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Fakultät Wirtschafts- und Sozialwissenschaften

Fachbereich VWL / Department of Economics

EconNewsletter

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NOVEMBER 30 – DECEMBER 4, 2015 **NEWSLETTER 2015-26**

SEMINAR CALENDAR

Research Seminar "Labour Economics"
Elena Stancanelli, Paris School of Economics: Monday November 30
Spousal Retirement and Hours Outcomes: a regression discontinuity study
16:30-18:00
R. 0029 (VMP 5)

Forschungsseminar "Quantitative Wirtschaftsforschung"
Fabio Verona, Bank of Finland, Helsinki: Tuesday December 1
The Q Theory of Investment: New Evidence from a Time-Frequency Analysis
12:15–13:45
R. 0029 (VMP 5)

Forschungsseminar "Environmental Economics and Management"
Frank Krysiak, Universität Basel: Wednesday December 2
Electricity Market Design: Coordinating policies on a partially liberalized market
12:00–14:00
R. 0029 (VMP 5)

Hamburg Lectures on Law & Economics
Prof. Dr. Mark Hallerberg, Hertie School of Governance: Wednesday December 2
Elections and the Political Economy of Financial Crises
18:15–19:45
R. 1083a (VMP 5)

PhD Seminar
Hendrik Hüning, University of Hamburg: Thursday December 3
Optimal Public Information Dissemination - Introducing Observational Learning into a Generalized Beauty Contest
12:15–13:15
R. 0029 (VMP 5)

Research Seminar "Microeconomics"
- no seminar -

HCHE Research Seminar
- no seminar -

ABSTRACTS

Research Seminar "Labour Economics"
Elena Stancanelli, Paris School of Economics:
Spousal Retirement and Hours Outcomes: a regression discontinuity study

Abstract:
Earlier studies conclude that spouses time their retirement closely together. Here, we exploit early retirement age legislation to identify the effect of own and spousal retirement on spouses' hours of work. The sample for the analysis includes over 85000 French couples. We conclude that hours of work fall significantly upon own and partner's retirement, for both spouses. The own effect is dramatically large and equal to a drop in hours worked of 65 to 77 per cent while the cross effects are small, suggesting an average reduction of one or two hours per week upon spousal retirement.

Forschungsseminar "Quantitative Wirtschaftsforschung"
Fabio Verona, Bank of Finland, Helsinki:
The Q Theory of Investment: New Evidence from a Time-Frequency Analysis

Abstract:
Several researchers have i) conjectured that Tobin's Q and cash flow could have effect on investment at different frequencies and ii) shown that the investment sensitivities to Q and cash flow time-vary with the business cycle. In the light of this evidence, it seems crucial to take into account both the time variation of these sensitivities and the frequency dependence among these variables when analyzing the relationship between investment, Tobin's Q and cash flow.
This paper's goal is to revisit the empirical performance of the Q theory -- primarily using the traditional measure of Q based on equity prices, which seems to be the main culprit for the empirical failure of the Q theory -- in the time-frequency domain. More specifically, we use the continuous wavelet tools to estimate the coefficients in the investment equation across time and frequencies.
Our main results can be summarized as follows. First, there is a strong and positive correlation between investment and (the standard measure of) Q in about 50% of the time-frequency locus, i.e. these variables are strongly correlated. Second, on average the coefficient on Q in the time-frequency domain is 4 times larger than in the time domain, and it can even be 12 times larger in some time-frequencies regions. Third, cash flow does not drive out Q; in fact Q seems to be as important as cash flow in explaining investment. Fourth, the coefficient on Q (cash flow) is larger in the long (medium) run, so the power in the relationship between investment and Q (cash flow) is at low (medium) frequencies. Finally, the paper also provides a contribution to the empirical corporate finance literature that analyses the evolution over time of the cash flow coefficient in the investment equation. Our results using aggregate data show that the cash flow coefficient has not declined over time at all frequencies, as previous paper have instead found using micro level data.

Forschungsseminar “Environmental Economics and Management“
Frank Krysiak, Universität Basel:
Electricity Market Design: Coordinating policies on a partially liberalized market

Abstract:
In several countries, electricity markets have been liberalized, so that consumers can freely choose among suppliers. However, in many cases, barriers remain that lead to a surprisingly small number of consumer that actually switch their supplier. This limited competition can have consequences for the outcomes of interventions on electricity markets, such as policies for promoting renewables, grid pricing, capacity markets, or demand-side policies. In this paper, we model a partially liberalized electricity market with heterogeneous consumers. Supplier can choose among different technologies, some with deterministic, some with stochastic production, and interact on a spot market in addition to a retail market. Using this model, we analyze how different market interventions, such as subsidies for renewables, grid tariffs, or the introduction of capacity markets interact. In an extension, we also consider demand-side policies, such as a white certificate scheme for promoting energy efficiency.

Hamburg Lectures on Law & Economics
Prof. Dr. Mark Hallerberg, Hertie School of Governance:
Elections and the Political Economy of Financial Crises

Abstract:
How do elections affect the costliness of financial crises to taxpayers? Previous research contends that more electorally competitive countries choose responses to crises that are less costly to taxpayers. In this paper, we update Keefer's seminal 2007 article published in International Organization. The original article found that more electorally competitive countries had lower fiscal costs from responding to crises. The commonly used IMF/World Bank data set Keefer employed has since been extensively corrected and expanded. We update the original analysis with the newest version of this data set. We present a theory focused on how elections affect the timing of when governments are willing to bear the costs of financial crises.

PhD Seminar
Hendrik Hüning, University of Hamburg:
Optimal Public Information Dissemination – Introducing Observational Learning into a Generalized Beauty Contest

Abstract:
We develop a dynamic two-period generalized beauty contest to study the optimal level of publicity when disclosed information is subject to multiplier effects inherent to social learning. We build upon the static case, where all agents receive a private signal about an unknown fundamental state and only a fraction of all agents receive an additional public signal. However, in our model, agents no longer act simultaneously; rather, agents informed by both signals act in the first period, while those uninformed about the public signal delay their action and learn about informed agents' actions. We show that in the unique equilibrium of our dynamic game, informed agents overreact more strongly to public signals. The optimal dissemination of public information is thus considerably lower than the static case suggests. If the social learning signal is reasonably precise, aggregate welfare is higher than in the static case. Our results hold relevance for the optimal information policy design of public authorities.

ACTIVITIES OF DEPARTMENT MEMBERS

Miscellaneous

- On Thursday, December 3, Prof. Carl-Christian von Weizsäcker (MPI für Gemeinschaftsgüter, Bonn) gives a speech on
  "Kapitalismus in der Krise?
  Der negative natürliche Zins und die Folgen für die Politik"
  His 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, December 7, 2015.**

Editorial deadline: **Friday, December 4, 2015.**

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