Fachbereich VWL / Department of Economics

EconNewsletter

JUNE 23 – JUNE 27, 2025   **NEWSLETTER 2025-15**

SEMINAR CALENDAR

Quantitative Economics
Alexander Meyer-Gohde, Goethe-Universität Frankfurt: Tuesday June 24
Informational Inertia and the Taylor Principle   12:15–13:30
                                                             R. 0079 (VMP 5)

Hamburg Lectures in Law and Economics
Roee Sarel, Universität Hamburg: Wednesday June 25

The Impact of Sharia Law on Economic Development in Islamic Countries 18:15–19:45
– 800-1600 A.D.

The lecture will take place in person in Taylor Wessing Lecture Room 1.11 at Bucerius Law School (Jungiusstraße 6, 20355 Hamburg). No registration is required.
As an alternative, we offer online participation for those who are unable to attend in person. To register for online participation via Zoom, please send an E-Mail by 11:30 AM to lectures-ile@uni-hamburg.de .

Labour and Applied Economics
Hannes Ullrich, DIW Berlin & Universität Kopenhagen: Thursday June 26
Competitive pressure and antibiotic prescribing in primary care 14:30–16:00
                                                             R. 4011/13 (Esplanade 36)

Microeconomics
Simon Dato, European Business School: Thursday June 26
Reciprocity: On the Relative Importance and Interaction of Intention 17:15–18:45
and Outcome Effects   R. 0079 (VMP 5)

ABSTRACTS

Quantitative Economics
Alexander Meyer-Gohde, Goethe-Universität Frankfurt:
Informational Inertia and the Taylor Principle

Abstract:
We present determinacy bounds on monetary policy in three models of informational inertia - sticky information, imperfect common knowledge, and arbitrary finite inattentiveness. We show that they all share a common vertical long run Phillips curve and that these bounds are identical across these models. The resulting bounds are more conservative than in the standard Calvo sticky price New Keynesian model. Specifically, the Taylor principle is now necessary directly - no amount of output targeting can substitute for the monetary authority's concern for inflation. This conservative lens also gives sharper determinacy bounds in regime switching and fiscal theory setting.

Hamburg Lectures in Law and Economics
Roee Sarel, Universität Hamburg:
The Impact of Sharia Law on Economic Development in Islamic Countries – 800-1600 A.D.

Abstract:
This is a paper by Prof. Dr. Hans-Bernd Schäfer and Prof. Dr. Rok Spruk, but will be presented by Prof. Dr. Roee Sarel. The abstract of the paper is as follows: We examine the impact of Islamic legal institutions to the comparative economic decline of the Middle East behind Western (Latin) Europe, which can be observed since the late Middle Ages. To this end, we explore whether the sacralization of Islamic law and its focus on the Sharia as supreme, sacred and unchangeable legal text, which reached its culmination in the 13th century and the fundamental legal reforms in Latin Europe in the same century had an impact on economic development. We use the population size of 145 cities in Islamic countries and 648 European cities for the period 800-1800 as proxies for the level of economic development, and construct novel estimates of the number of law schools (i.e. madāris) and estimate their contribution to the long-term pre-industrial economic development. The number of law school is a proxy for the number of legal scholars, practitioners, including judges and their influence on law. By relying on pre-industrial population size as a rough but best possible proxy of economic development, our triple-differences estimates show that a higher density of madrasas before the culmination point of sacralization of Islamic law l predicts a more vibrant urban economy characterized by higher urban growth, ceteris paribus. After the consolidation of the sharia sacralization of law in the 13th century, greater density of law schools is associated with stagnating population size and subsequent urban decline. We show that the economic decline of the Middle East can be partly explained by the absence of legal innovations or substitutes of them, which paved the way for the economic rise of Latin Europe, where ground-breaking legal reforms introduced the freedom of contract and as a corollary the introduction of the insurance

contract as well as the use of the legal person in corporate charters and other legal innovations conducive for economic growth. These were combined with a flexible scientific treatment of the law that was introduced in Europe during the legal revolution (Berman 1985) in the 12th and 13th century. We find that the number of learned lawyers trained in universities with law schools, approximated by the number of universities with law departments is highly and positively correlated with the western European city population. We also show with counterfactual estimates that almost all Islamic cities under consideration would have had much bigger cities by the year 1700 if legal innovations comparable to those in western Europe had been introduced. By making use of a series of synthetic control and difference-in-differences estimators our findings are robust against a large number of model specification checks.

Labour and Applied Economics
Hannes Ullrich, DIW Berlin & Universität Kopenhagen:
Competitive pressure and antibiotic prescribing in primary care

Abstract:
Excessive usage of antibiotics is known to lead to the development of antibiotic-resistant bacteria that threaten public health. In many healthcare systems, primary care physicians are the gatekeepers of antibiotics and responsible for the majority of antibiotic use. We design a novel measure of competitive pressure at the clinic level to study how competition affects primary care physicians' antibiotic prescribing intensity. We find a significant and positive effect of competition on overall prescribing and prescription intensity. The effect is more pronounced for broad-spectrum antibiotics, which are considered to be important drivers of antibiotic resistance. Our findings suggest that effective policies aimed at improving antibiotic use need to address profit motives as an important factor.

Microeconomics
Simon Dato, European Business School:
Reciprocity: On the Relative Importance and Interaction of Intention and Outcome Effects

Abstract:
Outcomes and perceived intentions influence how individuals reciprocate others' actions. Using an experiment to disentangle the impact of outcomes and intentions, this paper provides first evidence about the relative importance and interaction of these determinants of reciprocal behavior. In our data, outcomes' impact on reciprocal behavior dominates that of intentions. Furthermore, intentions and outcomes interact in inducing reciprocity: the impact of a good outcome on reciprocal behavior is magnified by kind intentions. To uncover what drives outcome and intention effects, we elicit social norms from third parties and provide evidence of their significant explanatory power. However, comparing a social-preference-based explanation to the social-norm-based explanation reveals that the former explains choices better than the latter.
of interdisciplinary science.

ACTIVITIES OF DEPARTMENT MEMBERS

New Publications

- **Ehnts, D. und M. Paetz (2025)**, "The ECB as a Dealer of Last Resort from a Modern Monetary Theory Perspective," Springer Studies in the History of Economic Thought, in: Muriel Dal Pont Legrand & Harald Hagemann (ed.), *Waving the Swedish Flag in Economics*, 119-134, Springer.
- **Paetz, M. (2025)**, „Geldtheorie und Geldpolitik - Grundlagen konventioneller und unkonventioneller Maßnahmen", Schäffer-Poeschel.

The next EconNewsletter will be published **on Monday, June 30, 2025.**

Editorial deadline: **Friday, June 27, 2025.**