



## NEWSLETTER 2016-17

## CALENDAR:

**PhD Seminar**

Peter Haller (IAB):  
*Transport Infrastructure and Regional Labor Markets*

Monday, July 4  
16:30–17:30  
RW(S) 1.01

**Departmental Seminar I**

Oke Röhe (Deutsche Bundesbank):  
*On measuring aggregate uncertainty and its impact on investment: cross-country evidence from the euro area*

Monday, July 4  
16:30–18:00  
VG H26

**PhD Seminar**

Richard Faßler (University of Regensburg):  
*Grüne Märkte mit vertikaler Produktdifferenzierung, freiem Marktzutritt und unvollkommener Produktinformation*

Tuesday, July 5  
10:30–11:30  
RW(L) 409

**Departmental Seminar II**

Lucas Herrenbrueck (Simon Fraser University):  
*Quantitative Easing and the Liquidity Channel of Monetary Policy*

**Special Date and Time**  
Wednesday, July 6  
12:00–13:00  
VG 2.35

**Economic and Social History Seminar**

Ben Wubs (Erasmus University Rotterdam):  
*Competitiveness in the Japanese Denim and Jeans Industry: The Cases of Kaihara and Japan Blue, 1970-2015*

Wednesday, July 6  
18:00–20:15  
VG 1.30

**IOS Seminar**

Maria Kravtsova (Laboratory for Comparative Social Research, HSE Moscow):  
*The Shadow of the Family: Historical Roots of Particularism in Europe*

**Special Date**  
Thursday, July 7  
13:30–15:00  
AlFi 1.09 (Landshuter Str. 4)

**ABSTRACTS:****Departmental Seminar I**

Oke Röhe:

*On measuring aggregate uncertainty and its impact on investment: cross-country evidence from the euro area*

(joint work with Philipp Meinen)

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*Abstract:* Investment fell sharply in the euro area after the financial crisis and has not yet returned to pre-crisis levels in many core economies. Focussing on the four largest euro area countries, we investigate the role of aggregate economic uncertainty in the sluggish recovery of investment activity. By doing so, we compare several prominent uncertainty measures put forward in the recent literature, which can be distinguished depending on whether they capture the volatility (dispersion) of a particular economic indicator or whether they reflect that the economy has become more or less predictable. The analysis of the uncertainty proxies is conducted on the grounds of both descriptive and VAR model-based evidence. Although all uncertainty measures show countercyclical behavior, we find that only uncertainty indicators of the latter type exhibit robust effects across different model specifications and countries. Based on this type of uncertainty proxy, we document pronounced negative investment responses to uncertainty shocks. We further show that these effects can explain a relevant portion of the decrease in investment in the course of the Great Recession.

**Departmental Seminar II**

Lucas Herrenbrueck:

*Quantitative Easing and the Liquidity Channel of Monetary Policy*

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*Abstract:* How do central bank purchases of illiquid assets affect interest rates and the real economy? In order to answer this question, I construct a parsimonious and very flexible general equilibrium model of asset liquidity. In the model, households are heterogeneous in their asset portfolios and demand for liquidity, and asset trade is subject to frictions. I find that open market purchases of illiquid assets are fundamentally different from helicopter drops: asset purchases stimulate private demand for consumption goods at the expense of demand for assets and investment goods, while helicopter drops do the reverse. A temporary program of quantitative easing can therefore cause a 'hangover' of elevated yields and depressed investment after it has ended. When assets are already scarce, further purchases can crowd out the private flow of funds and cause high real yields and disinflation, resembling a liquidity trap. In the long term, lowering the stock of government debt reduces the supply of liquidity but increases the capital-output ratio. The consequences for output are ambiguous in theory but a calibration to US data suggests that the liquidity effect dominates; in other words, the supply of Treasuries is 'too small'.

**Economic and Social History Seminar**

Ben Wubs:

*Competitiveness in the Japanese Denim and Jeans Industry: The Cases of Kaihara and Japan Blue, 1970-2015*

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*Abstract:* During the 1960s, anti-establishment street fashion spread through Japan as it did in Western Europe and North America. Because the demand for traditional cotton fabrics in Japan was decreasing, many cotton manufacturers like Kaihara switched to denim and jeans in the early 1970s. During the 1980s and 1990s Japanese companies, with their traditional focus on quality and craftsmanship, began to figure into the global market for premium denim and jeans. Japan Blue was one of them. The paper compares these two manufacturers of premium denim fabric and jeans. It explores how Japanese denim companies and Japanese jeans companies became the world's most competitive firms in the denim business. It also considers how these Japanese firms have survived in a highly competitive global industry that constantly relocates manufacturing to low-cost countries.

**IOS Seminar**

Maria Kravtsova:

*The Shadow of the Family: Historical Roots of Particularism in Europe*

*Abstract:* This study provides new evidence on the impact of household formation customs that existed in the past on present day societal institutions and cultural traits. We develop and test a hypothesis that these customs affect the extent to which particularism is spread in societies nowadays. When the prevalence of particularism is high, people tend to treat other people basing on specific circumstances or personal backgrounds and pay much attention to social status, kinship or social connections. The opposite of particularism is universalism when people treat other people basing on the same universal rules equally applied to all. The high prevalence of particularism in society corrodes the rule-of-law principle, justifies the partiality of state institutions, and feeds corruption.

As a testing ground for our hypothesis we consider European countries covered by Life in Transition Survey (LiTs) in 2010. We regress various measures of individuals' particularistic-type values and behaviors on a battery of historical indicators that reflect different traits of the family system existed in the region where these individuals live now. All subnational historical indicators we use are derived directly from national censuses of the end of the 19th - beginning of the 20th century. To assign historical indicators to contemporary localities we place these localities on the historical maps of European countries using their geographical coordinates. Our preliminary empirical findings tend to support our hypothesis: individuals living in the regions where households had a larger stem or kin component, the use of servants was less common, and earlier marriage was more widespread, are more supportive to particularism.

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**RegensburgEconNews**

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Editorial deadline for Newsletter No. 2016-18:  
Wednesday, July 6 – 11 pm

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