



Upcoming Seminars

Monday, 20.01.2025

13.30-14.30

AWI room 00.010

Departmental Seminar

Georg Dürnecker, Frankfurt

"Biased expectations and labor market outcomes: Evidence from German survey data and implications for the East-West wage gap"

(Host: Zeno Enders)

Wednesday, 22.01.2025

12.15-13.15

AWI room 00.010

Internal Seminar

Amelie Rüppel

"Religious narratives of economic crises. Structural Topic Models of church discourse 1929 and 2008"

(Host: Stefan Trautmann)

Wednesday, 22.01.2025

13.30-14.30

AWI room 01.030

Macro & Econometrics Seminar

Heiner Mikosch, KOF ETH Zurich

"Fiscal Responses to Monetary Policy:
Insights From a Survey Among
Government Officials"

(Host Christian Conrad)

Abstracts

Departmental Seminar

Georg Dürnecker

"Biased expectations and labor market outcomes: Evidence from German survey data and implications for the East-West wage gap"

We study how biased expectations of workers about their labor market transitions affect labor market outcomes, in particular wages and wage differentials. We document significant pessimistic bias regarding job stability and optimistic bias about job finding in long panel data for Germany. East Germans are substantially more pessimistic than their West German counterparts. We incorporate biased expectations into the workhorse frictional labor market model and investigate their implications for wage bargaining and the labor market equilibrium. Biased expectations about job separation rates interact with the length of contracts for which a wage schedule is bargained. Our model implies that expectation biases at West German levels would increase wages and lifetime income in East Germany. Differences in biased expectations about labor market transition rates explain a substantial part of the East-West German wage gap.

Internal Seminar

Amelie Rüppel

"Religious narratives of economic crises. Structural Topic Models of church discourse 1929 and 2008"

Robert Shiller's concept of "narrative economics" attempts to model the influence of formative narratives on economic developments. Shiller focuses on financial crises, in which narratively formed expectations or guidance for action is of particular relevance. Religious narratives shape the identity and the moral concepts of believers and can therefore be considered as factors influencing economic decision-making. The study to be presented thus examines religious discourses within the institutional framework of the Protestant Church in Germany in the period of the Black Friday in 1929 and the insolvency of Lehman Brothers in 2009 regarding religious crisis narratives: In which narratives are economic crises interpreted in religious terms? How do the interpretations virulent in the discourse differ over periods of crisis, between text genres and authorizing church institutions? These questions are answered with the help of Structural Topic Models (STMs) using a text corpus compiled for this purpose from archive sources. Supplemented by qualitative text analysis, as a result three guiding narratives of ecclesiastical crisis interpretation can be identified around the central concepts of sin, trust and creation. Exemplarily, the talk unfolds the trust narrative in detail, places it in the context of behavioral economic debates on religion and trust and reflects on the its ethical implications.

Macro & Econometrics Seminar

Heiner Mikosch

"Fiscal Responses to Monetary Policy: Insights From a Survey Among Government Officials"

In a novel survey, we study how German senior government officials systematically adjust fiscal policy in response to economic shocks, focusing on their fiscal responses to a contractionary monetary policy shock. Using randomized vignette treatments, we examine how officials update GDP and inflation expectations under fiscal and monetary policy shock scenarios and assess their preferred fiscal adjustments. Our findings show that officials predominantly respond by increasing debt and reducing spending, with tax increases playing a minor role, often combining multiple fiscal instruments. Counterfactual analysis reveals that officials' reasoning aligns with key insights from the Heterogeneous Agent New Keynesian literature.

New Discussion Papers

Alexander Dangel and Timo Goeschl - Air Quality Alerts and Don't Drive Appeals: Evidence on Voluntary Pollution Mitigation Dynamics from Germany, AWI Discussion Paper Series No. 760 (updated version of 718), January 2025.

Clive Bell - Trials and Tribulations: High-Yielding Varieties and Small Farmers in Bihar, circa 1970, AWI Discussion Paper Series No. 761, January 2025.

Editorial deadline for the next newsletter issue 03/2025:
Wednesday, 22nd, 2025, 12 p.m.
newsletter@awi.uni-heidelberg.de