



Fachbereich VWL / Department of Economics

# EconNewsletter

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NOVEMBER 21 – NOVEMBER 25, 2016

NEWSLETTER 2016-23

## SEMINAR CALENDAR

### Research Seminar “Labour Economics”

Colin Green, Lancaster University:

*The Effect of Far Right Parties on the Location Choice of Immigrants: Evidence from Lega-Nord Mayors*

Monday November 21

16:30-18:00

R. 0029 (VMP 5)

### Forschungsseminar “Quantitative Wirtschaftsforschung“

Christoph Görtz, University of Birmingham:

*News Shocks under Financial Frictions*

Tuesday November 22

12:15–13:45

R. 0029 (VMP 5)

### Hamburg Lectures on Law & Economics

Prof. Joanna Jemielniak, University of Copenhagen:

*Permanent Mechanisms of Investment Dispute Resolution in the EU FTAs - towards an Investment Court or an Institutional Amalgam?*

Wednesday November 23

18:15–19:45

R. 1083a (VMP 5)

### PhD Seminar

Viktoria Langer, Universität Hamburg:

*News shocks, nonseparable preferences, and optimal monetary policy*

Thursday November 24

12:15–13:15

R. 0029 (VMP 5)

### Research Seminar “Microeconomics”

Florian Englmaier, LMU München:

*Bonus Incentives in Creative Team Tasks – Evidence from a Field Experiment*

Thursday November 24

17:15–18:45

R. 0029 (VMP 5)

Sollten Sie Interesse haben, sich mit einem/r der Vortragenden zu treffen, wenden Sie sich bitte an den entsprechenden Veranstalter. Weitere Infos finden Sie auf unserer Homepage: <https://www.wiso.uni-hamburg.de/fachbereich-vwl/forschung/forschungsseminare.html>

**HCHE Research Seminar**

- no seminar -

**Forschungsseminar “Environmental Economics and Management“**

- no seminar -

<b>ABSTRACTS</b>
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**Research Seminar “Labour Economics”**

Colin Green, Lancaster University:

*The Effect of Far Right Parties on the Location Choice of Immigrants: Evidence from Lega-Nord Mayors*

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*Abstract:*

Existing evidence suggests that the presence of immigrants has a substantial effect on the political views of the electorate, generating an advantage to parties with anti-immigration or nationalist platforms. This paper aims at exploring a closely related issue: we study whether immigrant location decisions are sensitive to the political leaning of local government. We construct a dataset of mayoral elections in Italy for the years 2000-2013, and calculate what is the effect of electing a mayor supported by Lega Nord. The implication of our results is that the presence of anti-immigrant mayors leads to a reshuffling of the immigrant population across country.

**Forschungsseminar “Quantitative Wirtschaftsforschung“**

Christoph Görtz, University of Birmingham:

*News Shocks under Financial Frictions*

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*Abstract:*

We examine the dynamic effects and empirical role of TFP news shocks in the context of frictions in financial markets. We document two new facts using VAR methods. First, a (positive) shock to future TFP generates a significant decline in various credit spread indicators considered in the macro-finance literature. The decline in the credit spread indicators is associated with a robust improvement in credit supply indicators, along with a broad based expansion in economic activity. Second, it is striking that VAR methods also establish a tight link between TFP news shocks and shocks that explain the majority of un-forecastable movements in credit spread indicators. These two facts provide robust evidence on the importance of movements in credit spreads for the propagation of news shocks. A DSGE model enriched with a financial sector of the Gertler-Kiyotaki-Karadi type generates very similar quantitative dynamics and shows that strong linkages between leveraged equity and excess premiums, which vary inversely with balance sheet conditions, are critical for the amplification of TFP news shocks. The consistent assessment from both methodologies provides support for the traditional ‘news view’ of aggregate fluctuations.

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

Prof. Joanna Jemielniak, University of Copenhagen:

*Permanent Mechanisms of Investment Dispute Resolution in the EU FTAs - towards an Investment Court or an Institutional Amalgam?*

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### *Abstract:*

Arbitration, currently the most common mechanism of resolving investment disputes, has in recent years been object of criticism due to participatory deficiencies, as well as concerns as to transparency and legitimacy of the fragmented regime. A number of doctrinal, as well as policy-oriented proposals has been forwarded in response to these critiques. Many commentators defend the efficiency of existing investment arbitration regime, or argue for its sustaining after reforms and for more effective use of already existing procedural options. Others call for a major institutional change, and introduction of a uniform judicialized track for investment dispute resolution. Such proposals envision a creation of a permanent investment tribunal/court, or of a permanent appellate body, or both. The concepts of introduction of a judicialized system for ISDS have recently been successfully included in negotiations of actual trade and investment agreements. Establishment of a two-tier, court-like mechanism for investment disputes has already been accepted in the EU FTA with Vietnam and in the Comprehensive Economic and Trade Agreement (CETA) between Canada and the European Union. Analogical solution has also formally been proposed by the European Commission in negotiations of the Transatlantic Trade and Investment Partnership (TTIP) agreement with the United States. The EU policy in regard to ISDS officially aims at consistent promotion of this model in negotiations of further agreements, as well as at a future institutional consolidation of so created bodies. However, is the mechanism, advanced in the discussed FTAs, and officially presented as an 'investment court', truly a court, or rather a hybrid solution? What is its judicial and institutional grounding? What will be the status of rulings and how should they be enforced? The lecture will address these questions and offer comments on prospects for further proliferation of this model of investment dispute resolution.

### **PhD Seminar**

Viktoria Langer, Universität Hamburg:

*News shocks, nonseparable preferences, and optimal monetary policy*

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#### *Abstract:*

Extending and modifying the canonical New Keynesian (NK) model by embedding a nonseparable Jaimovich/Rebelo (2009)-type utility function, this study provides a novel approach to examine the impact of anticipated shocks, called “news shocks”, on business cycles. It can be shown that news shocks cause larger economic fluctuations than unanticipated shocks of the same form and thus behave in a welfare-reducing manner. Given this, the paper explores how (optimal) monetary policy should be conducted. In line with earlier studies, the investigation of several Taylor-type interest rate rules shows that the lowest welfare losses can be achieved based on rules that respond to both contemporaneous and expected future macroeconomic conditions.

## ACTIVITIES OF DEPARTMENT MEMBERS

### **New Publications**

- von Lyncker, K. & Thoennessen, R. (2016): Regional club convergence in the EU: evidence from a panel data analysis, in: *Empirical Economics*, doi:10.1007/s00181-016-1096-2.

*The next EconNewsletter will be published on Monday, November 28, 2016.*

*Editorial deadline: Friday, November 25, 2016.*

### **EconNewsletter**

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