



Fachbereich VWL / Department of Economics

# EconNewsletter

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JANUARY 11 – JANUARY 15, 2021

NEWSLETTER 2021-2

## SEMINAR CALENDAR

All seminars listed below will be held virtually this semester.

### Quantitative Economics

[Caroline Pflueger, University of Chicago:](#)

Tuesday January 12

*Why Does the Fed Move Markets so Much? A Model of Monetary Policy  
and Time-Varying Risk Aversion* 12:15–13:30

Please register via the following link:

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

### Hamburg Lectures in Law and Economics

[Prof. Josef Montag, Charles University:](#)

Wednesday January 13

*Roma and Bureaucrats: A Correspondence Experiment  
in the Czech Republic* 18:15–19:45

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.

### Interdisciplinary Research Seminar

[Silja Häusermann, University of Zurich:](#)

Thursday January 14

*Social Democracy in Competition: Voting Propensities  
and Electoral Trade-offs* 17:15–18:45

Please send an email to [cdm.wiso@uni-hamburg.de](mailto:cdm.wiso@uni-hamburg.de) if you want to register for the seminar.

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

## ABSTRACTS

### **Quantitative Economics**

Caroline Pflueger, University of Chicago:

*Why Does the Fed Move Markets so Much? A Model of Monetary Policy and Time-Varying Risk Aversion*

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*Abstract:*

We build a new model integrating a work-horse New Keynesian model with investor risk aversion that moves with the business cycle. We show that the same habit preferences that explain the equity volatility puzzle in quarterly data also naturally explain the large high-frequency stock response to Federal Funds rate surprises. In the model, a surprise increase in the short-term interest rate lowers output and consumption relative to habit, thereby raising risk aversion and amplifying the fall in stocks. The model explains the positive correlation between changes in breakeven inflation and stock returns around monetary policy announcements with long-term inflation news.

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

Prof. Josef Montag, Charles University:

*Roma and Bureaucrats: A Correspondence Experiment in the Czech Republic*

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*Abstract:*

Roma people are one of the largest ethnic minorities in the Czech Republic as well as in the EU. A significant part of 10-12 million Roma in Europe live in extreme marginalization. Differential treatment by public officials, if any, may reinforce the repercussions of the existing discrimination of Roma in private markets. This correspondence experiment, therefore, tests for potential discriminatory treatment by employees of the Social Security Service in the Czech Republic, specifically the public servants dealing with unemployment benefits. Our design also allows tapping into two potential sources of discrimination, ethnic animus and socioeconomic status.

## **Interdisciplinary Research Seminar**

Silja Häusermann, University of Zurich:

*Social Democracy in Competition: Voting Propensities and Electoral Trade-offs*

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### *Abstract:*

In the light of declining vote shares across Western Europe, the question how social democratic parties could attract voters through particular programmatic appeals has gained massive academic and political attention. However, each of the possible programmatic choices might potentially entail both voter gains, but also voter losses.

My talk will draw on two papers from an ongoing wider research project, one using observational data and one using a conjoint experiment. First, I use EES 2014 and 2019 data on individual voting propensities in 11 West European countries to evaluate these potential gains and losses and to identify winning, losing and trade-off strategies. Across time and countries, I find Cultural Liberalism and Economic Leftism to be the most promising strategies, with high potential gains from green and radical left parties and on average lower potential losses to the right, in particular to the radical right. Conversely, I find Left National-Conservatism to likely be a losing strategy in most countries, with much less to be gained from radical right electorates than to be lost at the other end of the spectrum to green or radical left parties. The prospects of a Centrist strategy appear more variable across countries.

## ACTIVITIES OF DEPARTMENT MEMBERS

### **New Publications**

- **Shao, L.F. & M. Krause (2020)**, “Rising mean incomes for whom?”, *PLoS ONE* 15(12): e0242803. <https://doi.org/10.1371/journal.pone.0242803>

*The next EconNewsletter will be published on Monday, January 18, 2021.*

*Editorial deadline: Friday, January 15, 2021.*

### **EconNewsletter**

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