



Fachbereich VWL / Department of Economics

EconNewsletter

Editorial Contact: Michael Paetz
tel: +49 40 42838-5561; e-mail: econ.newsletter.Wiso@uni-hamburg.de

NOVEMBER 29 – DECEMBER 3, 2021

NEWSLETTER 2021-28

SEMINAR CALENDAR

Quantitative Economics

[Jiri Slacalak, ECB:](#)

Tuesday November 30

Household Balance Sheet Channels of Monetary Policy: A Back of the Envelope Calculation for the Euro Area

12:15–13:30

This seminar will be held in a digital format. For participation via Zoom please register via the following link:

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

Hamburg Lectures in Law and Economics

[Tarun Khaitan, University of Oxford:](#)

Wednesday December 1

Guarantor Institutions

18:15–19:45

This lecture will be held in a digital format. For participation via Zoom please register via the following link: <https://forms.office.com/r/LtwpGsKzKg>

Interdisciplinary Research Seminar

[Frank Nullmeier, University of Bremen:](#)

Thursday December 2

Political Decision-Making under Conditions of a Pandemia

17:15–18:45

This lecture will be held in a digital format. For participation via Zoom 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>

ABSTRACTS

Quantitative Economics

Jiri Slacalak, ECB:

Household Balance Sheet Channels of Monetary Policy: A Back of the Envelope Calculation for the Euro Area

Abstract:

This paper formulates a back of the envelope approach to study the effects of monetary policy on household consumption expenditures. We analyze several transmission mechanisms operating through direct, partial equilibrium channels—intertemporal substitution and net interest rate exposure—and indirect, general equilibrium channels—net nominal exposure, as well as wealth, collateral and labor income channels. The strength of these forces varies across households depending on their marginal propensities to consume, their balance sheet composition, the sensitivity of their own earnings to fluctuations in aggregate labor income, and the responsiveness of aggregate earnings, asset prices and inflation to monetary policy shocks. We quantify all these channels in the euro area by combining micro data from the HFCS and the EU-LFS with structural VARs estimated on aggregate time series. We find that the indirect labor income channel and the housing wealth effect are strong drivers of the aggregate consumption response to monetary policy and explain the cross-country heterogeneity in these responses.

Hamburg Lectures in Law and Economics

Tarun Khaitan, University of Oxford:

Guarantor Institutions

Abstract:

The last few decades have seen a proliferation of constitutional institutions, especially in the Global South, that do not neatly fit within any of three traditional branches of the state. These supposedly ‘fourth branch’ institutions may include electoral commissions, human rights commissions, central banks, probity bodies such as anti-corruption watchdogs, knowledge institutions such as statistics bureaus and census boards, information commissioners, auditors general, attorneys general and so on. In this paper, I will argue that some of these new institutions are best understood as “guarantor institutions”. I will show that in a given political context, a guarantor institution is a tailor-made constitutional institution, vested with material as well as expressive capacities, whose function is to provide a credible and enduring guarantee to a specific non-self-enforcing constitutional norm (or any aspect thereof).

Section I explains why polities need credible and enduring guarantees for specific norms, and claims that the expertise, independence, and accountability of guarantor institutions are likely to be key ingredients that determine their effectiveness in serving that purpose. It also argues that constitutional entrenchment of the guarantor institution is entailed in the independence requirement. Section II shows that in order to credibly and enduringly guarantee a norm, certain primary and secondary duties need to be discharged by relevant actors in relation to the norm's content as well as its impact. It further argues that while some of these duties may be performed by institutions that possess expressive capacity alone (roughly, the capacity to speak, express, communicate), others require material capacity (i.e. the physical capacity to effect material changes in the world). Guarantor institutions, unlike integrity institutions, can shoulder primary as well as secondary duties. Furthermore, they are typically vested with expressive as well as material capacities, which is key to their classification-defying hybridity. Section III argues that guarantor institutions are constitutionalised in two respects: the norm they seek to guarantee is constitutional, and the institution itself has constitutional status. What matters for a norm or institution to be constitutional is that it is entrenched, i.e. protected from change from the ordinary political and legal processes of the polity to some extent. It is their doubly constitutional character that distinguishes guarantor institutions from ordinary regulators.

Section IV explains how some constitutional norms are non-self-enforcing, in the sense that powerful actors are likely to have the will as well as the capacity to frustrate or erase them. It also shows that the three traditional branches, whether acting severally or jointly, cannot provide a credible and enduring guarantee to all non-self-enforcing constitutional norms. Hence the need for constitutional guarantor institutions. Section V highlights that guarantor institutions are typically tailor-made to guarantee specific constitutional norms. Their specificity has important consequences for their internal design and their mode of functioning, which distinguish them from key institutions in the three traditional generalist branches. Section VI concludes. Attention to guarantor institutions by constitutional scholars may help the discipline escape its blinkered worldview, which sees judicial review as the only game in constitution-town.

Interdisciplinary Research Seminar

Frank Nullmeier, University of Bremen:

Political Decision-Making under Conditions of a Pandemia

Abstract:

Political decision-making in times of extreme crisis is often expected to achieve a higher degree of consensus. Misery unites - a Blood, Toil, Tears and Sweat speech and consensus can be established. But the opposite assumption can also be defended: Conflicts of interest come to a head in the face of the immense costs of any solution in the crisis - a pronounced political polarisation occurs. In recent days, however, German politics - in the midst of the next wave of the pandemic - has found itself in a situation where neither consensus nor polarisation occur, but disagreement on all sides. The lecture examines three topics of political decision-making in the pandemic: (1) decision-making by simultaneous horizontal and vertical coordination, (2) the political non-bundling of interests, evidence and time horizons, and (3) administrative control without implementation and monitoring resources, and asks about the causes of this general non-agreement.

ACTIVITIES OF DEPARTMENT MEMBERS

New Publications

- **Dawid, H. and G. Muehlheusser (2021)**, “Smart Products: Liability, Timing of Market Introduction, and Investments in Product Safety,” *Journal of Economic Dynamics and Control* (forthcoming).

The next EconNewsletter will be published on Monday, December 6 29, 2021.

Editorial deadline: Friday, December 3, 2021.

EconNewsletter

Department of Economics

University of Hamburg

Von-Melle-Park 5, 20146 Hamburg

To un/subscribe from/to this newsletter, please

send an e-mail to econ.newsletter.Wiso@uni-hamburg.de