



## NEWSLETTER 2017-04

### CALENDAR:

#### Economic and Social History Seminar

Tobias Jopp (Regensburg)

*A difficult relationship? Prussia and the German Empire before and during World War I as perceived by the capital market*

Wednesday, February 08

18:00–20:15

PT 1.0.6

#### IOS Seminar

Niclas Rüffer (ifm, Universität Mannheim)

*The specific systemic problems of innovation systems in post-socialist innovation systems*

Tuesday, February 14

10:00–11:30

WiOS 109 (Landshuter Str. 4)

#### IOS Seminar

Rainer Martin (European Central Bank)

*Resolving Non-Performing Loans*

Thursday, February 16

10:00–11:30

WiOS 109 (Landshuter Str. 4)

#### IOS Seminar

Carsten Sprenger (Higher School of Economics, Moskau)

*Corporate Governance and Investment: Evidence from Russian Unlisted Firms*

Tuesday, February 21

10:00–11:30

WiOS 109 (Landshuter Str. 4)

**ABSTRACTS:****Economic and Social History Seminar**

Tobias Jopp

*A difficult relationship? Prussia and the German Empire before and during World War I as perceived by the capital market*

*Abstract:* The relationship between Prussia and the Empire is of interest for historians who discuss the question as to whether WWI had changed the way opponents and neutral states perceived the relationship between Prussia and the central government. Were they viewed as two entities or one? We seek to answer this question by taking a "financial point of view". We analyze government bond prices as formed at the Amsterdam stock exchange – the Dutch were neutral observers at the time – in combination with cointegration techniques to gain insight into whether investors differentiated between the two. In principle, they could have as each entity had its own budget. Hence, the two bonds we will be looking at more closely - one Prussian, one Reich bond – reflected claims on different financial streams and default probabilities. Preliminary tests suggest that the two bonds were cointegrated before as well as during the war implying that investors saw one entity despite tricky financial relations between the central government and Prussia.

**IOS Seminar**

Niclas Rüffer

*The specific systemic problems of innovation systems in post-socialist innovation systems*

*Abstract:* We analyse knowledge and technology transfer in the regional innovation system of a low performing Polish region in comparison with international best practice cases in Germany, the Netherlands, England, and China. We study inter-sectoral, intra-sectoral and tri-sectoral collaboration patterns of the subsystem of the triple helix (the scientific subsystem, the political subsystem, and the business community). We identify comparatively low levels of trust and social capital as central factors hampering cooperation in the Polish region confronted with the international best practice cases. We propose to introduce the analysis of trust towards public sector entities (including research institutions) and of social capital in the analysis of innovation systems in post-socialist countries.

**IOS Seminar**

Rainer Martin

*Resolving Non-Performing Loans*

*Abstract:* The high stock of non-performing loans (NPLs) in the euro area as well as in other countries is an important cause for concern for policymakers. Efforts to resolve this problem have increased significantly in the course of 2016, by supervisors and macroprudential policymakers alike. To relieve capital constraints faced by many banks, these efforts should be complemented with structural reforms to recover the value of NPLs in some countries. Against this background, this presentation discusses the negative effects that large NPLs stocks can have on financial stability and the real economy, the various options available to deal with NPLs and impediments to the functioning of the NPL market, highlighting sources of information asymmetry and structural inefficiencies.

## IOS Seminar

Carsten Sprenger

*Corporate Governance and Investment: Evidence from Russian Unlisted Firms*

**Abstract:** In this paper, we investigate how firm-level indicators of corporate governance affect financing constraints, measured by the cash flow sensitivity of investment. The focus is on unlisted firms, which represent a large part of the economy, especially in emerging markets, and which are more likely to suffer from asymmetric information problems in accessing external funds for investment. We develop two original corporate governance indices based on two rounds of a large-scale survey of Russian enterprises – one for shareholder protection (including board composition and procedures) and one for transparency (including information disclosure and audit). We estimate standard investment regressions with a proxy for investment opportunities and cash flows as the main independent variables, augmented by interaction terms with our corporate governance indices and variables capturing ownership structure. The central result is that better shareholder protection diminishes the cash flow sensitivity of investment, particularly in firms with an outside controlling owner and in firms with low managerial ownership. In contrast, more transparency might even exacerbate financing constraints in some cases. We address the problem of endogeneity of corporate governance by using fixed-effects regressions and an instrumental variable approach. The latter exploits the particular legal framework in Russia where legal provisions for corporate governance depend on a firm's number of shareholders.

## MISCELLANEOUS:

The next issue of RegensburgEconNews will be published at the beginning of the summer term; editorial deadline: April 19, 2017.

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[Wednesday, April 19 – 11 pm](#)

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