



Fachbereich VWL / Department of Economics

# EconNewsletter

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JUNE 20 – JUNE 24, 2016

NEWSLETTER 2016-15

## SEMINAR CALENDAR

### Research Seminar “Labour Economics”

Christoph Sajons, Walter Eucken Institut, Freiburg: Monday June 20  
*Information on the ballot, voter satisfaction and election turnout* 16:30-18:00  
R. 0029 (VMP 5)

### Forschungsseminar “Quantitative Wirtschaftsforschung“

Galina Potjagailo, IfW Kiel: Tuesday June 21  
*Spillover Effects from Euro Area Monetary Policy Across the EU:* 12:15-13:45  
*A Factor-augmented VAR Approach* R. 0029 (VMP 5)

### Hamburg Lectures on Law & Economics

Prof. Andrew Hanssen, Clemson University: Wednesday June 22  
*The Foundations of Wealth-Enhancing Democracy:* 18:15-19:45  
*Aristotle, Lindahl, and Institutional Design in Ancient Greece* R. 1083a (VMP 5)

### PhD Seminar

Viktoria Langer, University of Hamburg: Thursday June 23  
*Good news about news shocks* 12:15-13:15  
R. 0029 (VMP 5)

### Research Seminar “Microeconomics”

John Weymark, Vanderbilt University: Thursday June 23  
*Voting over Selfishly Optimal Nonlinear Income Tax Schedules* 17:00-19:00  
*with a Minimum-Utility Constraint* R. 0029 (VMP 5)

### HCHE Research Seminar

- no seminar -

## ABSTRACTS

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

Christoph Sajons, Walter Eucken Institut, Freiburg:

*Information on the ballot, voter satisfaction and election turnout*

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*Abstract:*

If voters do not perceive meaningful differences between parties and candidates, they tend to stay at home or choose by other factors like style or likability. This study examines whether including different kinds of information about the candidates on the ballot affects the satisfaction and turnout of voters in low-profile elections in which most candidates are unknown and party-identification cannot be used to distinguish them. This case often appears in election systems with either intra-party primaries or open lists, in particular at lower institutional levels. The empirical analysis is based on an experimental exit-poll of voters at local elections in two German states in 2014 in which respondents faced a hypothetical election with different information treatments. The main results are: (1) More information on the ballot increases voter satisfaction, but the marginal effect is decreasing. (2) Profession information is particularly useful for voters. (3) This translates directly into a greater willingness to take part in the hypothetical election (“turnout”), especially for individuals unsatisfied with the real election system. (4) The last result can be confirmed with aggregate turnout data of German local elections after reunification.

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

Galina Potjagailo, IfW Kiel:

*Spillover Effects from Euro Area Monetary Policy Across the EU: A Factor-augmented VAR Approach*

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*Abstract:*

I analyze spillover effects from Euro area monetary policy shocks to thirteen EU countries outside the Euro area, i.e., ten countries from Central and Eastern Europe (CEE) and three Western EU members. The analysis is based on a FAVAR model with two blocks which exploits a large cross-country data set covering real activity variables, prices and financial variables. An expansionary Euro area monetary policy shock raises production in most non-Euro area countries. Somewhat larger and more instantaneous responses of production are observed in small open economies with fixed exchange rate regimes, where foreign demand effects are particularly strong. In addition, a Euro area monetary expansion leads to declines in interest rates and reductions in uncertainty in most non-Euro area countries. The spillovers on uncertainty are more pronounced in economies with flexible exchange rates, where the degree of financial market openness tends to be higher and where exchange rate appreciations further enhance risk taking by cushioning debt burdens from foreign currency loans. Finally, spillover effects on prices are heterogeneous across countries and behave asymmetrically in most CEE countries.

**PhD Seminar**

Viktoria Langer, University of Hamburg:  
*Good news about news shocks*

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*Abstract:*

Extending and modifying the canonical New Keynesian (NK) model, this study provides a novel approach to examining the impact of anticipated shocks, called “news shocks”, on business cycles. The analysis shows that news shocks are less stressful for an economy than is commonly assumed. The main results are as follows: (1) triggering lower economic fluctuations than unanticipated shocks of equal size news shocks behave in a welfare-enhancing manner, and (2) purely history-dependent monetary policy rules do not constitute an effective monetary instrument to keep welfare losses to a minimum.

**Research Seminar “Microeconomics”**

John Weymark, Vanderbilt University:  
*Voting over Selfishly Optimal Nonlinear Income Tax Schedules with a Minimum-Utility Constraint*

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*Abstract:*

Pairwise majority voting over alternative nonlinear income tax schedules is considered when there is a continuum of individuals who differ in their labor productivities, which is private information, but share the same quasilinear-in-consumption preferences for labor and consumption. Voting is restricted to those schedules that are selfishly optimal for some individual. The analysis extends that of Brett and Weymark (Games and Economic Behavior, forthcoming) by adding a minimum-utility constraint to their incentive-compatibility and government budget constraints. It also extends the analysis of Röell (unpublished manuscript, 2012) and Bohn and Stuart (unpublished manuscript, 2013) by providing a complete characterization of the selfishly optimal tax schedules. It is shown that individuals have single-peaked preferences over the set of selfishly optimal tax schedules, and so the schedule proposed by the median skill type is a Condorcet winner.

*The next EconNewsletter will be published on Monday, June 27, 2016.*

*Editorial deadline: Friday, June 24, 2016.*

**EconNewsletter**

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