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Attention Induced Trading and Returns: Evidence from Robinhood Users

Brad M. Barber,
Xing Huang,
Terrance Odean,
and Chris Schwarz

TPI's Research Roundup is our semi-regular compilation of recent outside research of interest to tech policy nerds. If you've read a paper you think might be interesting to include in the next Roundup, feel free to send it to nlovin@techpolicyinstitute.org.

Their question: How do retail investors affect stock returns?

Their answer: The higher the volume of a stock traded on Robinhood, the lower the returns to the stock. The top 0.5% of stocks traded using Robinhood daily experience a negative 5% return over the next month.

Why does it matter? The GameStop short squeeze has increased attention on trading platforms and retail investors. Understanding the effects of Robinhood on the market and on traders is important if considering regulatory intervention.

Quantum Technology for Economists
Isaiah Hull,
Or Sattath,
Eleni Diamanti,
and Göran Wendin

Their question: How will quantum computing affect economics?

Their answer: "Quantum money" would allow for secure, private transactions without blockchain technologies. Economists will be able to use quantum computing to run regressions and macroeconomic simulations.

Why does it matter? Commercial quantum computing is still a long way off, but understanding the basics and potential practical uses can help direct its development and prepare for its use.

Reclaiming Spectrum from Incumbents in Inefficiently Allocated Bands

Gregory Rosston
& Andy Skrzypacz

Their question: How can the FCC move spectrum from current uses to higher-value uses and how have they been used?

Their answer: A study of four ways the FCC can move spectrum from current uses to higher-value uses.

Why does it matter? Significant swaths of spectrum are still assigned to relatively low-value uses with no easy path for change. The FCC will have to decide how to upgrade these licenses.

Efficiency and Equity Impacts of Energy Subsidies

Robert W. Hahn and
Robert D. Metcalfe

Their question: How do energy subsidies in California affect consumption and the environment?

Their answer: The subsidies increased welfare by \$76 million for customers receiving them, but reduced welfare by \$87 million to other customers due to price increases. Due to the increase in natural gas usage from the subsidy, removing the subsidy would reduce CO2 emissions by about the same amount as other environmental measures in California.

Why does it matter? Knowing price elasticities for energy & subsidies helps us predict which policies make people better off and how those policies will affect the environment.