



Fachbereich VWL / Department of Economics

EconNewsletter

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OCTOBER 31 – NOVEMBER 4, 2016

NEWSLETTER 2016-20

SEMINAR CALENDAR

HCHE Research Seminar

Prof. Jürgen Wasem, Universität Duisburg-Essen:
Weiterentwicklung der GKV-Finanzarchitektur

Monday October 31
16:30-18:00
R. 4011 (Esplanade 36)

Forschungsseminar “Quantitative Wirtschaftsforschung“

Katharina Jenderny, Umeå University:
Income and Wealth Concentration in Reunified Germany

Tuesday November 1
12:15–13:45
R. 0029 (VMP 5)

Hamburg Lectures on Law & Economics

Prof. Carlos Pereira, Brazilian School of Admin., Rio de Janeiro:
Tolerance of Corruption or Ideological Blindness?

Wednesday November 2
18:15–19:45
R. 1083a (VMP 5)

PhD Seminar

Christian Hilpert, Universität Hamburg:
*The Effect of Risk Aversion and Loss Aversion on Equity-Linked
Life Insurance with Surrender Guarantees*

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

Research Seminar “Microeconomics”

Herbert Dawid, Universität Bielefeld:
Capacity Investment and Product Innovation Leadership

Thursday November 3
17:15–18:15
R. 0029 (VMP 5)

Research Seminar “Labour Economics”

- no seminar -

ABSTRACTS

Forschungsseminar “Quantitative Wirtschaftsforschung“

Katharina Jenderny, Umeå University:

Income and Wealth Concentration in Reunified Germany

Abstract:

A large literature has documented top income share series based on income tax statistics using the common methodology established by Piketty (2001, 2003). The widespread disappearance of capital income from the income tax base poses a major challenge to the comparability of these series both over time and between countries. In Germany, capital income was gradually excluded from the income tax base between 2001 and 2009. Using a rich data set containing all income taxpayers' files we provide a homogeneous top income share series including full capital incomes from 2001 to 2010. Missing capital income since 2009 is extrapolated using a composite measure of stock dividends and interest income tax flows. We find that up to the top percentile the drop displayed in the German raw-data series in 2009 is largely attributable to the disappearance of capital income from the income tax base and not to the crisis. However, the very top of the income distribution is disproportionately hit by the crisis.

Hamburg Lectures on Law & Economics

Prof. Carlos Pereira, Brazilian School of Administration – FGV EBAPE, Rio de Janeiro:

Tolerance of Corruption or Ideological Blindness?

Abstract:

There is evidence that people vote for corrupt candidates even when they have information that their representatives have misbehaved in the past. We propose that ideology is an important factor explaining this voting behavior, and we tested two psychological mechanisms for this effect through an experimental approach conducted among Facebook users. We found that ideology strongly predicts voting for a corrupt candidate. We also identified evidence for two complementary psychological mechanisms: a cognitive cost-benefit tradeoff and a change in perception. Our results hold for two different types of corruption: nepotism and money.

PhD Seminar

Christian Hilpert, Universität Hamburg:

The Effect of Risk Aversion and Loss Aversion on Equity-Linked Life Insurance with Surrender Guarantees

Abstract:

We value equity-linked life insurance contracts with surrender guarantees from the perspective of risk averse and loss averse policyholders in continuous time. With increasing risk aversion, policyholders surrender their insurances for higher values of the underlying equity fund, compared to optimally stopped insurance contracts, leading to substantial losses. Moreover, high discounting amplifies suboptimal surrender. Loss averse policyholders display a different surrender behavior: They surrender only policies for which the surrender benefit represents a large gain, while holding on to unsuccessful contracts, so that the disposition effect increases the contract value relative to a contract stopped by a risk averse policyholder.

Research Seminar “Microeconomics”

Herbert Dawid, Universität Bielefeld:

Capacity Investment and Product Innovation Leadership

Abstract:

We employ a dynamic duopoly game with evolving demand structure to study the interplay between the firms' product innovation activities and their investments in capacities for an established product. After deriving a Markov-perfect equilibrium we conclude that the firm with a larger market share for the established product is less likely to be the first innovator. Innovation activity is negatively affected by the opponent's production capacity on the established market if the opponent has not innovated yet, but this effect is reversed after the opponent's innovation. A comparative cost disadvantage on the established market results in a higher incentive to innovate and potentially in a larger firm value. Furthermore, innovation activities in the Markov Perfect equilibrium are too low from a welfare perspective.

ACTIVITIES OF DEPARTMENT MEMBERS

Miscellaneous

- Wir begrüßen Herrn Felix Sebastian Schroeter, der am 16.10.2016 eine Stelle als wissenschaftlicher Mitarbeiter mit dem Ziel der Promotion angetreten hat (Professor Allgoewer, Arbeitsbereich Geschichte der VWL, Raum 2112, VMP 5).

New Publications

- Krause, M. (2016): The Millennium Peak in Club Convergence - A New Look at Distributional Changes in the Wealth of Nations, in: Journal of Applied Econometrics, DOI: 10.1002/jae.2542.
- Maennig, W., and Vierhaus, Chr. (2016): *Winning the Olympic host city election: key success factors*, in: Applied Economics, accepted for publication.

The next EconNewsletter will be published on Monday, November 7, 2016.

Editorial deadline: Friday, November 4, 2016.

EconNewsletter

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