



Fachbereich VWL / Department of Economics

# EconNewsletter

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NOVEMBER 2 – NOVEMBER 6, 2015

NEWSLETTER 2015-22

## SEMINAR CALENDAR

### Research Seminar “Labour Economics”

Uta Schönberg, University College London:  
*Labor Supply Shocks, Local Wages and Employment*

Monday November 2  
16:30-18:00  
R. 0029 (VMP 5)

### Forschungsseminar “Quantitative Wirtschaftsforschung“

Gernot Müller, Universität Tübingen:  
*Does Austerity Pay Off?*

Tuesday November 3  
12:15–13:45  
R. 0029 (VMP 5)

### Hamburg Lectures on Law & Economics

Dr. Matthew Rablen, Brunel University London:  
*Voluntary Disclosure of Offshore Tax Evasion - The Optimal  
Design of Offshore Disclosure Facilities*

Wednesday November 4  
18:15–19:45  
R. 1083a (VMP 5)

### PhD Seminar

Ulrich Hoffmann, University of Hamburg:  
*A Market-Based Perspective on English and German Banks’  
Risk-Taking (1890-1913)*

Thursday November 5  
12:15–13:15  
R. 0029 (VMP 5)

### Research Seminar “Microeconomics”

Cedric Wasser, Universität Bonn:  
*Optimal Structure and Dissolution of Partnerships*

Thursday November 5  
17:00–19:00  
R. 0029 (VMP 5)

### HCHE Research Seminar

- no seminar -

### Forschungsseminar “Environmental Economics and Management“

- no seminar -

## ABSTRACTS

### **Research Seminar “Labour Economics”**

Uta Schönberg, University College London:

*Labor Supply Shocks, Local Wages and Employment*

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*Abstract:*

Exploiting a rare commuting policy that led to a sharp, sudden and unexpected inflow of Czech workers to areas along the German-Czech border, in conjunction with unique longitudinal population data, we analyze the impact of a pure labor supply shock on native wages and employment, and assess the dynamics of responses in the immediate aftermath of the policy. We extend the standard framework by allowing for heterogeneity in the employment response of natives and show that a labor supply shock may lead to “perverse” effects—whereby the group which experiences the largest shock need not be the group which suffers the largest wage decline. We find that the labor supply shock leads to a moderate decline in local wages and a sharp decline in local employment. This employment response is almost entirely driven by diminished inflows into work rather than outflows into other areas or non-employment, suggesting that “outsiders” shield “insiders” from the increased competition. There is substantial heterogeneity in responses across different demographic groups, pointing toward perverse effects across age groups.

### **Forschungsseminar “Quantitative Wirtschaftsforschung“**

Gernot Müller, Univ. Tübingen:

*Does Austerity Pay Off?*

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*Abstract:*

We ask whether cuts of government consumption lower or raise the sovereign default premium. To address this question, we set up a new data set for 38 emerging and advanced economies which contains quarterly time-series observations for sovereign default premia, government consumption, and output. We find that whether austerity pays off depends on a) initial conditions and b) the time-horizon under consideration. Spending cuts in times of fiscal stress raise default premia, but lower premia in benign times. These findings pertain to the short run. Austerity always pays off in the long run, but particularly so if initial conditions are bad.

### **Hamburg Lectures on Law & Economics**

Dr. Matthew Rablen, Brunel University London:

*Voluntary Disclosure of Offshore Tax Evasion - The Optimal Design of Offshore Disclosure Facilities*

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*Abstract:*

Voluntary Disclosure of Offshore Tax Evasion - The Optimal Design of Offshore Disclosure Facilities  
Recent years have seen Incentivised Offshore Voluntary Disclosure Schemes (IOVDS) implemented by tax authorities across the globe. IOVDS are characterised by the acquisition of non-audit (often third-party) information on offshore holdings, and a subsequent opportunity for affected taxpayers to make a voluntary disclosure. Accepted disclosures are subject to a discounted fine rate, but verified underdisclosure attracts a higher penalty. The design of such Schemes and their desirability is investigated in a game theoretic environment. We characterise the optimal Scheme and show that such Schemes can generate a Pareto-improvement over the optimal auditing equilibrium without a Scheme, and stimulate legitimate offshore investment activity. The analysis yields practical insights for the policymakers designing such Schemes.

### **Research Seminar “Microeconomics”**

Cedric Wasser, Universität Bonn:

*Optimal Structure and Dissolution of Partnerships*

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*Abstract:*

We study a partnership model with non-identical type distributions and interdependent values. For any convex combination of revenue and social surplus in the objective function, we derive the optimal dissolution mechanism for arbitrary initial ownership. This mechanism involves ironing around worst-off types, which are endogenously determined and typically interior. Given the optimal mechanism, we then determine the optimal initial ownership structures. Equal ownership is always optimal with identical distributions but not with non-identical distributions. When distributions are ranked by stochastic dominance, stronger agents receive higher initial ownership shares when the weight on revenue is small but not necessarily when it is large.

## ACTIVITIES OF DEPARTMENT MEMBERS

### Miscellaneous

- We welcome Prof. Ralph-Christopher Bayer (University of Adelaide) who will visit the department throughout the whole month of November 2015. His main field of research is Behavioral Economics and he will teach a Ph.D. course on that topic and also give a talk in the microeconomics seminar. Everyone interested can get in touch with him directly via Email to [ralph.bayer@adelaide.edu.au](mailto:ralph.bayer@adelaide.edu.au)
- On Thursday, November 5, Dr. Elisabeth Springler (WU Wien) gives a speech on Postkeynesianische Theorie: Minskys Hypothese der finanziellen Instabilität, effektive Nachfrage und geldpolitische Alternativen “  
Her presentation is part of the lecture series „Wirtschafts- und Finanzkrisen aus pluraler Perspektive“, organized by the student’s initiative „Arbeitskreis Plurale Ökonomik“ and starts 6.15 p.m. at ESA B (Edmund-Siemers-Allee 1). For more information please click the link below:  
<http://www.plurale-oekonomik-hamburg.de/index.php/category/ringvorlesung-2016/>

*The next EconNewsletter will be published on Monday, November 9, 2015.*

*Editorial deadline: **Friday, November 6, 2015.***

### **EconNewsletter**

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