



Fachbereich VWL / Department of Economics

EconNewsletter

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JANUARY 23 – JANUARY 27, 2023

NEWSLETTER 2023-3

SEMINAR CALENDAR

HCHE Research Seminar

[Max Schaub, Universität Hamburg:](#)

Violent conflict, institutional trust and health outcomes in Nigeria

Monday January 23

16:30-18:00

Esplanade 36, R. 4011/13

Labour Seminar goes Care Lectures

[Emma Dowling, Universität Wien:](#)

Transformative Sorgetransformation? Care zwischen Produktivismus und Postwachstum

Monday January 23

18:00-20:00

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

<https://www.wiso.uni-hamburg.de/forschung/forschungsschwerpunkte/profilinitiative-arbeit-sozialer-wandel/projekte/lff-forschungsverbund-sorge-transformationen/care-lectures/anmeldung.html>

Quantitative Economics

[Maik Wolters, Universität Würzburg:](#)

An Estimated Model with Endogenous Transitions between Target Inflation and Persistent Low Inflation Equilibria

Tuesday January 24

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>

Hamburg Lectures in Law and Economics

[Andreas Freytag, Friedrich-Schiller-Universität Jena:](#)

Synergies between Development and Climate Policies

Wednesday January 25

18:15–19:45

R. 110 (Johnsallee 35)

This seminar is held in a hybrid format. To register for **Online participation** via Zoom please click the following link and fill in the necessary information: <https://ile-hamburg.us5.list-manage.com/track/click?u=a3a598540658d2c2aadfae5b6&id=a62b425fee&e=3446e273d6> or send an email to yasmin.seyrafian@ile-hamburg.de. You will then receive an Email with the access link prior to the lecture.

Microeconomics Seminar & Interdisciplinary Research Seminar

[Christian Rostbøll, University of Copenhagen:](#)

Polarization and the Democratic System: Kinds, Reasons, and Sites

Thursday January 26

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

Maik Wolters, Universität Würzburg:

An Estimated Model with Endogenous Transitions between Target Inflation and Persistent Low Inflation Equilibria

Abstract:

Inflation and interest rates were persistently low after the global financial crisis. Estimated macroeconomic models account so far at most for a temporarily binding effective lower bound (ELB) assuming that inflation expectations remain anchored at target. We estimate instead a model in which inflation expectations decrease if inflation is low for a while. The economy then starts transitioning from the standard target equilibrium to a below target equilibrium, in which the ELB binds and inflation is persistently low. Such a transition becomes more likely when the natural interest rate decreases, so that the ELB binds frequently. We estimate the model non-linearly using Bayesian techniques and a particle filter. While we find that the US remained in the target equilibrium after the global financial crisis, Japan was already in the below target equilibrium before, and the euro area started transitioning in 2015, but went back to the target equilibrium in the 2020s. Parameter estimates change when estimating a model with equilibrium transitions instead of a temporarily binding ELB, and dynamics change once the target equilibrium is left, so that policy analyses based on models with a temporarily binding ELB might be misleading.

Hamburg Lectures in Law and Economics

Andreas Freytag, Friedrich-Schiller-Universität Jena:

Synergies between Development and Climate Policies

Abstract:

Economic development and climate change represent two of today's predominant challenges. Policy makers have addressed matters of development cooperation for decades. Empirical evidence suggests that the effectiveness of the efforts has remained disappointing. As a consequence, many developing countries face serious problems, mainly with respect to governance. Such a pattern also affects their ability to master current challenges such as climate change.

Current trends in international climate cooperation follow a similar approach based on the financing of single (and partial) projects. If it cannot be ruled out that ineffectiveness observed in development cooperation is likely to occur in international climate cooperation similarly, political efforts may prove insufficient to meet designated objectives.

Therefore, it is critical to think about reforms to improve the effectiveness of such policies. We approach this issue by proposing a global Emission Trading Scheme (ETS) that links development and climate cooperation by using donor countries' development aid contributions to finance allowances that are given to recipient countries. The solution offers a range of advantages over current measures which will be discussed. Despite the potential to increase the effectiveness, the political feasibility seems to be the critical bottleneck for this climate instrument. We suggest that issue linkage with international development policy can deliver an important contribution to resolve this problem.

For understanding the challenges for the implementation of the ETS, we adopt a political economy approach. This helps to explain the governance structures in both policy fields and observed deficiencies, yet mainly in the development cooperation.

Based on those considerations, we identify the critical institutional criteria to make the ETS operative. We, furthermore, discuss potential problems and limitations of the ETS. Finally, we provide a preliminary draft for the allocation mechanism of free allowances for developing countries.

Microeconomics Seminar & Interdisciplinary Research Seminar

Christian Rostbøll, University of Copenhagen:

Polarization and the Democratic System: Kinds, Reasons, and Sites

Abstract:

It is widely agreed that political polarization is bad for democracy. However, existing evaluations of how polarization affects democracy operate with too unified understandings of both polarization and democracy. This article argues that polarization cannot be understood as one phenomenon that can be evaluated in one way. Political polarization raises a series of issues and challenges that must be assessed in a differentiated manner. First, we must distinguish between degrees and kinds of polarization. Sometimes the degree of polarization might be the most important variable, other times kind might be so. Second, we must consider whether people have good reasons for their polarizing behavior or whether it is entirely irrational. If people have good reasons for polarizing behavior, the problem might lie elsewhere than in polarization itself. Third, we must distinguish between the content of polarized opinions and the process of opinion formation. Both can be assessed with democratic criteria, but they raise different questions. Finally, it matters for democratic evaluation where polarization occurs and thus, we must differentiate between different sites of polarization – civil society, election campaigns, and legislatures.

The next EconNewsletter will be published on Monday, January 30, 2023.

Editorial deadline: Friday, January 27, 2023.

EconNewsletter

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