



Fachbereich VWL / Department of Economics

# EconNewsletter

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OCTOBER 12 – OCTOBER 16, 2015

NEWSLETTER 2015-19

## SEMINAR CALENDAR

### Forschungsseminar “Environmental Economics and Management“

Luca Taschini, London School of Economics:

*The European Union Emissions Trading System and the Market  
Stability Reserve: Optimal Dynamic Adjustment*

Wednesday October 14

12:15–13:45

R. 0029 (VMP 5)

### Research Seminar “Labour Economics”

- no seminar -

### Hamburg Lectures on Law & Economics

- no seminar -

### Research Seminar “Microeconomics”

- no seminar -

### PhD Seminar

- no seminar -

### Forschungsseminar “Quantitative Wirtschaftsforschung“

- no seminar -

### HCHE Research Seminar

- no seminar -

## ABSTRACTS

### **Forschungsseminar “Environmental Economics and Management“**

Luca Taschini, London School of Economics:

*The European Union Emissions Trading System and the Market Stability Reserve: Optimal Dynamic Adjustment*

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#### *Abstract:*

The supply of allowances in the European Union Emissions Trading System is determined within a rigid allocation programme. A reform of the EU ETS intends to make allowances allocation flexible and contingent on the state of the system. We model the emissions market under adjustable allowance supply in a stochastic partial equilibrium framework and obtain closed form solutions for its dynamics. The model considers a supply control mechanism contingent on the number of allocated and unused allowances, as suggested by the European Commission. We derive analytical dependencies between the allowance allocation adjustment rate and the market equilibrium dynamics, which allows us to represent the quantity thresholds as quantiles for the number of allocated and unused allowances. Finally, we present an analytical tool for the selection of an optimal adjustment rate under both risk-neutrality and risk-aversion. We thereby provide an analytical foundation for the regulator's decision-making in the context of the EU ETS reform and give a novel perspective on the mechanism's overall design.

## ACTIVITIES OF DEPARTMENT MEMBERS

### **New Publications**

- Voss, A. (2015): *Collective Public-Transport Tickets and Anticipated Majority Choice: A Model of Student Tickets*, Transportation Research Part A, Volume 80, October 2015, 263-276.
- Muehlheusser, G., Schneemann, S., and Sliwka, D.: *Managerial change and team performance: The impact of team heterogeneity*, accepted for publication, Economic Inquiry.
- Belaia, M., Funke, M. and Glanemann, N.: *Global Warming and a Potential Tipping Point in the Atlantic Thermohaline Circulation: The Role of Risk Aversion*, accepted for publication, Environmental and Resource Economics (The Official Journal of the European Association of Environmental and Resource Economists).
- Avdeenko, A. and Siedler, T.: *Intergenerational Correlations of Extreme Right-Wing Party Preferences and Attitudes toward Immigration*, accepted for publication, Scandinavian Journal of Economics.
- Paul, A.: *After Work Shopping? Employment Effects of a Deregulation of Shop Opening Hours in the German Retail Sector*, accepted for publication, European Economic Review.

*The next EconNewsletter will be published on Monday, October 19, 2015.*

*Editorial deadline: Friday, October 16, 2015.*

**EconNewsletter**

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