependency and exchange rate response to transition risk. These findings are difficult to replicate using existing climate risk proxies that do not distinguish between the different components of climate risk.

Departmental Seminar 2

Augustin Landier

Emission caps and investment in green technologies*

To the extent that firms don't internalise the negative externalities of their CO2 emissions, government intervention is needed to curb global warming. We study the equilibrium interaction between firms, which can invest in green technologies, and government, which can impose emission caps but has limited commitment power. Two types of equilibria can arise: If firms anticipate caps, they invest in green technologies. These investments have positive spillover effects, lowering the aggregate cost of emission reductions for all firms, thus making the government willing to cap emissions. If firms anticipate no caps, they don't invest in green technologies, and the government finds it too costly to cap emissions. A large fund, engaging with firms' management to foster investment in green technologies, can tilt equilibrium towards emission caps.

* with Bruno Biais

Talks and Research visits

[Illia Pasichnichenko](#), Postdoctoral Researcher at the School of Economics and Finance, Queen Mary University of London, United Kingdom, will visit the AWI on January 26 and 27 (room 00.005a = Jürgen Eichberger's office). From 2018 to 2020, Illia stayed at the AWI as a visiting researcher and conducted collaborative research with Jürgen Eichberger on problems of decision-making, courtesy of a fellowship from the Alexander von Humboldt Foundation. In addition to his research in decision theory, Illia also investigates methods of machine learning.

New Publications

Anna Merkel & Christoph Vanberg: "Multilateral bargaining with subjective claims under majority vs. unanimity rule: An experiment", *Journal of Economic Psychology* (forthcoming)

Editorial deadline for issue 04/2023 of the newsletter:
Wednesday, January 25, 2023, 12 p.m.
newsletter@awi.uni-heidelberg.de