Ph.D. Students Seminar

SoSe 2019

Department of Economics

The seminar meets (bi-)weekly on Thursdays, **12:15-13:15** in WiWi 0029.

Ph.D. students are invited to present their work, if their supervisor is a member of the economics department ("Erstmitglied" or "Zweitmitglied"). The supervisor should attend the presentation.

If you have questions, please contact **Melanie Krause** (melanie.krause@uni-hamburg.de).

Presenter information: Please keep your presentation under **35 minutes** in order to have enough time for questions and discussions.

Date	Speaker	Title
11.04.2019	Presenter: Marek Endrich Supervisor: Voigt	Pacem in Terris: Are Papal Visits Good News for Human Rights?
18.04.2019	Presenter: Felix Schroeter Supervisor: Allgoewer	The normative foundations of early Neoclassical Economics: John Bates Clark
09.05.2019	Presenter: Markus Michaelsen Supervisor: Szimayer	Information flow dependence in return and trading volume across different stocks
23.05.2019	Presenter: Patrick Christian Harms Supervisor: Fritsche	20 Years of EMU: Did one size fit none?
06.06.2019	Presenter: Max Ole Liemen Supervisor: Posch	Analyzing the Ability of the Fiscal Theory of the Price Level to Explain the Recent Episodes
13.06.2019	Presenter: Gesche Wegener Supervisor: Meyer-Gohde	The Time Dimension of Economic Recovery from Political Turmoil
20.06.2019	Presenter: René Glawion Supervisor: Posch	A general equilibrium model of earnings, income, and wealth heterogeneity
27.06.2019	Presenter: Steffen Müller Supervisor: Maennig	Forecasting economic decisions under risk: The predictive importance of choice process data
04.07.2019	Presenter: Adrian Wende Supervisor: Funke	The Macroeconomic Effects of Trade Tariffs Targeting Final vs. Intermediate Goods
11.07.2019	Presenter: Florian Schütze Supervisor: Fritsche	Forecasting Industrial Production in Germany using Uncertainty

Abstracts:

11.04.2019, Marek Endrich: "Pacem in Terris: Are Papal Visits Good News for Human Rights?"

We analyze the effect of a state visit by the Catholic pope on the human rights performance of the host country. This illustrates how a small country like the Vatican can exert significant political influence in international politics. Human rights are at the heart of modern-day Catholic doctrine and during his international travels, the pope frequently addresses human rights violations. The pope uses the threat of shaming to incentivize governments of host countries to refrain from and to inhibit violations of human rights. We draw on a new dataset of papal state visits outside Italy to test the hypothesis that governments react strategically to the threat of shaming by inhibiting human rights violations. To identify causal average treatment effects, we use characteristics of the pope, Catholic Church calendars, proxies for the strategic interests of the Vatican, and conditions in the host country as exogenous predictors of papal visits in an endogenous treatment model. Our results indicate that politicians react to an anticipated papal visit by increasing human rights protection.

18.04.2019, Felix Schroeter: "The normative foundations of early Neoclassical Economics: John Bates Clark"

Today, scholars of the history of economic thought broadly recognize that John Bates Clark envisioned Christian ethics to cope with the social grievances that he encountered in his time in the U.S. This may be true at least for his early work before the violent incidents of Chicago's Haymarket in 1886. Nevertheless, as economist he receives the most appraisal for his later, distinctively theoretical contributions, which succeeded in purging the economic approach to questions of distribution from ethical connotations. The paper demonstrates that in contrast to this common understanding, all of Clark's writings after Haymarket bear his former ethical impetus. It traces his theory of value, distribution and capital back to the younger Clark's reformative claim to found the American economy on the principle of just and free exchange.

09.05.2019, Markus Michaelsen: "Information flow dependence in return and trading volume across different stocks"

We develop a multivariate return and trading volume model, where each stock's system is driven by latent information arrivals in continuous time. The arrivals contain idiosyncratic and cross-relevant information, which provides both return and trading volume dependence. Conditional on the accumulated information, returns are jointly normal and correlated, which implies a second layer of dependence in the return dimension. Using a sample of nine common stocks, we show that trading volume significantly adds to the operationalization of the latent information flow process driving the contemporaneous return distribution. The

dependence parameter estimates provide significant and interpretable degrees of information flow dependence across all results. Portfolio risk measurement applications are extended by conditioning on the level of trading volume, e.g. reflecting stress, leading to an accurate risk quantification.

23.05.2019, Patrick Christian Harms: "20 Years of EMU: Did one size fit none?"

We study the effect of the introduction of the Euro on monetary stress in EMU member states in a SVAR framework. We define monetary stress as a deviation from rule-based policy. We find lower levels of monetary stress after the introduction of the Euro. The driving forces are a world-wide tendency to lower levels of monetary stress and the independence from the Dollar and the D-Mark – i.e. the common currency made the countries more resilient to shocks from abroad.

06.06.2019, Max Ole Liemen, "Analyzing the Ability of the Fiscal Theory of the Price Level to Explain the Recent Episodes"

The fiscal theory of the price level (FTPL) allows for a role of fiscal policy in the determination of the price level and thus offers an alternative approach towards the understanding of monetary policy and inflation. In recent years, especially Sims (2011) and Cochrane (2016) analyzed the implications of introducing FTPL in the New-Keynesian (NK) model. In this paper, we extend their framework to explore the ability of the NK-FTPL model to explain the recent episodes. After analyzing general consequences of FTPL in the NK-FTPL framework, we want to shed light on whether new approaches are required to face the challenge to reconcile the stability of inflation during near-zero interest. In particular, we show how to implement FTPL in the NK-model and employ global numerical solution methods to compute the rational expectation equilibrium, impulse response functions and illustrate the effects of uncertainty. Furthermore, the analysis benefits from our solution method as it allows us to keep the full non-linear structure of the model and to consider positive trend inflation.

13.06.2019, Gesche Wegener, "The time dimension of economic recovery from political turmoil"

I estimate the impulse response function of GDP levels and growth rates to an unexpected executive turnover for up to 15 years by local projections using an unbalanced panel of 133 countries between 1950 and 2014. The results show a negative immediate response to political instability on growth rates in the year of the change but no evidence of an impact thereafter. Losses of real GDP per capita experienced in the first year are persistent. Though, under certain circumstances the impact of political instability on GDP levels is positive.

20.06.2019, René Glawion: "A general equilibrium model of earnings, income, and wealth heterogeneity"

We develop a general equilibrium model of earnings, income and wealth heterogeneity in continuous time. We extend existing analytical and numerical methods to solve the model. We calibrate the model to U.S. data and find that stochastic interest rates provide a mechanism to link earnings, income and wealth distributions. We use this connection to demonstrate that an increase in unemployment benefits leads to a rise in steady state wealth inequality measured by the Gini coefficient.

27.06.2019, Steffen Müller: "Forecasting economic decisions under risk: The predictive importance of choice process data"

We investigate various statistical methods for forecasting risky choices and identify important decision predictors. Subjects are presented a series of 50/50 gambles that each involves a potential gain and a potential loss, and subjects can choose to either accept or reject a displayed lottery. From this data, we use information on 8800 individual lottery gambles and specify four predictor-sets that include different combinations of input categories: lottery design, socioeconomic characteristics, past gambling behavior, eye-movements, and various psychophysiological measures that are recorded during the first three seconds of lottery-information processing. The results of our forecasting experiment show that choice-process data can effectively be used to forecast risky gambling decisions; however, we find large differences among models' forecasting capabilities with respect to subjects, predictor-sets, and lottery payoff structures.

04.07.2019, Adrian Wende: "The Macroeconomic Effects of Trade Tariffs Targeting Final vs. Intermediate Goods"

After a long period characterised by the reduction and abolition of tariffs, there have recently been several cases of tariff increases, particularly in the context of the trade war between the US and China. What is striking about these tariffs is that they largely apply to intermediate goods. It is commonly feared that these and possible future tariff hikes might have negative consequences for economic growth and consumption. On the other hand, the Trump administration expects the tariff increases to reduce the US trade deficit. Two questions arise: How do tariff hikes impact business cycle dynamics? Does it make a difference whether tariffs are levied on final consumer goods or intermediate products? To tackle these questions, I built on the two-country DSGE model by Ghironi and Melitz (2005), which has the advantage of incorporating rigorous trade microfoundations. Among other things, I add tariffs and tradable intermediates and analyse the impulse responses of the model after a tariff increase.

11.07.2019, Florian Schütze: "Forecasting Industrial Production in Germany using Uncertainty"

This paper conducts a forecast comparison to test if there is an advantage in using uncertainty measurements for directional, point and density forecasts of industrial production in Germany up to 12 month ahead. For this purpose, three different uncertainty proxies and 73 other real economy time series normally used for this objective are incorporated. The results indicate that models incorporating uncertainty are suited for this task and are performance wise among the best 10 percent of all models.