



Fachbereich VWL / Department of Economics

EconNewsletter

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JUNE 11 – JUNE 15, 2018

NEWSLETTER 2018-13

SEMINAR CALENDAR

HCHE Research Seminar

Prof. Carol Propper, Imperial College London:
Does the Internet improve health care? Evidence from the UK

Monday June 11
16:30-18:00
R. 4011 (Esplanade 36)

Forschungsseminar “Quantitative Wirtschaftsforschung“

Christian Bredemeier, Universität Köln:
Interest Rate Spreads and Forward Guidance

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

Hamburg Lectures on Law & Economics

Prof. Ray Fisman, Boston University:
*Tax-Exempt Lobbying: Corporate Philanthropy as a Tool for
Political Influence*

Wednesday June 13
18:15–19:45
R. 1083a (VMP 5)

PhD Seminar

Marina Chugunova, Universität Hamburg:
*When to Leave Carrots for Sticks: On the Evolution of
Sanctioning Institutions in Open Communities*

Thursday June 14
12:15–13:15
R. 0029 (VMP 5)

Research Seminar “Microeconomics”

- no seminar -

Research Seminar “Labour Economics”

- no seminar -

ABSTRACTS

HCHE Research Seminar

Prof. Carol Propper, Imperial College London:

Does the Internet improve health care? Evidence from the UK

Abstract:

We study the effect of internet diffusion on childbirth procedures performed in England between 2000 and 2011. We exploit an identification strategy based on geographical discontinuities in internet diffusion generated by technological factors. Our design shuts off the role of financial incentives for suppliers. We show that broadband internet access increased Cesarean-sections: mothers living in areas with better internet access are 1.8 percent more likely to have a C-section than mothers living in areas with worse internet access. The effect is driven by first-time mothers who are 2.5 percent more likely to obtain an elective C-section. The increased C-section rate is not accompanied by changes in health care outcomes of mothers and newborns. Therefore, health care costs increased with no corresponding medical benefits for patients. Heterogeneity analysis shows that mothers with low income and low education are those more affected: thanks to the internet, they progressively close the C-section gap with mothers with higher income and education.

Forschungsseminar “Quantitative Wirtschaftsforschung“

Christian Bredemeier, Universität Köln:

Interest Rate Spreads and Forward Guidance

Abstract:

Announcements of future monetary policy rate changes have been found to be imperfectly passed through to various interest rates. We provide evidence for rates of return on less liquid assets to respond by less than, e.g., treasury rates to forward guidance announcements of the US Federal Reserve, suggesting that single-interest-rate models tend to overestimate their macroeconomics effects. We apply a macroeconomic model with interest rate spreads stemming from differential pledgeability of assets, implying that assets provide liquidity services to different extents. Consistent with empirical evidence, announcements of future reductions in the policy rate lead to an increase in liquidity premia. The output effects of forward guidance do not increase with length of the guidance period and are substantially less pronounced than they are predicted to be by a standard New Keynesian model. We thereby provide a solution to the so-called “forward guidance puzzle”.

Hamburg Lectures on Law & Economics

Prof. Ray Fisman, Boston University:

Tax-Exempt Lobbying: Corporate Philanthropy as a Tool for Political Influence

Abstract:

We explore the role of charitable giving as a means of political influence, a channel that has been heretofore unexplored in the political economy literature. For philanthropic foundations associated with Fortune 500 and S&P500 corporations, we show that grants given to charitable organizations located in a congressional district increase when its representative obtains seats on committees that are of policy relevance to the firm associated with the foundation. This pattern parallels that of publicly disclosed Political Action Committee (PAC) spending. As further evidence on firms' political motivations for charitable giving, we show that a member of Congress's departure leads to a short-term decline in charitable giving to his district, and we again observe similar patterns in PAC spending. Charities directly linked to politicians through personal financial disclosure forms filed in accordance to Ethics in Government Act requirements exhibit similar patterns of political dependence. Our analysis suggests that firms deploy their charitable foundations as a form of tax-exempt influence seeking. Based on a straightforward model of political influence, our estimates imply that 7.1 percent of total U.S. corporate charitable giving is politically motivated, an amount that is economically significant: it is 280 percent larger than annual PAC contributions and about 40 percent of total federal lobbying expenditures. Given the lack of formal electoral or regulatory disclosure requirements, charitable giving may be a form of political influence that goes mostly undetected by voters and shareholders, and which is directly subsidized by taxpayers.

PhD Seminar

Marina Chugunova, Universität Hamburg:

When to Leave Carrots for Sticks: On the Evolution of Sanctioning Institutions in Open Communities

Abstract:

There is substantial evidence that punishment is more effective than rewards to maintain cooperation in social dilemmas. Yet, previous findings suggest that people generally dislike negative sanctioning institutions and avoid them when possible. We take a new perspective by directly comparing the migration between punishment and reward regimes in a social dilemma. In our laboratory experiments participants continuously "vote with their feet" by migrating between punishment and reward communities. In line with previous research, the vast majority of subjects in our experiment opts initially for the reward institution. Over time, however, more subjects start to join the less profitable punishment community. Analyzing the conditions which trigger migration, we show that full contributors are the first to migrate to the non-populated punishment communities. Followers cooperate almost fully without the requirement of actual punishment, thus reducing the welfare costs

of the institution. Individual data suggest that income differences within communities and missing compensations for cooperators in the reward community are key factors for the decision to migrate.

ACTIVITIES OF DEPARTMENT MEMBERS

New Publications

- **Gambaro, L., Marcus, J., Peter, F. (2018)**, “School entry, afternoon care, and mothers’ labour supply”, *Empirical Economics*, forthcoming. doi: 10.1007/s00181-018-1462-3.

Miscellaneous

- The Alumni VWL would like to invite you to a meeting with a former UHH Economics student, Sebastian Laumer, who is now working as a PhD student in the Economics Department at the University of Illinois, US. He is willing to share his experience as a doctoral student abroad and would be happy to give advice and/ or answer your questions.

When? Tuesday, 3rd of July, at 3:00 pm

Where? Universität Hamburg, Room: VMP 9 A215

The meeting will be held in English.

- Die Joachim Herz Stiftung vergibt jährlich zehn „Add-on Fellowships for Interdisciplinary Economics“ von jeweils bis zu 12.500 Euro über eine Laufzeit von zwei Jahren an ausgewählte (Post-) Doktoranden (w/m). Junge Wissenschaftler sollen so bei der Bearbeitung von ökonomische Forschungsfragen mit interdisziplinärem Bezug unterstützt werden. Jun.-Prof. Moritz Drupp aus unserem Fachbereich ist Teil der Jury. Weitere Informationen finden Sie unter dem folgenden Link:

<https://www.joachim-herz-stiftung.de/was-wir-tun/wirtschaft-verstehen-gestalten/wirtschaftswissenschaften-querdenken/add-on-fellowships-wirtschaft/>

The next EconNewsletter will be published on Monday, June 18, 2018.

Editorial deadline: Friday, June 15, 2018.

EconNewsletter

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