



Fachbereich VWL / Department of Economics

EconNewsletter

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MAY 25 – MAY 28, 2021

NEWSLETTER 2021-14

SEMINAR CALENDAR

All seminars listed below will be held virtually this semester.

Quantitative Economics

[Giovanni Lombardo, BIS:](#)

*Sharing Asymmetric Tail Risk: Smoothing, Asset Pricing
and Terms of Trade*

Please register via the following link:

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

Tuesday May 25

12:15–13:30

Hamburg Lectures in Law and Economics

[Daniel Peat, Leiden University:](#)

*Compliance for Foxes - Compliance Theories & the Behavioural Turn
in International Law*

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 May 26

18:15–19:45

Interdisciplinary Research Seminar

[Stefanie Walter, University of Zurich:](#)

The Politics of Bad Options

Please register via the following link:

<https://www.wiso.uni-hamburg.de/en/forschung/verbundprojekte/rtg-collective-decision-making/events/register-for-irs-talk.html>

Thursday May 27

17:15–18:45

ABSTRACTS

Quantitative Economics

Giovanni Lombardo, BIS:

Sharing Asymmetric Tail Risk: Smoothing, Asset Pricing and Terms of Trade

Abstract:

With the Global Financial Crisis and now the COVID-19 pandemic, investors and policymakers around the world are bracing for a new global environment with heightened tail risk, which raises the private and social value of arrangements improving risk sharing. Enhancing risk sharing affects the volatility of consumption, but also brings about equilibrium adjustment in asset and goods prices, in turn impinging on relative wealth and consumption, as well as labor and capital allocation, across borders. We provide an analytical and quantitative analysis of how these channels interact in shaping the gains from, and the effects of, sharing of tail risk by heterogeneous countries, e.g., countries differing in the probability distribution of productivity and in size. Our decomposition of gains in smoothing and level effects of capital market integration sheds novel theoretical insight on the "transfer problem", originally debated by Keynes and Ohlin in the 1920s. We offer an algorithm for the correct solution of the risk-sharing equilibrium for DSGE models at higher order of approximation.

Hamburg Lectures in Law and Economics

Daniel Peat, Leiden University:

Compliance for Foxes - Compliance Theories & the Behavioural Turn in International Law

Abstract:

Compliance theories in international law have until now largely taken the State as their unit of analysis and rational choice as their underlying theory of behaviour. And, whilst certain theories have attempted to break open the 'black box' of the State, international lawyers have yet to grapple with findings from neighbouring fields which show that individuals rarely behave in the way that rational choice theories presume. This raises the question: how should international lawyers revise compliance theories in light of the 'ugly facts' that challenge the assumptions upon which they are based?

In this lecture, I argue that creating a 'behavioural theory' of compliance is neither possible nor desirable. Instead, international lawyers should adopt a multi-level theoretical approach to compliance that pursues analysis on two distinct levels. On the macro-level, international lawyers should provide institutional and structural explanations for State behaviour, using quantitative methodologies and case studies to ground their findings. On the micro-level, they should analyse the causal mechanisms that underpin compliance-related behaviour at the

individual level, including exploring whether heuristics, biases, emotions, and other psychological factors, influence compliance, and, if so, how.

To demonstrate what adopting a multi-level approach could look like, I report in this lecture the preliminary findings of on-going qualitative empirical research on compliance with investment treaty awards by Argentina, Ecuador, and Venezuela, and sketch the consequences of these findings for compliance theory.

Interdisciplinary Research Seminar

Stefanie Walter, University of Zurich:

The Politics of Bad Options

Abstract:

Why was the Eurozone crisis so difficult to resolve? Why was it resolved in a manner in which some countries bore a much larger share of the pain than other countries? Why did no country leave the Eurozone rather than implement unprecedented austerity? Who supported and opposed the different policy options in the crisis domestically, and how did the distributive struggles among these groups shape crisis politics?

Building on macro-level statistical data, original survey data from interest groups, and qualitative comparative case studies, the presented book argues and shows that the answers to these questions revolve around distributive struggles about how the costs of the Eurozone crisis should be divided among countries, and within countries, among different socioeconomic groups. Together with divergent but strongly held ideas about the 'right way' to conduct economic policy and asymmetries in the distribution of power among actors, severe distributive concerns of important actors lie at the root of the difficulties of resolving the Eurozone crisis as well as the difficulties to substantially reform EMU. The book provides new insights into the politics of the Eurozone crisis by emphasizing three perspectives that have received scant attention in existing research: a comparative perspective on the Eurozone crisis by systematically comparing it to previous financial crises, an analysis of the whole range of policy options, including the ones not chosen, and a unified framework that examines crisis politics not just in deficit-debtor, but also in surplus-creditor countries.

The next EconNewsletter will be published on Monday, May 31, 2021.

Editorial deadline: Friday, May 28, 2021.

EconNewsletter

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