



Fachbereich VWL / Department of Economics

# EconNewsletter

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JANUARY 29 – FEBRUARY 2, 2024

NEWSLETTER 2024-4

## SEMINAR CALENDAR

### HCHE Research Seminar

[Eline Aas, University of Oslo:](#)

*Cost-effectiveness analysis of colorectal cancer screening – results based on a randomized controlled trial in Norway*

Monday January 29  
16:30-17:45  
Esplanade 36, R. 4011/13

### Quantitative Economics

[Federica Romei, University of Oxford:](#)

*Inequality, Demand Composition, and the Transmission of Monetary Policy*

Tuesday January 30  
12:15–13:30  
R. 0079 (VMP 5)

### Hamburg Lectures in Law and Economics

[Ewan McGaughey, King's College London:](#)

*Enterprise Law: From Market Failures to Market Conditions, and Stakeholder Governance*

Wednesday January 31  
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](mailto:larapazer@gmail.com). You will then receive an Email with the access link prior to the lecture.

### Interdisciplinary Research Seminar

[Dimitrios Xefteris, University of Cyprus:](#)

*Weighting Votes*

Thursday February 1  
17:15–18:45  
R. 0079 (VMP 5)

## ABSTRACTS

### **Quantitative Economics**

Federica Romei, University of Oxford:

*Inequality, Demand Composition, and the Transmission of Monetary Policy*

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*Abstract:*

We argue that demand composition between tradable and non-tradable goods and services affects monetary policy transmission. We document at the micro level that within Eurozone countries, richer households allocate a greater share of their consumption basket to non-tradable goods. At the aggregate level, we show that non-tradable goods account for a larger share of total consumption in countries with higher income inequality. Finally, we show that output responses to identified monetary policy shocks are larger for economies with lower non-tradable consumption shares. We rationalize our micro and macro findings using a small open-economy heterogeneous agent model with non-homothetic preferences. We then study the implications for optimal stabilization policy.

### **Hamburg Lectures in Law and Economics**

Ewan McGaughey, King's College London:

*Enterprise Law: From Market Failures to Market Conditions, and Stakeholder Governance*

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*Abstract:*

The paradigm of 'market failure' is well established among economists to justify intervention by law in markets. Yet to lawyers, this is profoundly nonsensical, because markets themselves are constructed by law, including the law of contract, property, corporations, and a host of legislative and human rights. If legal arrangements that create markets lead to damaging welfare outcomes, it is not so much that a 'market' has failed, but the legal rules. There is no such thing as the market, as an objective fact, rather than infinite arrangements of laws, and the society that upholds them. Recognising this, a grammar for lawyers who study the constitution of our economy would be better served by shifting from a paradigm of 'market failures' to 'market conditions', to identify what norms are empirically observed as leading to productive human development, not crashes, depressions or poverty. Where conditions for markets to function are not made out, democratic societies generally use a mixture of public ownership and sector-specific regulation to achieve better outcomes. However, changing an enterprise's system of finance (from private to public) or rights (to fair standards of service or prices) does not address how governance should work. If the goal in public enterprise is to ensure the interests of stakeholders are well served – namely investors, workers, and service-users – then it is logical that stakeholders should have votes in governance. This talk will unpack examples of modern stakeholder governance, as it is developing today.

**Interdisciplinary Research Seminar**

Dimitrios Xefteris, University of Cyprus:

*Weighting Votes*

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*Abstract:*

Committees typically decide through voting. One of the challenges of the voting mechanism is to aggregate information when committee members have different quality of information. In such an environment, more complex rules allow voters to better aggregate information by endogenously allocating more decision power to members with better information. We consider two polar examples of voting rules in terms of complexity: majority voting and continuous voting (CV). Under majority, members can simply vote in favor of the proposal, against it or they can abstain. Due to its coarseness, this system does not allow voters to properly express the quality of their information: it either ignores information of the poorly informed or it attaches the same weight to votes from highly informed. Under CV, instead, voters have incentives to choose the optimal weights that implement the efficient decision for any information structure. However, the desirable properties of CV might be overturned by the cognitive costs to deal with the additional complexity. We compare agents' behavior under the two mechanisms using laboratory experiments, and we also study their preferences over these. We find that CV, despite the higher cognitive costs, does better than majority voting on average and gets higher support, but the difference is lower than theoretically predicted. One of the significant departures from theory is that voters with intermediate information quality attach too much weight on their votes.

## ACTIVITIES OF DEPARTMENT MEMBERS

### Miscellaneous

- Auf Einladung des Vereins für Socialpolitik anlässlich des 150-jährigen Vereinsjubiläums erstellte Elisabeth Allgoewer mit Unterstützung von Hannah Spille und Lorenz Stark eine Posterausstellung zur Geschichte der Frauen im VfS. Behandelt wird die Zeit von 1895 (die ersten Frauen traten dem Verein bei) bis 1936 (Auflösung des Vereins) auf 13 Postern. Die "Geschichte" wird ergänzt durch ein Poster zur aktuellen Situation, dem "Statusbericht zum Frauenanteil der Volkswirtschaftslehre an deutschen Universitäten" von Guido Friebel, Nicola Fuchs-Schündeln und Alisa Weinberger (s. PWP 22(2), 2021).  
Die Ausstellung kann jetzt im VMP 5, 2. Stock im Flur vor den Räumen 2111 bis 2101/2105 besucht werden.

*The next EconNewsletter will be published on Monday, April 1, 2024.*

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

### **EconNewsletter**

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