



NEWSLETTER 2022|10

CALENDAR

Departmental Seminar

Roman Sustek (Queen Mary University)

"A Back-of-the-Envelope Analysis of House Prices: Czech Republic, 2013-2021"

Mon, May 23

16:00 - 17:30

H 26

IOS Seminar

Yuriy Gorodnichenko (University of California-Berkeley and IZA)

"The Effect of Macroeconomic Uncertainty on Household Spending"

Tue, May 24

14:00 - 15:30

Zoom-Meeting

Lunch Seminar

Veronika Püschel (University of Regensburg)

"An Earned Income Pension Credit as a Means to Reduce Old-age Poverty Risk "

Wed, May 25

12:00 - 13:00

H 26



ABSTRACTS AND FURTHER INFORMATION

Departmental Seminar

Roman Sustek (Queen Mary University)

"A Back-of-the-Envelope Analysis of House Prices: Czech Republic, 2013-2021"

Building on Garriga, Kydland, and Sustek (2017), a simple practical method for quantitative analysis of house prices is proposed. Similar to consumer theory, housing demand is approximately decomposed into changes in income and a relative price. The latter includes implicit costs of mortgage finance, determined by monetary and macroprudential policies and future income growth and inflation expectations. To demonstrate the method, I apply it to the 63% increase in real house prices in Czechia, 2013-2021. The income effect accounts for 32% of the increase, implicit mortgage costs for another 20%. Most of the latter hinges on income growth expectations, reflecting the robust 2013-2020 economic recovery.

Info:

in person

IOS Seminar

Yuriy Gorodnichenko (University of California-Berkeley and IZA)

"The Effect of Macroeconomic Uncertainty on Household Spending"

Using a new survey of European households, we study how exogenous variation in the macroeconomic uncertainty perceived by households affects their spending decisions. We use randomized information treatments that provide different types of information about the first and/or second moments of future economic growth to generate exogenous changes in the perceived macroeconomic uncertainty of some households. The effects on their spending decisions relative to an untreated control group are measured in follow-up surveys. Higher macroeconomic uncertainty induces households to reduce their spending on non-durable goods and services in subsequent months as well as to engage in fewer purchases of larger items such as package holidays or luxury goods. Moreover, uncertainty reduces household propensity to invest in mutual funds. These results support the notion that macroeconomic uncertainty can impact household decisions and have large negative effects on economic outcomes.

Info:

<https://ios-regensburg-de.zoom.us/j/61044171455?pwd=S29pV0gxMnIKN3hoZTFHRGZQM0NpUT09>

Meeting ID: 610 4417 1455

Passcode: 811868



Lunch Seminar

Veronika Püschel (University of Regensburg)

"An Earned Income Pension Credit as a Means to Reduce Old-age Poverty Risk "

Joint Work with F. Kindermann

In this paper, we study the optimal design of pension systems that aim at reducing old-age poverty risk. We argue that a pension scheme that grants subsidies to the earnings poor based on their annual earnings is superior to a redistribution scheme that is based on the life-time earnings history of individuals, like e.g. US social security. In particular, we find that pension subsidies for individuals with low earnings that are designed in a similar way as the Earned Income Tax Credit provide both insurance against old-age poverty and incentives for labor force participation. As such, the Earned Income Pension Credit (EIPC) generates substantial long-run welfare gains, especially for single women. To arrive at this conclusion, we evaluate the individual and macroeconomic consequences of redistributive pension reforms in a quantitative overlapping generations model that accounts for a rich set of demographics (gender, marital status, and family size), permanent labor market characteristics, idiosyncratic labor productivity shocks, individual savings choices and labor supply decisions at the extensive and the intensive margin.

Info:

in person



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Editorial deadline for Newsletter No. 2022|11:

Wednesday, May 25 | 11 am

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