

# **The 5th Sophia Research Workshop in Economics**

## **Titles and Abstracts**

Date: March 23rd, 2022

Venue: 2-410 and Zoom

### **Session 1**

①12:05-12:45

**Kongphop Wongkaew (Waseda University)**

#### ***Misperception about COVID-19 Pandemic: Economic Implications and Associated Factors***

One of the key issues around the COVID-19 pandemic is the uncertainty about the true state of infection. Uninformed individuals could misperceive infection risk, prompting a suboptimal degree of economic activity. For this reason, misperception can alter the relationship between health and macroeconomic outcomes. Hence, understanding the evolution and associated factors behind misperception is helpful for policymaking. This paper estimates misperception about the number of new confirmed cases from the theoretical model proposed by Hamano, Katayama, and Kubota (2020) and tests how misperception alters the economic-health trade-offs among different activities. We explore the properties of misperception and found the spatial relationship of misperception across prefectures. Then, we investigate associated factors utilizing a unique individual survey. We found that misperception reflects government intervention such as the state of emergency and stimulus packages. Misperception is also associated with personal attitude towards COVID-19 and the precautionary actions to prevent the infection. Finally, a personality such as openness also governs misperception.

②12:45-13:25

**Matthias Schlegl (Sophia University)**

#### ***The Seniority Structure of Sovereign Debt***

Sovereign governments owe debt to many foreign creditors and can choose which creditors to favor when making payments. This paper documents the de facto seniority structure of sovereign debt using new data on defaults (missed payments or arrears) and creditor losses in debt restructuring (haircuts). We overturn conventional wisdom by showing that official bilateral (government-to-government) debt is junior, or at least not senior, to private sovereign debt such as bank loans and bonds. Private creditors are typically paid first and lose less than bilateral official creditors. We confirm that multilateral institutions such as the IMF and World Bank are senior creditors.

## Session 2

### ③13:35-14:15

**Gabriel Fuentes Cordoba (Sophia University)**

#### ***The Recognition of Community Forestry and Household Economic Situations in Cambodia***

Community forestry refers to a model of forest and land management that involves the participation of local people in the decision-making process. I combine data on the precise locations of 337 community forestry recognized by the Government of Cambodia between 2007 and 2014 with geocoded data from the Cambodian Socio-Economic Surveys to investigate the impact of the recognition of community forestry on household food and fuelwood spending. I find that households within 10 kms of forests recognized as community forestry spend significantly more on food and fuelwood than those that live farther away after the formal recognition. This effect is stronger for households with a literate head of household and when the household is headed by a male. Also, event studies indicate that the impact becomes larger with the passing of time.

### ④14:15-14:55

**Niklas Uliczka (Tohoku University)**

#### ***The Impact of Hurricane Katrina on Top Income Shares in Louisiana: A Synthetic Control Analysis***

Hurricane Katrina devastated the state of Louisiana in 2005. Using the synthetic control method, we evaluate the effect of this disaster on income inequality in Louisiana. The findings suggest that Katrina has an inequality-increasing impact on top income shares at the top 0.1% and top 1% level in the year following its occurrence. We find evidence of heterogeneous effects among income earners within the top decile that are positive and statistically significant for the top 1% income share, but negative and insignificant for the income share of the next 9%. Our empirical exercise also indicates that the short-term effect is not persistent but rather evolves into a highly volatile pattern in the medium-term. We also find that Hurricane Katrina has a negligible effect on inequality in the long-term. Our results are robust across a rich set of applied inequality measures and to various sensitivity checks.

### ⑤14:55-15:35

**Sayaka Nakamura (Nagoya University)**

#### ***Wholesome Lunch to the Whole Classroom: Short- and Longer-Term Effects on Early Teenagers' Weight***

This paper examines the unconventional monetary policies of the European Central Bank (ECB) from 1999 to 2020 with a focus on open market operations. We apply a principal component analysis to investigate the complexity of monetary policy. We find that four principal components (PCs) explain most of the variance of the ECB's operations of various facilities and measures. The results are robust among different variable sets and time frames. We also find the complexity, measured by the number of PCs needed to explain the variance, differs substantially between four sub-periods of different governorships: Duisenberg (1999-2003), Trichet (2003-2011), Draghi (2011-2019) and Lagarde (2019-present). We observe that open market operations of the Trichet era were the most complex, resulting in an increased number of PCs (four). In contrast, the corresponding number in the other eras has been at most two (Duisenberg and Lagarde) or three (Draghi).

## Session 3

⑥15:45-16:25

**Kenzo Ichikawa (Sophia University)**

### ***A Characterization of Reference-set Welfarism***

Accepting reference-set welfarism is one possible approach to evaluating resource allocations from both efficiency and equity perspectives on the basis of agents' preferences. Reference-set welfarism postulates that the evaluation of resource allocations is done by using a single evaluation relation defined for agents' reference-set utilities, which are specific numerical representations of their preferences derived from a given list of reference sets of resource bundles. This paper provides an axiomatic characterization of reference-set welfarism. We introduce the axiom of reference-set independence, which requires that the social ranking of any two allocations depend solely on the smallest reference sets from which the agents can choose resource bundles that are indifferent to their allocated resource bundles. We first show that the conjunction of Pareto indifference and reference-set independence is equivalent to the neutrality axiom that we call reference-set neutrality. Then, our main result establishes that reference-set welfarism is axiomatized by Pareto indifference and reference-set independence.

⑦16:25-17:05

**Hidefumi Yokoo (Hitotsubashi University)**

### ***Ethics of Randomized Field Experiments: Evidence from a Randomized Survey Experiment***

To conduct randomized field experiments while easing the disutility of subjects and concerns of practitioners, I empirically study the ethical concerns held by potential subjects. In the first survey, approximately 2,000 respondents are asked whether they recognize ethical issues in six existing experiments. Among these six experiments, an early childhood intervention is recognized as the most acceptable, while a charitable fund-raising experiment using lotteries is recognized as the least acceptable from an ethical perspective. To investigate methods to ease such ethical concerns, I conduct the second survey in which respondents are randomly assigned to four groups. I find a nonsignificant impact of changing the research methodology from a randomized experiment to an uncontrolled before-after study. However, ethical concerns significantly increase when informed consent is not enough or when subjects are randomly sampled. These findings support an experiment with agreed-upon participants, although it may limit the external validity of the experiment.