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FAKULTÄT
FÜR WIRTSCHAFTS- UND
SOZIALWISSENSCHAFTEN

Fachbereich VWL / Department of Economics

EconNewsletter

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NOVEMBER 25 – NOVEMBER 29, 2024

NEWSLETTER 2024-24

SEMINAR CALENDAR

Quantitative Economics

[Yves Schüler, Bundesbank:](#)

Financial Shocks and Leverage of Financial Institutions: When Do They Matter?

Tuesday November 26

12:15–13:30

R. 0079 (VMP 5)

Environmental and Development Economics

[Johannes Lohse, Leuphana Universität Lüneburg:](#)

The power of climate leadership in fostering intergenerational cooperation

Wednesday November 27

12:15–13:45

R. 2053 (VMP 5)

Hamburg Lectures in Law and Economics

[Alejandro Corvalán, University of Chile:](#)

Endogenous Legislatures

Wednesday November 27

18:15–19:45

R. 223 (ILE)

Alsterterrasse 1

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 or send an email to lectures-ile@uni-hamburg.de.

Microeconomics

[Jonas Radbruch, HU Berlin:](#)

TBA

Thursday November 28

17:15–18:45

R. 0079 (VMP 5)

ABSTRACTS

Quantitative Economics

Yves Schöler, Bundesbank:

Financial Shocks and Leverage of Financial Institutions: When Do They Matter?

Abstract:

Our novel empirical analysis provides evidence that real effects of financial shocks are amplified by leverage of financial institutions in a financial-constraint regime. We build a market-based measure of leverage of financial institutions employing institution-level data and find that it is a useful indicator as input for financial stability policy. We also provide evidence of heterogeneity in how depository financial institutions, global systemically important banks and nonbank financial institutions affect the transmission of shocks to the macroeconomy. These results are based on our novel endogenous regime-switching structural vector autoregressive model with time-varying transition probabilities and the new identification techniques we propose.

Environmental and Development Economics

Johannes Lohse, Leuphana Universität Lüneburg:

The power of climate leadership in fostering intergenerational cooperation

Abstract:

The challenge of preserving resources and providing public goods for future generations arises from strong free-rider incentives, exacerbated by the temporal disparity between current costs and future benefits. Climate change exemplifies this intergenerational free-riding problem, with global mitigation efforts still falling short of meeting the two-degree target. Here, we provide causal evidence on the critical role of leadership in fostering intergenerational cooperation. Using the Intergenerational Goods Game (IGG) — an experimental paradigm in which successive groups (generations) make investment decisions to conserve resources for future generations — we find that groups without a leader consistently fail to conserve resources across multiple generations. In contrast, the presence of a leader significantly improves long-term conservation, particularly in groups with a majority of self-interested members. However, we observe a reluctance among individuals to volunteer as leaders, which diminishes the positive impact of leadership on intergenerational cooperation. When no leader emerges, the opportunity for leadership can even backfire, leading to worse outcomes than in environments without leadership opportunities. As such, our research provides valuable insights into strategies for effectively maintaining intergenerational public goods, with important implications for policy design in environmental protection and climate change mitigation.

Hamburg Lectures in Law and Economics

Alejandro Corvalán, University of Chile:

Endogenous Legislatures

Abstract:

A fundamental aspect of national legislatures is how they distribute representation among subnational units. Large regions prevail if the legislative apportionment of seats is proportional to population, while regional apportionment favors small territories. The paper proposes a theory about the origin, measurement, and consequences of this legislative apportionment rule. I use a nation-formation argument to model that most legislatures endogenously arose from a historical compromise between more and less populated regions. The empirical implication is that legislative apportionment depends on the underlying concentration of population across regions. To discuss this regularity, the paper offers an original measure of apportionment rule that captures an arbitrary legislature's regional or proportional nature. I construct such a measure for legislatures worldwide and show that it accurately predicts representation inequality and resource allocation between large and small regions. Finally, I use the new index to show that legislatures are more regional in population-concentrated countries.

The next EconNewsletter will be published on Monday, December 2, 2024.

*Editorial deadline: **Friday, November 29, 2024.***

EconNewsletter

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