



Fachbereich VWL / Department of Economics

EconNewsletter

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NOVEMBER 11 – NOVEMBER 15, 2019

NEWSLETTER 2019-24

SEMINAR CALENDAR

HCHE Research Seminar

Dominik Graf v. Stillfried, Zentralinst. für die kassenärztliche Versorgung: Monday November 11
Acute and emergency care in Germany - how health services research leads to improved practice 16:30-18:00
Esplanade 36, R. 4011/13

Forschungsseminar “Quantitative Wirtschaftsforschung“

Pierre-Guillaume Méon, Univ. Libre de Bruxelles: Tuesday November 12
A Positive Effect of Political Dynasties: The Case of France’s 1940 Enabling Act 12:15–13:45
R. A215 (VMP 9)

Environmental and Development Economics

Torben Mideska, Uppsala University: Wednesday November 13
Prices vs. Quantities with Multiple Countries 12:15–13:45
WiWi 0079 (VMP 5)

Hamburg Lectures on Law & Economics

Prof. Florian Wagner-von Papp, Helmut Schmidt Universität: Wednesday November 13
Lost on Penalties — A Penalty Shoot-Out between England and Germany (and a few other jurisdictions) 18:15–19:45
R. 110, Johnsallee 35

Research Seminar “Microeconomics”

Bertil Tungodden, Norwegian School of Economics: Thursday November 14
Fairness Across the World: Preferences and Beliefs 17:15–18:45
Raum S 28 (VMP 9)

Research Seminar “Labour Economics”

- no seminar -

PhD Seminar

- no seminar -

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>

ABSTRACTS

Forschungsseminar “Quantitative Wirtschaftsforschung“

Pierre-Guillaume Méon, Univ. Libre de Bruxelles:

A Positive Effect of Political Dynasties: The Case of France's 1940 Enabling Act

Abstract:

The literature on political dynasties in democracies usually considers dynasties as a homogenous group and points out their negative effects. By contrast, we argue that political dynasties may differ according to their origin and that democratic dynasties - dynasties whose founder was a defender of democratic ideals - show a stronger support for democracy than other dynasties. This conclusion is based on the analysis of the vote by the French parliament on July 10, 1940 of an enabling act that granted full power to Marshall Philippe Pétain, thereby ending the Third French republic and aligning France with Nazi Germany. Using individual votes and newly-collected data from the biographies of the members of parliament, we observe that members of a democratic dynasty had a 7.6 to 9.0 percentage points higher probability to oppose the act than members of other political dynasties or elected representatives belonging to no political dynasty. Suggestive evidence points to the pro-democracy environment of democratic dynastic politicians as the main driver of this effect.

Environmental and Development Economics

Torben Mideska, Uppsala University:

Prices vs. Quantities with Multiple Countries

Abstract:

What is the best policy for mitigating climate change and managing other multilateral public goods? To answer this question, this paper examines a policy-making game among several countries in the face of cost uncertainty. Governments choose both the intensity of a policy (i.e., price level or quantity level) and the type of policy: price or quantity (e.g., carbon tax or emissions quota). When cost shocks are country-specific, this paper shows that countries tend to choose the price instrument despite the quantity instrument being superior from a welfare perspective. If cost shocks are world-wide, global carbon taxes are inefficient unless the ratio of the slope of the marginal abatement cost function to the slope of the marginal benefit function exceeds 80,000. Strikingly, the paper shows that the social welfare from non-cooperatively chosen quantities (e.g., emissions quotas) may dwarf the social welfare from first-best price levels (e.g., carbon taxes).

Hamburg Lectures on Law & Economics

Prof. Florian Wagner-von Papp, Helmut Schmidt Universität:

Lost on Penalties — A Penalty Shoot-Out between England and Germany (and a few other jurisdictions)

Abstract:

The treatment of penalty clauses and liquidated damages clauses has long been a staple topic of Law & Economics and Comparative Law textbooks. Various legal systems limit the enforcement of penalty clauses to a greater or lesser extent. Common law jurisdictions do not enforce penalty clauses at all, and various civil law jurisdictions put limits on the extent of their enforcement. This is, from the legal perspective, a limitation on the party's freedom of contract and, from an economics perspective, restricts Coasean bargaining.

Both common and civil law jurisdictions single out penalty clauses for this special treatment. Alternative contract clauses serving objectives very similar to those of penalty clauses ("alternative arrangements"), such as liquidated damages clauses or agreements on differentiated primary obligations conditional on events that are not a breach, largely or completely escape special treatment. In light of the functional exchangeability of penalties and these alternative arrangements, the legal differentiation appears at best curious. Unease with the differentiation has resulted in a moving of the goalposts in recent years in some jurisdictions (most prominently in Australian and English contract law).

There is, however, little impetus to tackle the more fundamental question what the precise purposes of the rules against (or on) penalties are. Once the purposes are properly defined, the question arises whether these purposes, if they are indeed strong enough to justify the inroads into freedom of contract and Coasean bargaining in the case of penalty clauses, also require modifications in the approach to functionally equivalent alternative arrangements in order to avoid inconsistencies (and the penalty rule becoming a mere trap for the unwary). Fluid boundaries between penalty clauses and alternative arrangements are particularly problematic if the qualification as a penalty clause or as an alternative arrangement results in starkly different outcomes.

A consistent approach to penalties and alternative arrangements is of great, and arguably increasing, practical significance. In addition to their wide-spread use in consumer contracts (bank charges, parking fees...), penalty clauses or alternative arrangements are used to allocate risks in large-scale commercial contracts, public-private partnerships, and performance-based logistics.

The presentation describes the developments from a comparative perspective, and describes a framework for a more consistent approach.

Research Seminar “Microeconomics”

Bertil Tungodden, Norwegian School of Economics:

Fairness Across the World: Preferences and Beliefs

Abstract:

The paper reports from a large-scale study of people’s fairness preferences and beliefs, where 65 000 individuals from 60 countries make real distributive choices. We establish causal evidence on the role of the source of inequality and efficiency considerations for inequality acceptance, and we provide a rich description of people’s beliefs about the main sources of inequality and the cost of redistribution. We find large heterogeneities in both preferences and beliefs and show that they are strongly associated with people’s policy views on redistribution. The paper also studies how people’s fairness views relate to various country characteristics. In particular, we show that there are striking differences between the developed and developing countries in both fairness preferences and beliefs.

The next EconNewsletter will be published on Monday, November 18, 2019.

Editorial deadline: Friday, November 15, 2019.

EconNewsletter

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