



Fachbereich VWL / Department of Economics

# EconNewsletter

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DECEMBER 16 – DECEMBER 20, 2019

NEWSLETTER 2019-29

## SEMINAR CALENDAR

### Research Seminar “Labour Economics”

Kerry L. Papps, University of Bath:

*Rapid Pass-Through? Menu Adjustment to the Minimum Wage at a Fast Food Chain*

Monday December 16

16:30-18:00

Esplanade 36, R. 4011/13

### Environmental and Development Economics

Stefano Carattini, Georgia State University:

*Voting and information: Evidence from a randomized controlled trial*

Wednesday December 18

12:15–13:45

WiWi 0079 (VMP 5)

### PhD Seminar

Patrick Harms, University of Hamburg:

*The DCEs of the ECB’s Monetary Policies Before and After the Crisis*

Thursday December 19

12:15–13:15

WiWi 2095/2197 (VMP 5)

### HCHE Research Seminar

- no seminar -

### Forschungsseminar “Quantitative Wirtschaftsforschung“

- no seminar -

### Hamburg Lectures on Law & Economics

- no seminar -

### Research Seminar “Microeconomics”

- no seminar -

## ABSTRACTS

### **Research Seminar “Labour Economics”**

Kerry L. Papps, University of Bath:

*Passing Through the System? Menu Adjustment in Response to the Minimum Wage*

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*Abstract:*

This paper examines how the prices of individual menu items at stores belonging to a single fast food chain respond to a change in the minimum wage. Unlike in previous studies, this approach controls for changes in the quality and size of the items in response to the minimum wage. Using weekly data, the change in prices at stores in New Jersey after that state raised its minimum wage by \$1.15 in July 2019 are compared with the change in prices at stores in Pennsylvania over the same period. The results suggest that the elasticity of price with respect to minimum wage (the “pass-through” elasticity) is around 0.07. This is around twice the elasticity found when store-level average prices are used, suggesting that there is a substantial degree of substitution towards lower-quality menu items. Consistent with theory, items that are relatively more labour intensive in production exhibit larger pass-through elasticities.

### **Environmental and Development Economics**

Stefano Carattini, Georgia State University:

*Voting and information: Evidence from a randomized controlled trial*

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*Abstract:*

Information asymmetries affect many real-world decisions, including voting behavior. Important welfare losses may occur if people's voting behavior is biased because of information asymmetries and misleading political campaigns. One crucial example is environmental policy. Growing evidence suggests that information asymmetries affect people's perceptions of Pigouvian policies. In particular, people tend to underestimate the incentive effect of such policies and overestimate their drawbacks. In combination with a ballot initiative on carbon taxes, taking place in Washington state, we realize a large randomized controlled trial providing information on carbon taxes to over 285,000 individuals. We collect data at the precinct level and measure variation in voting behavior across treatments and with respect to the counterfactual. We find that our interventions affect voting behavior, especially for voters located in precincts relatively opposed to the initiative and more exposed to information countering the arguments for carbon taxes. Additional evidence is provided at the individual level with a survey of about 1,000 individuals, using the same treatments as in the randomized controlled trial. The survey confirms that the informational treatments change voting preferences through beliefs' updating.

**PhD Seminar**

Patrick Harms, University of Hamburg:

*The DCEs of the ECB's Monetary Policies Before and After the Crisis*

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*Abstract:*

The dynamic causal effects of the ECB's monetary policies before/during and after the crisis are estimated in a SVAR framework. For the two sample periods, instruments directly related to the ECB's monetary measures are used to identify the structural parameters of the model. The results show that the effect of monetary policy shocks differ in the two time periods: While monetary policy pre-dominantly influenced prices indirectly through the Phillips-curve before/during the crisis, the direct impact on prices has become stronger after the crisis while the channel through economic activity has become weaker. Since the post-crisis sample coincides with most non-standard monetary measures, this result provides evidence for the effectiveness of the ECB's non-standard measures to fulfill its mandate.

*The next EconNewsletter will be published on Monday, January 6, 2019.*

*Editorial deadline: **Friday, January 3, 2019.***

**EconNewsletter**

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