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REGENSBURGECONNEWS

NEWSLETTER 2016-3

CALENDAR:

Departmental Seminar

Filip Matejka (Cerge-Ei Prague): *Electoral Competition with Rationally Inattentive Voters*	Monday, January 25 16:30–18:00 H26

IOS Seminar

Milena Nikolova (IZA, Bonn): *Minding the Happiness Gap: Political Institutions and Perceived Quality of Life in Transition*	Tuesday, January 26 13:30–15:00 AlFi 1.09 (Landshuter Str. 4)

Real Estate Seminar

Franz Pesch (University of Stuttgart): *Stadt und Handel im digitalen Zeitalter: Gibt es eine urbane Zukunft?*	Tuesday, January 26 16:30–18:00 VG 2.35

Lunch Seminar

Christopher Krauss (FAU Erlangen-Nürnberg): *Deep neural networks, random forests, gradient-boosted trees: Statistical arbitrage on the S&P 500 with state-of-the-art machine learning*	Wednesday, January 27 12:00–13:00 VG 2.35

Economic and Social History Seminar

Lino Wehrheim (University of Regensburg): *Wie werden Ökonomen einflussreich? Historische Erfolgsrezepte am Beispiel der Wirtschaftsweisen*	Wednesday, January 27 18:00-20:15 VG 1.30

ABSTRACTS:

Departmental Seminar
Filip Matejka:
Electoral Competition with Rationally Inattentive Voters
(joint work with Guido Tabellini)

Abstract: This paper studies how voters optimally allocate costly attention in a model of probabilistic voting. The equilibrium solves a modified social planning problem that reflects voters' choice of attention. Voters are more attentive when their stakes are higher, when their cost of information is lower and prior uncertainty is higher. We explore the implications of this in a variety of applications. In equilibrium, extremist voters are more influential and public goods are under-provided. The analysis also yields predictions about the equilibrium pattern of information, and about policy divergence by two opportunistic candidates. Endogenous attention can lead to multiple equilibria, explaining how poor voters in developing countries can be politically empowered by welfare programs.

IOS Seminar
Milena Nikolova:
Minding the Happiness Gap: Political Institutions and Perceived Quality of Life in Transition

Abstract: Along with political and economic changes, the fall of the socialist regimes in Central and Eastern Europe and the former Soviet Union brought about fundamental institutional reforms. Several studies have examined the causes of the increasing unhappiness which accompanied the transition process, including deteriorating public goods, rising inequality, income volatility, stagnating labor market conditions, and changing norms. Yet, few papers have sought explanations for the life satisfaction differentials between transition and non-transition economies. In this paper, I specifically examine the life satisfaction gap between post-socialist and advanced countries and the role of political institutions in explaining this gap. My results imply that both macroeconomic factors and the rule of law explain the overall life satisfaction differential between the advanced and transition societies. The rule of law had an additional role of reducing the happiness gap in the 1990s and may have even reversed it in the post-crisis years. As institutions and macroeconomic conditions continue to improve, post-socialist countries may complete their transformation processes and achieve quality of life levels comparable with those in the West.

Real Estate Seminar
Franz Pesch:
Stadt und Handel im digitalen Zeitalter: Gibt es eine urbane Zukunft?

Abstract: Abstract not available

Lunch Seminar
Christopher Krauss:
Deep neural networks, random forests, gradient-boosted trees: Statistical arbitrage on the S&P 500 with state-of-the-art machine learning

Abstract: We study highly-parametrized statistical arbitrage strategies on the S&P 500 index constituents from 1990-2015. Trading signals are generated by deep neural networks, random forests, gradient-boosted trees, and ensembles of the latter. In particular, we train all models with lagged cumulative returns and forecast the probability for each stock to outperform the general market on the next trading day. For each of these trading days, all S&P 500 index constituents are ranked according to their out-of-sample probability forecast in descending order. We buy the top k stocks and sell short the bottom k

stocks of the ranking. Our findings are promising: A simple ensemble consisting of one deep neural network, one random forest, and one gradient-boosted machine produces out-of-sample returns exceeding 0.40 percent per day for k = 5, prior to transaction costs. Irrespective of the fact that profits are declining in recent years, our findings pose a severe challenge to the semi-strong form of market efficiency.

Economic and Social History Seminar

Lino Wehrheim:
Wie werden Ökonomen einflussreich? Historische Erfolgsrezepte am Beispiel der Wirtschaftsweisen

Abstract: Kaum eine wissenschaftliche Disziplin prägt die moderne Gesellschaft so sehr wie die Ökonomik. Ihre Vertreter üben – etwa als Politikberater oder Mitarbeiter von Wirtschaftsforschungsinstituten – zum Teil erheblichen Einfluss auf politische Entscheider sowie die allgemeine Öffentlichkeit aus. Doch warum gelingt es manchen Ökonomen, zu mehr oder weniger einflussreichen „Stars" zu avancieren (laut F.A.Z.-Ökonomen-Ranking war Hans-Werner Sinn dieses Jahr erneut der einflussreichste Wirtschaftswissenschaftler), während andere mit ihrem Ansatz eher ein Schattendasein fristen? Der Vortrag geht dieser Frage nach, indem die Determinanten für den Erfolg eines politikberatenden Ökonomen untersucht werden. Im Mittelpunkt stehen dabei die Mitglieder des Sachverständigenrates zur Begutachtung der gesamtwirtschaftlichen Entwicklung – die sogenannten Wirtschaftsweisen.

MISCELLANEOUS:

Andreas Roider has served as Co-Editor for a symposium on Evidence-Based Management (joint with Florian Englmaier, Guido Friebel, and Gerd Mühlheusser), which is forthcoming in the *Journal of Institutional and Theoretical and Economics*.

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FAKULTÄT FÜR WIRTSCHAFTSWISSENSCHAFTEN

INSTITUT FÜR VOLKSWIRTSCHAFTSLEHRE EINSCHLIEßLICH ÖKONOMETRIE

Universitätsstraße 31 ▪ 93040 Regensburg

Newsletter–Redaktion: Martina Kraus-Pietsch
Telefon: +49 941 943–2710
Fax: +49 941 943–2734
E–Mail: econ.news@ur.de
Internet: www–wiwi.ur.de/Fakultät/VWL/

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