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Upcoming Seminars

Monday, 30.11.15

Departmental Seminar I

17.15-18.15
AWI 00.010

Philippe Andrade, Banque de France (invited by J. Dovern)
"Forward Guidance and Heterogeneous Beliefs"

Tuesday, 1.12.15

Economics and Politics Seminar

13.45-14.45
AWI 01.030

Konstantin Wacker, University of Mainz
"Three Macro Perspectives on Global Poverty Convergence"

Wednesday, 2.12.15

Internal Seminar

12.15-13.15
AWI 00.010

Jonas Dovern
"Assessing the Anchoring of Inflation Expectations in the Euro Area"

Wednesday, 2.12.15

Macro & Econometrics Seminar

17.00-18.00
AWI 01.034

Victoria Atanasov, University of Mannheim
"The Factor Structure of Time-Varying Discount Rates"

Thursday, 3.12.15

Departmental Seminar II

12.00-13.00
AWI 02.036

Matthias Sutter, University of Cologne
"Children learn to coordinate more efficiently from age three to six"

Further Events

Thursday, 3.12.15

Tauschen, Teilen, Tricksen

18.00-20.00

Grabengasse 3-5,
NUni HS 7

Matthias Sutter, Universität zu Köln

"Ehrlich währt am längsten – bringt aber weniger Profit.
Betrug in Feldexperimenten"

Abstracts

Departmental Seminar I

Philippe Andrade

"Forward Guidance and Heterogeneous Beliefs"

We analyze the effects of forward guidance when agents have heterogeneous interpretations of whether forward guidance contains a commitment on future policy actions. Using survey expectations, we document that forward guidance lowered disagreement about future short-term interest rates to historically low levels while it did not affect much disagreement about future inflation and future consumption. We introduce heterogeneous beliefs on future policy and fundamentals in an otherwise standard New-Keynesian model. We show that, because the commitment type of the central bank is unobserved, agreement on the future path of interest rates can coexist with disagreement on the length of the trap. Such heterogeneity of beliefs can strongly mitigate the effectiveness of forward guidance. It also alters the optimal policy at the zero lower bound compared to a situation where beliefs are homogenous.

Economics and Politics Seminar

Konstantin Wacker

"Three Macro Perspectives on Global Poverty Convergence"

Martin Ravallion ("Why Don't We See Poverty Convergence?" *American Economic Review*, 102(1): 504-23; 2012) presents evidence against the existence of convergence in global poverty rates despite convergence in household mean income levels and the close linkage between income growth and poverty reduction. We show that this finding is driven by two related factors: the special income growth and poverty dynamics in Central and Eastern European transition economies and the sensitivity of the used poverty elasticity to developments at low poverty rates. Once we control for the abnormal poverty dynamics of transition economies, we find robust evidence of global convergence in poverty. Similarly, we find robust evidence of poverty convergence once one assumes a semi-elasticity of poverty reduction. Our results thus provide a more optimistic outlook on global poverty dynamics but also confirm Ravallion's argument that the growth elasticity of poverty reduction tends to be lower in countries with a higher initial poverty rate.

Internal Seminar

Jonas Dovern

"Assessing the Anchoring of Inflation Expectations in the Euro Area"

This paper uses individual density forecasts from the ECB Survey of Professional Forecasters to analyze the distribution of long-run inflation expectations in the Euro area. We exploit the panel dimension in this dataset to examine whether expectations have become less anchored since the beginning of the financial crisis in 2007. To do so we test for possible structural change in the main features of the distribution of individual forecasts and for whether or not long-run expected inflation and long-run inflation uncertainty has become more sensitive to different sources of macroeconomic news, including news about the central banks own historical track record. Our results suggest some evidence in favor of a less well-anchored distribution for long-run inflation expectations in the euro area.

Macro & Econometrics Seminar

Victoria Atanasov, University of Mannheim

"The Factor Structure of Time-Varying Discount Rates"*

Discount rate variation is driven by a short run business cycle component and a longer run trend component. This leads to state variable hedging of these two components and ICAPM logic implies a three factor model for expected returns. One factor represents cash flow news and the two other factors represent short term and long term discount rate news. News about both these discount rate components is important in describing the cross section of stock returns. Consistent with the predictions of leading asset pricing models, long run discount rate news is priced consistently across different samples and specifications and commands a higher risk premium than short run discount rate news.

*with Ilan Cooper, Richard Priestley und Junhua Zhong

Departmental Seminar II

Matthias Sutter

"Children learn to coordinate more efficiently from age three to six"*

Social interaction depends strongly on an ability to coordinate actions efficiently. Here we examine how coordination behavior develops in early childhood. We let 3 to 6 year old children play an experimental coordination game and examine how their behavior changes with age and is related to other important economic preferences, like risk and time preferences. We find that coordination becomes significantly more efficient as children get older. Moreover, children who are more risk tolerant and more patient are more likely to coordinate on more efficient outcomes. Other-regarding preferences have no influence on the likelihood of efficient coordination in our experiment. Overall, the level of efficient coordination in our simultaneous move game is remarkable, given that non-human primates have only been found to successfully coordinate in sequential decision making and given that no communication was allowed between children. Hence, children develop an ability to coordinate efficiently very early on.

*with Silvia Angerer, Daniela Glätzle-Rützler, Manuela Oberauer, Levent Yilmaz and Achim Zeile

Talks and Research Visits

Stefan Trautmann presented his paper "Time Pressure, & Selection Effects" at the Applied Microeconomics and Organization Seminar, Goethe University of Frankfurt, November 25.

Andreas Fuchs gave a talk on "Towards a Harmonious World? China's Economic Cooperation and its Public Perception in Latin America" (with Lutz Brückner and Vera Z. Eichenauer) at the Workshop on Foreign Direct Investment and Multilateral Corporations at the University of Mainz, November 16.

**Editorial deadline for issue 28/2015 of the newsletter:
Wednesday, December 2, 2015, 12 p.m.
newsletter@awi.uni-heidelberg.de**

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please contact the address above.