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FAKULTÄT
FÜR WIRTSCHAFTS- UND SOZIALWISSENSCHAFTEN

Fachbereich VWL / Department of Economics

EconNewsletter

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FEBRUARY 15 – FEBRUARY 19, 2021 **NEWSLETTER 2021-7**

SEMINAR CALENDAR

All seminars listed below will be held virtually this semester.

HCHE Research Seminar
Kathleen Gali, Stanford University: Monday February 15
Treating tobacco use in cancer care 16:30–18:00
Please register here: https://www.hche.uni-hamburg.de/en/veranstaltungen/researchseminar.html

Quantitative Economics
Martín Uribe, Columbia University: Tuesday February 16
Does the Commodity Super Cycle Matter? 12:15–13:30
Please register via the following link:
https://uni-hamburg.zoom.us/meeting/register/tJYvc-itqzgpHNVhBUWXWPX6bv3WwEHioDq5

PhD Seminar
Christian Düben, Hamburg University: Thursday February 18
Real Iceberg Transport Costs: The Effects of the North-Atlantic Iceberg Drift on Trade and Inequality 12:15–13:15
Please register via the following link:
https://uni-hamburg.zoom.us/meeting/register/tJAtcOqspj4sG9EmAeIaYgUKDTfzA4oNSc79

Microeconomics Seminar
Inga Deimen, Arizona State University: Thursday February 18
Communication in the shadow of catastrophe 17:15–18:45
Please send an email to niklas.wallmeier@uni-hamburg.de if you want to register for the seminar.

ABSTRACTS

Quantitative Economics
Martín Uribe, Columbia University:
Does the Commodity Super Cycle Matter?

Abstract:
This paper investigates empirically the role of the commodity price super cycle in explaining real activity in developed and emerging economies. The commodity price super cycle is defined as a common permanent component in real commodity prices. Estimates using quarterly and annual data from 1960 to 2018 indicate that world shocks that affect commodity prices and the world interest rate explain more than half of the variance of output growth on average across countries. However, the majority of this contribution, more than two thirds, stems from stationary world shocks. These results suggest that world disturbances that are responsible for low frequency movements in commodity prices play an important but not dominant role in driving fluctuations in aggregate activity at the country level.

PhD Seminar
Christian Düben, Hamburg University:
Real Iceberg Transport Costs: The Effects of the North-Atlantic Iceberg Drift on Trade and Inequality

Abstract:
Using data on the North-Atlantic iceberg drift that seasonally forces vessels on longer trade routes, and millions of ship locations between 1850 and 1945, we observe exogenous variation in the distance of maritime transport routes between North America and Europe. We evaluate how these iceberg-induced distortions in international trade affect the U.S. economy. After analyzing economy-wide effects, we zoom in on the cotton industry in which the United States used to be the largest producer and the United Kingdom’s textile industry the largest consumer. The cotton trade’s vast scope and meticulous documentation allow us to identify mechanisms that are both relevant and precise. We find a negative impact of iceberg-induced distances on export overall and observe a reduction in cotton production following seasons of stronger iceberg interference. The number of bankruptcies in the agricultural sector rises, famers dedicate less land to cotton cultivation in the subsequent year, and farming wages drop in the short run. The results also indicate a regional effect heterogeneity, stressing regional inequality. As with improving transportation technology the distance shock's impact fades over time, we document the "death of distance". This highlights that the "distance puzzle" in international trade is not about shipping distances, but rather about factors indirectly related to distance.

Microeconomics Seminar
Inga Deimen, Arizona State University:
Communication in the shadow of catastrophe

Abstract:
We study the role of risk in strategic information transmission. Revisiting the choice between delegation and communication, we find that a uniform scaling of variance has no effect on the optimal choice of authority, and thus in no adequate measure of risk. We, then, consider the effect of the shape of the distribution, in particular, the weight in the tails. We find that a high risk of extreme events diminishes the quality of information sharing. As a result, delegation of authority becomes relatively more attractive compared to communication in environments with more weight in the tails.

The next EconNewsletter will be published **on Tuesday, April 6, 2021.**

Editorial deadline: **Friday, April 2, 2021.**

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