



Fachbereich VWL / Department of Economics

EconNewsletter

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

DECEMBER 19 – DECEMBER 23, 2022

NEWSLETTER 2022-27

SEMINAR CALENDAR

Quantitative Economics

[Bernd Schwaab, European Central Bank:](#)

*Euro area sovereign bond risk premia before and during the
Covid-19 pandemic*

Tuesday December 20

12:15–13:30

R. 0079 (VMP 5)

This seminar will also be live streamed. For participation via Zoom please register via the following link:

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

Microeconomics Seminar & Interdisciplinary Research Seminar

[Holger Spamann, Harvard University:](#)

Shareholder Rights and the Bargaining Structure in Control Transactions

Thursday December 22

17:15–18:45

R. 0079 (VMP 5)

This seminar will also be live streamed. 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

Bernd Schwaab, European Central Bank:

Euro area sovereign bond risk premia before and during the Covid-19 pandemic

Abstract:

We provide a novel modelling framework to decompose euro area sovereign bond yields into five distinct components: i) expected future short-term risk-free rates and a term premium, ii) a default risk premium, iii) redenomination risk premium, iv) liquidity risk premium, and v) segmentation (convenience) premium. Identification is achieved by considering sovereign yields jointly with other rates, including sovereign credit default swap spreads with and without redenomination as a credit event trigger. We illustrate our model by studying yield components embedded in German, French, Italian, and Spanish sovereign bonds, before and after the onset of the Covid-19 pandemic in 2020, and by examining the impact of European Central Bank (ECB) monetary policy and European Union (EU) fiscal policy announcements in response to the pandemic. We find that all five risk premia became sizable following the onset of the pandemic, and that both monetary and fiscal policy announcements had a pronounced effect on yields, mostly through default, redenomination, and segmentation (convenience) premia.

Microeconomics Seminar & Interdisciplinary Research Seminar

Holger Spamann, Harvard University:

Shareholder Rights and the Bargaining Structure in Control Transactions

Abstract:

When there are many shareholders in a firm, they face collective action problems. One problem is that acquirers can pursue divide-and-conquer strategies such as two-tiered front-loaded bids. The solution to this in the theoretical literature and in judicial practice is a centralized bargaining agent, such as the firm's management, or a shareholder vote. We show that these methods are of limited usefulness, however, in addressing the agency problem between shareholders and managers. In the relationship between shareholders and centralized bargaining agent, the shareholders receive take-it-or-leave-it offers, such that the agent captures all the surplus. This in turn hampers efficient ex ante financing: Some firms can raise sufficient funds only if (the threat of) judicial remedies provides them (an expectation of) some surplus. In realistically imperfect judicial systems, this induces trade-offs with court errors and litigation costs.

ACTIVITIES OF DEPARTMENT MEMBERS

New Publications

- **Korenkiewicz, D. and W. Maennig (2022)**, “Impact of women on corporate boards of directors on product quality”, *Journal of Management and Governance* (forthcoming).
- **Funke, M., Ho, T.-K. and A. Tsang (2022)**, “Containment Measures during the COVID Pandemic: The role of non-Pharmaceutical Health Policies”, *Journal of Policy Modeling*, <https://doi.org/10.1016/j.jpolmod.2022.12.001>
- **von Negenborn, C. (2022)**, “The more the merrier? On the optimality of market size restrictions”, *Review of Economic Design*

The next EconNewsletter will be published on Monday, January 9, 2022.

Editorial deadline: Friday, January 6, 2022.

EconNewsletter

Department of Economics
University of Hamburg
Von-Melle-Park 5, 20146 Hamburg

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