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EconNewsletter

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JANUARY 8 – JANUARY 12, 2024 **NEWSLETTER 2024-1**

SEMINAR CALENDAR

Quantitative Economics
Christoph Kaufmann, European Central Bank: — Tuesday January 9
Insurance corporations' balance sheets, financial stability and monetary policy
12:15–13:30
R. 0079 (VMP 5)

Environmental and Development Economics
Maria Waldinger, ifo Institut, Munich: — Wednesday January 10
The Power of Youth: The Impact of the "Fridays for Future" Climate Movement on Voters, Politicians, and the Media
12:15–13:45
R. 0079 (VMP 5)

Hamburg Lectures in Law and Economics
Martin Gelter, Fordham University, New York: — Wednesday January 10
Barking without Biting: How Corwin did not Change M&A
18:15–19:45
R. 1083a (VMP 5)

This seminar is held in a hybrid format. To register for **Online participation** via Zoom please send an email to larapazer@gmail.com. You will then receive an Email with the access link prior to the lecture.

PhD Seminar
Xenia Fee Breiderhoff, Hamburg University: — Thursday January 11
New Evidence on Price Effects of Transparency Regulations in European Fuel Markets
12:15–13:00
R. 0079 (VMP 5)

Labour Economics Seminar
Camille Landais, LSE: — Thursday January 11
Gender without kids
14.30–16:00

Microeconomics Seminar
Matthias Heinz, Universität Köln: — Thursday January 11
Is This Really Kneaded? Identifying and Eliminating Potentially Harmful Forms of Workplace Control
17:15–18:30
R. 0079 (VMP 5)

ABSTRACTS

Quantitative Economics
Christoph Kaufmann, European Central Bank:
Insurance corporations' balance sheets, financial stability and monetary policy

Abstract:
The euro area insurance sector and its relevance for real economy financing have grown significantly over the last two decades. This paper analyses the effects of monetary policy on the size and composition of insurers' balance sheets, as well as the implications of these effects for financial stability. We find that changes in monetary policy have a significant impact on both sector size and risk-taking. Insurers' balance sheets grow materially after a monetary loosening, implying an increase of the sector's financial intermediation capacity and an active transmission of monetary policy through the insurance sector. We also find evidence of portfolio re-balancing consistent with the risk-taking channel of monetary policy. After a monetary loosening, insurers increase credit, liquidity and duration risk-taking in their asset portfolios. Our results suggest that extended periods of low interest rates lead to rising financial stability risks among non-bank financial intermediaries.

Environmental and Development Economics
Maria Waldinger, ifo Institut, Munich:
The Power of Youth: The Impact of the "Fridays for Future" Climate Movement on Voters, Politicians, and the Media

Abstract:
We study the impact of the Fridays for Future climate protest movement in Germany on citizen political behavior. Throughout 2019, large crowds of young protesters, the majority of whom were under voting age, skipped school to demand immediate climate change mitigation measures. We exploit cell phone-based mobility data and hand-collected information on nearly 4,000 climate protests to construct a spatially and temporally highly disaggregated measure of protest participation. Using various empirical strategies to address the issue of nonrandom protest participation, we then show that the local strength of the climate movement led to more Green Party votes in state-level and national-level elections during 2019 and after. We provide evidence suggesting that three mechanisms were simultaneously at play: reverse intergenerational transmission of pro-environmental attitudes from children to parents, stronger climate-related social media presence by Green Party politicians, and increased coverage of environmental issues in local media. Together, our results suggest that environmental protests by those too young to vote may provide some of the impetus that is needed to push society toward overcoming the climate trap.

Hamburg Lectures in Law and Economics
Martin Gelter, Fordham University, New York:
Barking without Biting: How Corwin did not Change M&A

Abstract:
The lecture will explore takeover law in the United States, particularly so-called Revlon duties. Litigation against M&A transactions is so ubiquitous that it is often characterized as a "deal tax" that parties must pay to the plaintiff's counsel regardless of the lawsuit's merits. Courts and other policymakers intervened to mitigate the litigation abuses of the early 2010s. One notable example is the Corwin case, considered one of the most consequential corporate law decisions of the 2000s. The decision departs from the long-standing regime of enhanced scrutiny for directors of target companies, including those imposed by Revlon, which requires directors to seek the highest price reasonably achievable in a change of control transaction in favor of the much less demanding business judgment rule, whenever "a transaction . . . is approved by a fully informed, uncoerced vote of the disinterested stockholders." The paper on which the lecture is based explores the impact of two Delaware Supreme Court cases, C&J Energy (2014) and especially Corwin (2015), on transactional merger practice. The Corwin decision, which replaced the enhanced scrutiny for directors of target companies imposed by Revlon with the less demanding business judgment rule when a transaction is approved by a fully informed, uncoerced vote of the disinterested stockholders, has been criticized by some legal scholars for de facto limiting directors' fiduciary duties by reducing the ability of plaintiffs to pursue monetary claims against boards of directors in M&A transactions. The paper analyzes the impact of these court decisions on M&A contracting practices, including the size of lock-ups and target termination fees, pre-signing market checks, and go-shop provisions. The study analyzes all domestic public deals in the 2010-18 period for a contestable domestic target with an equity value of at least $100 million and found only a limited impact on M&A contracting practices.

PhD Seminar
Xenia Fee Breiderhoff, Hamburg University:
New Evidence on Price Effects of Transparency Regulations in European Fuel Markets

Abstract:
This paper analyses the impact of transparency regulations on gasoline and diesel prices in Austria, France and Germany to shed some new light on the price effects of regulatory measures. To identify the effects of regulation, we use publicly available data from January 2005 to the end of December 2019 and estimate synthetic difference-in-difference models. Overall, we find only little evidence for any price-reducing effect. In France, prices did not change significantly, neither economically nor

statistically. Prices in Austria and Germany decreased in the short term but only to a minor extent. Therefore, we conclude that the implemented transparency regulations did not result in long-lasting lower prices, contrary to the desired outcome of the policy measure.

Microeconomics Seminar
Matthias Heinz, Universität Köln:
Is This Really Kneaded? Identifying and Eliminating Potentially Harmful Forms of Workplace Control

Abstract:
In a large German bakery chain, many workers report negative perceptions of monitoring via checklists. We survey workers and managers about the value and time costs to all in-store checklists, leading the firm to randomly remove two of the most perceivedly time-consuming and low-value checklists in half of stores. Sales increase by 2-3% and store manager attrition substantially decreases. Mystery shopping indicates this occurs without a rise in workplace problems. Before random assignment, regional managers predict whether the treatment would be effective for each store they oversee. Ex post, beneficial effects of checklist removal are fully concentrated in stores where regional managers predict the treatment will be effective, reflecting substantial heterogeneity in returns that is well-understood by these upper managers. Effects of checklist removal do not appear to come from workers having more time for production, but rather due to improvements in employee trust and commitment. Following the RCT, the firm implemented firmwide reductions in monitoring, eliminating a checklist regarded as demeaning, but keeping a checklist that helps coordinate production.

The next EconNewsletter will be published **on Monday, January 15, 2024.**

Editorial deadline: **Friday, January 12, 2024.**

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