



Fachbereich VWL / Department of Economics

EconNewsletter

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

DECEMBER 18 – DECEMBER 22, 2023

NEWSLETTER 2023-28

SEMINAR CALENDAR

Quantitative Economics

[Björn Imbierowicz, Bundesbank:](#)

Macprudential Policy Leakage through Firms

Tuesday December 19

12:15–13:30

R. 0079 (VMP 5)

PhD Seminar

[Peter Mihaylovski:](#)

*Recourse versus Non-recourse Mortgage Debt in an Environment
with Fixed and Adjustable Rates*

Thursday December 21

12:15–13:00

R. 0079 (VMP 5)

Interdisciplinary Research Seminar

[Maximilian Kiener, TUHH:](#)

Moral Responsibility, AI, and Complex Collectives

Thursday December 21

17:15–18:45

R. 0079 (VMP 5)

ABSTRACTS

Quantitative Economics

Björn Imbierowicz, Bundesbank:

Macprudential Policy Leakage through Firms

Abstract:

How do internationally operating firms respond to national macroprudential policies affecting their banks? To answer this question, we analyze changes in credit obtained by German multinational corporations (MNCs) from banks, nonbanks, and internal capital markets in response to changes in countercyclical capital buffers (CCyBs) abroad, and the implications for their banks' loan portfolio risk. We find that banks lend less to affected firms and relatively decrease their loan portfolio probability of default (PD) in affected countries. Credit to affected firms from nonbanks, which are not subject to CCyBs, remains unchanged. Concurrently, we find that unaffected parent firms fully substitute for the decrease in bank lending to affected subsidiaries. The parents finance this substitution with domestic bank and nonbank credit. This new lending relatively increases their banks' loan portfolio PD and constitutes an unintended policy spillover. Overall, CCyBs imply a relative decrease of banks' cross-border lending to affected countries and in PD, but at the same time may relatively increase bank risk through funding substitution within MNCs.

PhD Seminar

Peter Mihaylovski:

Recourse versus Non-recourse Mortgage Debt in an Environment with Fixed and Adjustable Rates

Abstract:

This paper develops a heterogeneous-agent housing DSGE model with a strategic default and an endogenous LTV ratio in order to compare the effectiveness of both recourse and non-recourse mortgage debt. It assumes the presence of patient and impatient households whereby the latter can borrow at variable and fixed mortgage rates. I find that in the presence of housing demand shocks such as a sudden increase in the riskiness of borrowers' housing stock, with predominantly fixed mortgage rates, recourse on mortgage debt exerts a positive pressure upon LTV ratios and debt especially in the short run. Nonetheless, it fails to stabilise house prices and residential investment and even exacerbates their decline. With predominantly variable lending rates, mortgage recourse raises real house prices and housing investment but its effectiveness in terms of magnitude tends to be somewhat low. Furthermore, the results of the paper indicate that borrowers' default rates are a positive function of LTV ratios. Hence, in a crisis scenario induced by a positive risk shock to impatient households' housing stock, recourse on mortgage debt tends to increase mortgage default rates. The paper also discusses welfare implications for both types of households. When fixed mortgage rates prevail, mortgage recourse is welfare-improving for both patient and impatient households. With variable mortgage rates, it is only savers' welfare that slightly rises upon the introduction of a regime with a recourse on mortgage debt.

Interdisciplinary Research Seminar

Maximilian Kiener, TUHH:

Moral Responsibility, AI, and Complex Collectives

Abstract:

The development and use of artificial intelligence (AI) involves numerous people and complex collectives, consisting of users, computer scientists, engineers, regulators, and more. This situation can lead to a so-called problem of 'many hands', where the complexity of collectives and groups, as well as the diffusion of agency, impede the attribution of responsibility. For this and other reasons, scholars argue that the use of AI will lead to responsibility gaps, i.e. situations in which no one is individually or collectively morally responsible for the harm caused by AI, because no one satisfies the conditions of moral responsibility. In this paper, I acknowledge that there is a significant challenge around responsibility and AI. Yet, I don't think that this challenge is best captured in terms of a responsibility gap. Instead, I argue for the opposite view, namely that there is responsibility abundance, i.e. a situation in which numerous agents (including collectives) are responsible for the harm caused by AI, and that the challenge comes from the difficulties in dealing with such abundance in practice. I conclude by arguing that reframing the challenge in this way offers distinct dialectic, theoretical, and practical advantages, promising to help overcome some obstacles in the current debate surrounding 'responsibility gaps'.

The next EconNewsletter will be published on Monday, January 8, 2024.

Editorial deadline: Friday, January 5, 2024.

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