



NEWSLETTER 2021|30

CALENDAR

Departmental Seminar

Frank Bohn (Radboud Universiteit)

"Two Papers on Political Budget Cycles: Uninformed Voters and Selfishness Do Not Suffice for Explaining Them"

IOS Seminar

Jan Svejnar (Columbia University)

"Resource Misallocation in European Firms: The Role of Constraints, Firm Characteristics and Managerial Decisions"

Economic and Social History Seminar

Mark Spoerer (Regensburg)

"State Power, State Capacity and Economic Growth: Germany in the "Long" 19th Century"

Mon, Dec 13

16:00 - 17:30

Hybrid: H 26,
Zoom-Meeting**Tue, Dec 14**

16:00 - 17:30

Zoom-Meeting

Wed, Dec 15

17:15 - 19:30

Zoom-Meeting



ABSTRACTS AND FURTHER INFORMATION

Departmental Seminar

Frank Bohn (Radboud Universiteit)

“Two Papers on Political Budget Cycles: Uninformed Voters and Selfishness Do Not Suffice for Explaining Them”

Two Types of Blurriness in Political Budget Cycles: Uninformed Voters and Government Competence Uncertainty (Joint Work with L. Crombach)

In the literature on Political Budget Cycles (PBCs) it is typically argued that governments find it more attractive to use fiscal instruments to improve re-election chances, if voters are more susceptible to manipulation because they are uninformed. In an analytical model, we show that PBCs are only produced when we have many uninformed voters and the competence of the government is fairly uncertain; or with few uninformed voters and certain government competence. This could explain why we can also find PBCs in democratic and developed countries with strong institutions. It could also explain why press freedom as a proxy for uninformed voters is sometimes found to be significant, sometimes not. In a panel of 70 countries (1986-2015) we can empirically confirm these findings. Results are robust to alternative specifications and explanations like fiscal rules, corruption and expected downturns.

When do More Selfish Politicians Manipulate Less, not More? (Joint Work with X. Wang, F. Veiga)

We model the political manipulation of deficits in a political budget cycle model. Assuming that a share of voters suffers from debt illusion the incumbent can increase her re-election chances by expanding government spending. However, the optimal manipulation may exceed the amount necessary to maximize re-election chances (over-manipulation) if the deficit is not very costly, that is, when interest rates or repayment obligation are low. Then, more selfish politicians (higher ego rents and, therefore, increased re-election motivation) reduce the overmanipulation. Theoretical results are supported empirically, with very robust evidence for a sample of 87 democracies.

Info:

There is a strict 2G rule: participants have to be vaccinated against Covid-19 or have recovered from a Covid-19 infection, also they have to wear a FFP2 face mask at all times during the seminar. alternatively:

<https://uni-regensburg.zoom.us/j/92822525842?pwd=YTdPY2I1RHJGK2NjSitxOEpybU5Edz09>



IOS Seminar

Jan Svejnar (Columbia University)

“Resource Misallocation in European Firms: The Role of Constraints, Firm Characteristics and Managerial Decisions”

Joint Work with Y. Gorodnichenko, D. Revoltella and C. Weiss

Using a new survey, we document high dispersion of marginal revenue products across firms in the European Union (EU). To interpret this dispersion, we develop a highly portable framework to quantify gains from better allocation of resources. We demonstrate that apart from direct measures of distortions, firm characteristics, such as demographics, quality of inputs, utilization of resources, and dynamic adjustment of inputs, are predictors of the marginal revenue products of capital and labor. We emphasize that some firm characteristics may reflect compensating differentials rather than constraints and the effect of constraints on the dispersion of marginal products may hence be smaller than has been assumed in the literature. We show that cross-country differences in the dispersion of marginal products in the EU are largely due to differences in how the business, institutional and policy environment translates firm characteristics into outcomes rather than to the differences in firm characteristics per se. Removing distortions could raise EU aggregate productivity and hence GDP by 40 percent or more.

Info:

<https://us02web.zoom.us/j/84617812379>

Meeting ID: 846 1781 2379

Passcode: 542600

Economic and Social History Seminar

Mark Spoerer (Regensburg)

“State Power, State Capacity and Economic Growth: Germany in the “Long” 19th Century”

To what extent are political and economic power interdependent? The economic rise of Great Britain in the 18th/19th century and that of Japan in the 20th century are attributed, among other factors, to the influence of political-military power (state power). From the English and other European case studies of nation-building, Dincecco has argued that above all two components of state power are decisive for successful nation-building, namely the creation of legal capacity and of fiscal capacity. Does this also apply to the German process of industrialization? This paper draws on recent studies in economic history to identify the factors that were responsible for Germany’s economic rise in the 19th century.

Info:

<https://uni-mannheim.zoom.us/j/9840371383?pwd=M0ltYlRrN1Z3ekdHeGMyRG05anZYUT09>



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