



Fachbereich VWL / Department of Economics

# EconNewsletter

Editorial Contact: Michael Paetz  
tel: +49 40 42838-5561; e-mail: econ.newsletter@wiso.uni-hamburg.de

APRIL 23 – APRIL 27, 2018

NEWSLETTER 2018-7

## SEMINAR CALENDAR

### HCHE Research Seminar

Prof. Dr. Martin Siegel, TU Berlin:

*The structure of households' healthcare spending in Germany:  
Progressive or degressive effects?*

Monday April 23

16:30-18:00

R. 4011 (Esplanade 36)

### Forschungsseminar "Quantitative Wirtschaftsforschung"

Antje Berndt, Australian National University:

*Dealer Inventory, Short Interest and Price Efficiency in the  
Corporate Bond Market*

Tuesday April 24

12:15–13:45

R. 0029 (VMP 5)

### Hamburg Lectures on Law & Economics

Prof. Hartmut Kliemt, University of Gießen:

*Politics as Exchange? - Buchanan's Foundations of Democratic  
Economic Policy & Beyond*

Wednesday April 25

18:15–19:45

R. 1083a (VMP 5)

### PhD Seminar

Felix Schroeter, Universität Hamburg:

*Gustav Schmoller's Concept of Justice and the Historical Method*

Thursday April 26

12:15–13:15

R. 0029 (VMP 5)

### Research Seminar "Microeconomics"

Dominique Demougin, University of Liverpool:

*Regulation of Professional Services: Licensing in a Moral  
Hazard Context*

Thursday April 26

17:15–18:45

R. 0029 (VMP 5)

### Research Seminar "Labour Economics"

- no seminar -

## ABSTRACTS

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

Antje Berndt, Australian National University:

*Dealer Inventory, Short Interest and Price Efficiency in the Corporate Bond Market*

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*Abstract:*

We propose a model of trading in the over-the-counter corporate bond market where investors buy and sell bonds through dealers, and investors and dealers short bonds by borrowing them in the securities lending market. The model predicts that higher dealer inventory costs are associated with lower short interest for bonds, particularly for high-credit-quality bonds. We construct bond-level proxies for inventory costs and provide empirical evidence in support of the model's prediction. We find that much of the dramatic decline in short interest observed since the Great Financial Crisis (GFC) can be explained by an increase in proxies for inventory costs. We document that implicit short-sale constraints imposed by higher dealer inventory costs have a negative impact on price efficiency in the corporate bond market. Our findings suggest that tighter post-GFC regulation may have had unintended consequences for bond market quality.

### **PhD Seminar**

Felix Schroeter, Universität Hamburg:

*Gustav Schmoller's Concept of Justice and the Historical Method*

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*Abstract:*

In my paper I undertake a rational reconstruction of Gustav Schmoller's notion of justice and its relevance for a non-normative analysis of economic institutions. His theoretical efforts may be understood as alternative draft to the contractualistic approaches of Classical Political Economy and Neoclassical Economics and essentially rely on an evolutionary perspective of economic agency. In order to avoid a rational reinterpretation of economic facts from a partisan stance, the economist retraces the historical evolution of respective agents' value judgements and their role in fostering institutional integrity. The notion of justice now assumes two different tasks: First, as idea, it serves the single agent as normative grid for his personal value judgements and, hence, his economic actions. Second, on the institutional level, it becomes essential for the concerned agents to harmonize their values for the sake of a shared idea of justice. The latter enables economic interactions to persist. Thus, in Schmoller's approach the question of economic ends cedes the question of institutional integrity. But, in spite of its analytical promises, he does not succeed in disentangling his concept from the metaphysics of idealistic historicism.

### **Research Seminar “Microeconomics”**

Dominique Demougin, University of Liverpool:

*Regulation of Professional Services: Licensing in a Moral Hazard Context*

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#### *Abstract:*

We analyze licensing in professional services using a Principal-Agent framework. We introduce a theoretical argument different from the Leland-Shapiro view which also builds on moral hazard, but does not rely on licensing as a potential gate keeper. Though the introduction of license fees increases costs and lowers participation, we find that it reduces the marginal price associated with quality. The optimal license fee balances these different effects. We use the setup to derive comparative static results and discuss possible impacts of improvements in ICT on license fees. We find that the results are more ambiguous than often suggested.

## ACTIVITIES OF DEPARTMENT MEMBERS

### **New Publications**

- **Chen, Y-F., Funke, M. and R. Moessner (2018)**, “Informal One-Sided Target Zone Model and the Swiss Franc”, *Review of International Economics* (accepted for publication).
- **Foerster, Manuel (2018)**, “Dynamics of Strategic Information Transmission in Social Networks”, forthcoming in *Theoretical Economics*.

### **Miscellaneous**

- **Berufsperspektiven für Ökonom\*innen – was kommt nach dem VWL-Studium?** Um diese Frage soll es am **Mittwoch, den 25.04. um 18 Uhr im VMP 9, S27** gehen. Dazu werden drei VWL-Alumni der Uni Hamburg einen Einblick in ihren Berufsalltag geben. Herzlich eingeladen sind alle Student\*innen sowie Interessierte des Fachbereichs Volkswirtschaftslehre.

*The next EconNewsletter will be published on Monday April 30, 2018.*

*Editorial deadline: **Friday, April 27, 2018.***

### **EconNewsletter**

Department of Economics

University of Hamburg

Von-Melle-Park 5, 20146 Hamburg

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