



Fachbereich VWL / Department of Economics

# EconNewsletter

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JUNE 22 – JUNE 26, 2020

NEWSLETTER 2020-13

## SEMINAR CALENDAR

All seminars listed below will be held virtually this semester.

### HCHE Research Seminar

[Prof. Dr. Matthew Harding, University of California-Irvine:](#)

*Managers vs. Machines: Can Algorithms replicate Human Intuition?*

Zoom-Link for the online seminar:

<https://uni-hamburg.zoom.us/j/96471971952>

Monday June 22

16:30–18:00

### Quantitative Economics

[Sebastian Laumer, University of Illinois:](#)

*Government Spending between Active and Passive Monetary Policy*

Please register via the following link:

<https://uni-hamburg.zoom.us/meeting/register/tJYucu2rqj8tGNWr9oMgGntPoPvsSHmmyVtQ>

Tuesday June 23

12:15–13:30

### Hamburg Lectures in Law and Economics

[Anastasia Litina, University of Ioannina:](#)

*Great Expectations: The Persistent Effect of Origin Institutions  
on Immigrants' Political Trust*

Please confirm your participation by sending a short e-mail to [justyn.brockmeyer@ile-hamburg.de](mailto:justyn.brockmeyer@ile-hamburg.de) .

After confirming your registration you will receive the access information for the seminar on Zoom.

Wednesday June 24

18:15–19:45

### PhD Seminar

Karsten Müller, Hamburg University:

*German Forecaster's Narratives: Looking at German Business Cycle*

*Forecasts - How Informative are Forecast Reports?*

Please register via the following link:

<https://uni-hamburg.zoom.us/meeting/register/tJMof-yupzMjHNxOCshFUDnn3qXcqQiQXTdJ>

Thursday June 25

12:15–13:15

**All other seminars are cancelled until further notice.**

If you are interested in meeting with one of the speakers, please contact the respective organizer. Further information can be found on our homepage:

<https://www.wiso.uni-hamburg.de/fachbereich-vwl/forschung/forschungsseminare.html>

## ABSTRACTS

### **Quantitative Economics**

Sebastian Laumer, University of Illinois:

*Government Spending between Active and Passive Monetary Policy*

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*Abstract:*

Fiscal and monetary authorities work currently hand-in-hand to limit the economic consequences of the Coronavirus pandemic. This collaboration raises questions about the effects of interactions between fiscal and monetary policy. In theory, there is a strong consensus saying that the government spending multiplier is larger if monetary policy accommodates fiscal policy. Using the new TVP-ST-VAR model with generalized IRFs, we show that this conclusion is based on an extreme and unrealistic comparison. For example, DSGE models in this literature interpret monetary policy as binary and unresponsive when they compute IRFs. We apply our methodology to interpret monetary policy as a continuum of different regimes and allow it to respond to a changing economy as we compute IRFs. We find comparable short- and long-term multipliers across different monetary policy regimes. Because monetary policy itself responds quickly to its environment and reaches a similar path soon after the shock, the theoretical divergence in multipliers does not arise.

### **Hamburg Lectures in Law and Economics**

Anastasia Litina, University of Ioannina:

*Great Expectations: The Persistent Effect of Origin Institutions on Immigrants' Political Trust*

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*Abstract:*

This research explores the forces behind the formation and the transmission of immigrants' political trust and highlights the differences with respect to interpersonal trust. First, it theoretically and empirically establishes that immigrants coming from corrupt countries, tend to overtrust the institutions at the host country. This inflated trust of immigrants is documented as the Great Expectations effect. Second, the analysis explores whether political trust is shaped primarily by mean attitudes and/or by average institutional quality (both at the origin country). Interestingly, the findings establish that institutions have a stronger effect on shaping immigrants' political trust than mean attitudes of their compatriots. Third, the implications of the Great Expectations effect are explored. The inflated trust of immigrants towards host institutions results in lower levels of political participation.

### PhD Seminar

Karsten Müller, Hamburg University:

*German Forecaster's Narratives: Looking at German Business Cycle Forecasts - How Informative are Forecast Reports?*

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#### *Abstract:*

Based on a panel of German business cycle forecast reports covering 10 German institutions in the time span from 1993 to 2017, the paper analyse the informativeness and usefulness of German forecaster's narratives for German business cycle forecasts. In a first step, qualitative text data are converted into quantitative sentiment indices. The paper use textual analysis procedures such as dictionary-based and text regression methods, to develop nine different sentiment indices and employ sentiment analysis to investigate sentiment's characteristics. Second, sentiment indices are subsequently used to test (point) forecast efficiency for growth and inflation forecasts. Using 12-month ahead fixed horizon forecasts, fixed-effects panel regression results suggests some informational content of sentiment indices for both variables. Additionally, a forecasting exercise analyses the predictive power of computational linguistics sentiment indices for realized growth and inflation and point to some in-sample and, to a lesser extent, out-of-sample predictive power of these variables.

## ACTIVITIES OF DEPARTMENT MEMBERS

### Miscellaneous

- Michael Funke (Universität Hamburg) und Tai-kuang Ho (National Taiwan University) are the guest editors for a special issue of the journal "Pacific Economic Review" (<https://onlinelibrary.wiley.com/journal/14680106>; official journal of the Hong Kong Economic Association) on the topic

#### **"The Implications of COVID-19 for Emerging Asia"**

For the call for papers, see

[http://www.econ.ntu.edu.tw/uploads/bulletin\\_file/file/5ee851f548b8a102780011b2/PER\\_Special\\_Issue\\_October\\_2021\\_CFP.pdf](http://www.econ.ntu.edu.tw/uploads/bulletin_file/file/5ee851f548b8a102780011b2/PER_Special_Issue_October_2021_CFP.pdf)

### New Publications

- **Gundlach, E., Paldam, M. (2020)**, "A hump-shaped transitional growth path as a general pattern of long-run development", *Economic Systems (forthcoming)*.

*The next EconNewsletter will be published on Monday, June 29, 2020.*

*Editorial deadline: Friday, June 26, 2020.*

**EconNewsletter**

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