



Fachbereich VWL / Department of Economics

EconNewsletter

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NOVEMBER 9 – NOVEMBER 13, 2020

NEWSLETTER 2020-17

SEMINAR CALENDAR

All seminars listed below will be held virtually this semester.

HCHE Research Seminar

[Christine Blome, HCHE:](#)

How to measure fluctuating impairments in people with MS:

Development of an ambulatory assessment version of the EQ-5D-5L

Please register here: <https://www.hche.uni-hamburg.de/en/veranstaltungen/researchseminar.html>

Monday November 9

16:30–18:00

Quantitative Economics

[Erik Öberg, Uppsala University:](#)

Labor-Market Hysteresis and Persistent Paradox-of-Thrift Recessions

Please register via the following link:

<https://uni-hamburg.zoom.us/meeting/register/tJYvc-itqzgpHNVhBUWXWPX6bv3WwEHioDq5>

Tuesday November 10

12:15–13:30

Hamburg Lectures in Law and Economics

[Prof. Ola Olsson, University of Gothenburg:](#)

Land Property Rights, Cadasters and Economic Growth:

A Cross-Country Panel 1000–2015 CE

Please confirm your participation by sending a short e-mail to justyn.brockmeyer@ile-hamburg.de.

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

Wednesday November 11

18:15–19:45

PhD Seminar

[Daniel Huber, Hamburg University:](#)

Liquidity and Mispricing

Please register via the following link:

<https://uni-hamburg.zoom.us/meeting/register/tJAtcOqspj4sG9EmAeIaYgUKDTfzA4oNSc79>

Thursday November 12

12:15–13:15

Research Seminar “Microeconomics” and Interdisciplinary Research Seminar

[Nora Szech, Karlsruhe Institute of Technology:](#)

Demand for COVID-19 Antibody Testing, and Why It Should Be Free

Thursday November 12

17:15–18:45

All other seminars are cancelled until further notice.

ABSTRACTS

Quantitative Economics

Erik Öberg, Uppsala University:

Labor-Market Hysteresis and Persistent Paradox-of-Thrift Recessions

Abstract:

Following the recent disruption in production due to COVID-19, we investigate whether temporary adverse shocks can result in persistent demand-driven recessions through sluggish labor-market dynamics. We consider an incomplete-markets model with sticky prices and search frictions, and show how introducing sluggish vacancy creation and endogenous layoffs gives rise to a powerful and persistent feedback loop between unemployment risk and aggregate demand. Endogenous layoffs are central because they generate a rapid rise in unemployment following a temporary shock. Sluggish vacancy creation is central because it implies that job-finding rates remain persistently low following the surge in layoffs. As a result, the negative feedback loop continues even after the initial shock dies out. The feedback mechanism is weak in the corner cases of either free entry, exogenous separations or complete markets. The model provides justification for using match-saving subsidies to stabilize the business cycle.

Hamburg Lectures in Law and Economics

Prof. Ola Olsson, University of Gothenburg:

Land Property Rights, Cadasters and Economic Growth: A Cross-Country Panel 1000—2015 CE

Abstract:

Since the transition to agricultural production, property rights to land have been a key institution for economic development. Clearly defined land rights provide economic agents with secure returns on investment, reduce the resources needed to defend one's land, facilitate land market transactions and increase access to credit. However, comparative research on how these formal rights in land evolved across the world, and their importance for economic growth, has so far been lacking. In this paper, we present a novel data set on the emergence of state-administered cadasters (i.e. centralized land records) for 159 countries over the last millennium. We also analyze empirically the association between the development of cadastral institutions and long-run economic growth in a panel of countries. Our findings demonstrate a substantive positive effect of the introduction of cadasters on modern economic development, supporting a theoretical claim that states with more developed property rights to land also have experienced higher levels of economic growth.

PhD Seminar

Daniel Huber, Hamburg University:

Liquidity and Mispricing

Abstract:

I document a strong liquidity premium in long/short portfolio returns based on the Stambaugh, Yu, and Yuan (2015) mispricing score. This premium can be mainly attributed to arbitrage asymmetry among very illiquid stocks. To explore this relation in greater detail, I analyze the effect of liquidity shocks on the magnitude of mispricing. In the overall sample, negative liquidity shocks lead to an increase in mispricing. Controlling for the state of the economy by means of the cross-sectional empirical distribution function of liquidity shocks measured on firm level, in a neutral market environment both negative and positive liquidity shocks lead to an increase in mispricing. In a strong market environment only negative liquidity shocks cause an increase in mispricing. In a weak market environment, the magnitude of mispricing is not affected by liquidity shocks of either direction. Liquidity and liquidity shocks manifest as strong predictors of future returns, controlling for individual mispricing components as well as composite mispricing. These findings suggest that liquidity is an important determinant of mispricing in international equity markets.

Research Seminar “Microeconomics” and Interdisciplinary Research Seminar

Nora Szech, Karlsruhe Institute of Technology:

Demand for COVID-19 Antibody Testing, and Why It Should Be Free

Abstract:

We study individual demand for COVID-19 antibody tests in an incentivized study on a representative sample of the US population. Almost 2,000 participants trade off obtaining an at-home test kit against money. At prices close to zero, 80 percent of individuals want the test. However, this broad support of testing falls sharply with price. Demand decreases by 19 percentage points per \$10 price increase. Demand for testing increases with factors related to its potential value, such as age, increased length and strength of protective immunity from antibodies, and greater uncertainty about having had the virus. Willingness to pay for antibody tests also depends on income, ethnicity and political views. Trump-supporters demonstrate significantly lower willingness to pay for testing. Black respondents, even if critical of Trump’s approach to the crisis, pay less for testing than white and Hispanic respondents. If policy makers want a broad take-up of testing, the results suggest that tests should be for free.

The next EconNewsletter will be published on Monday, November 16, 2020.

*Editorial deadline: **Friday, November 13, 2020.***

EconNewsletter

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