MAY 23 – MAY 27, 2016  

SEMINAR CALENDAR

**Research Seminar “Labour Economics”**  
Andrea Ichino, European Univ. Institute, Florence:  
_Cognitive and non-cognitive costs of daycare 0-2 for girls_  
Monday May 23  
16:30-18:00  
R. 0029 (VMP 5)

**Forschungsseminar “Quantitative Wirtschaftsforschung“**  
Mathias Trabandt, Freie Universität Berlin:  
_Fiscal Multipliers in a Nonlinear World_  
Tuesday May 24  
12:15–13:45  
R. 0029 (VMP 5)

**Research Seminar “Microeconomics”**  
Christina Gravert, University of Gothenburg:  
_The hidden costs of nudging: Experimental evidence from reminders in fundraising_  
Thursday May 26  
17:00–19:00  
R. 0029 (VMP 5)

**PhD Seminar**  
- no seminar -

**HCHE Research Seminar**  
- no seminar -
Forschungsseminar “Quantitative Wirtschaftsforschung“
Mathias Trabandt, Freie Universität Berlin:
Fiscal Multipliers in a Nonlinear World

Abstract:
Existing work has shown that, in a liquidity trap, aggressive government spending cuts can be self-defeating in the short-run due to a higher-than-normal multiplier. A potentially serious drawback of the existing literature is the use of linearized models. Braun, Koerber and Waki (2012) and others claim that in a liquidity trap, a model can behave qualitatively differently depending on whether it has been linearized or not. We examine their claim with a focus on whether fiscal austerity can be self-defeating - i.e. austerity causes government debt to rise due to adverse effects on aggregate demand. Specifically, we compare the government debt and output effects due to changes in fiscal spending in linearized and nonlinear general equilibrium models. We start with a variant of the simple benchmark model in Woodford (2003), which allows us to carefully parse out the differences between the linear and nonlinear solutions. Finally, we examine the robustness of our results in the workhorse model of Christiano, Eichenbaum and Evans (2005) augmented with a financial accelerator mechanism.

Research Seminar “Microeconomics”
Christina Gravert, University of Gothenburg:
The hidden costs of nudging: Experimental evidence from reminders in fundraising

Abstract:
We document the hidden costs of one of the most policy-relevant nudges, reminders. Sending reminders, while proven effective in facilitating behavior change, may come at a cost for both senders and receivers. Using a large scale field experiment with a charity, we find that reminders increase donations, but they also substantially increase unsubscriptions from the mailing list. To understand this novel finding, we develop a dynamic model of donation and unsubscription behavior with limited attention which is tested in reduced-form using a second field experiment. We also estimate our model structurally to perform a welfare analysis, showing that reminders are welfare diminishing for the potential donors as non-givers incur a welfare loss of $2.35 for every reminder. The net benefit of every reminder to the charity is $0.18. Our evaluation shows the need to evaluate nudges on their intended as well as unintended consequences.
Research Seminar “Labour Economics”
Andrea Ichino, European Univ. Institute, Florence:
Cognitive and non-cognitive costs of daycare 0-2 for girls

Abstract:
Exploiting admission thresholds in a Regression Discontinuity Design, we study the causal effects of daycare at age 0–2 on cognitive and non-cognitive outcomes at age 8–14. One additional month in daycare reduces IQ by 0.5% (4.5% of a standard deviation). Effects for conscientiousness are small and imprecisely estimated. Psychologists suggest that children in daycare experience fewer one-to-one interactions with adults, which should be particularly relevant for girls who are more capable than boys of exploiting cognitive stimuli at an early age. In line with this interpretation, losses for girls are larger and more significant, especially in affluent families.

ACTIVITIES OF DEPARTMENT MEMBERS

New Publications


The next EconNewsletter will be published on Monday, May 30, 2016.

Editorial deadline: Friday, May 27, 2016.

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