



## Upcoming Seminars

### **Monday, 12.11.2018**

#### **Departmental Seminar**

13.30-14.30

AWI 00.010

Galina Zudenkova, University of Mannheim

(invited by Axel Dreher)

"Paid Parental Leave and Paternity Acknowledgement"

### **Wednesday, 14.11.2018**

#### **Internal Seminar**

12.15-13.15

AWI 00.010

David Vespermann

"Effects of a European Unemployment Insurance"

### **Wednesday, 14.11.2018**

#### **Macro & Econometrics Seminar**

17.00-18.00

AWI 01.030

Stefan Vogt, Vienna Graduate School of Finance

"Limits to Arbitrage in Markets with Stochastic Latency"

### Departmental Seminar

Galina Zudenkova

"Paid Parental Leave and Paternity Acknowledgement"

We contribute to the literature studying how public policy affects child well-being by creating incentives for parents' choice of family structures. Welfare policies or parental leave policies do not only have direct effect on children but they also influence whether children grow up in a single mother household, with cohabiting or married parents. We study theoretically and empirically how parental leave policy affects decisions on the family structure before the birth of the child, focusing in particular on decisions made by parents who are unmarried at conception. We explore the 2007 German parental leave reform and find that more generous parental leave policy reduces single motherhood and increases marriage for low-income mothers.

\*with Anna Raute and Andrea Weber

### Internal Seminar

David Vespermann

"Effects of a European Unemployment Insurance"\*

The recent euro crisis highlighted flaws in the design of the monetary union. As a reaction, policy makers have proposed the introduction of a European unemployment benefit scheme (EUBS). In this paper we assess to which degree such a scheme would provide the macroeconomic stabilization that was lost due to the elimination of flexible exchange rates. Specifically, we use a rich DSGE model, calibrated to Germany and the rest of the euro area, to analyze the changing dynamics and altered risk sharing that a EUBS brings about. We find that following supply shocks, a EUBS can bring consumption closer to the paths under flexible exchange rates. The transfer, however, is spent to a large degree on relatively inefficient production in the receiving countries, requiring a high labor input. Hours worked hence become more volatile due to the inefficient distribution of factor inputs across countries. After demand shocks, unemployment responses are relatively similar, due to the common monetary policy. The transfer does therefore not change the responses significantly.

\*with Zeno Enders

## Macro & Econometrics Seminar

Stefan Voigt

"Limits to Arbitrage in Markets with Stochastic Latency"

We analyze how stochastic latency in the transaction settlement process, as introduced by distributed ledger technology, affects cross-market arbitrage. The time-consuming settlement process exposes arbitrageurs to price risk and imposes limits to arbitrage. We derive arbitrage boundaries imposed by stochastic latency and show that larger price differences are consistent with higher expected latency, higher uncertainty in latency, higher volatility, or higher risk version. We parametrize stochastic latency in the Bitcoin network and estimate boundaries for high-frequency orderbook data from several exchanges. 95% of observed price differences adjusted for transaction costs fall into our estimated arbitrage boundaries.

## Talks and Research Visits

**Dmitri Vinogradov**, Senior Lecturer in Corporate Finance and Banking (Accounting & Finance) at the University of Glasgow, will be visiting our Institute as a guest researcher of Jürgen Eichberger from November 15-16. After working at the Higher School of Economics, Moscow (Russia), Dmitri earned his PhD in 2006 at the Alfred-Weber-Institute. He then joined Essex Business School, University of Essex (UK), for 10 years.

## New and Leaving Staff

Frikk Nesje (<https://sites.google.com/view/frikknesje>) has joined AWI as a Research fellow from the University of Oslo. As part of the NATCOOP project, he will investigate theoretically the effect of uncertain regime shifts on the use of environmental goods and services. Frikk will also continue his theoretical research on dynamic interdependent utility and more applied research on social discounting. His papers have featured in AEJ: Economic Policy and JAERE. Frikk sits at the FZ, Bergheimer Str. 20, room 216.



## Miscellaneous

Anna Merkel, former Ph. D. student at the chair of Christoph Vanberg, has successfully defended her doctoral thesis on *Essays in Experimental Economics*, November 7.

**Editorial deadline for issue 26/2018 of the newsletter:  
Wednesday, November 12, 2018, 12 p.m.  
[newsletter@awi.uni-heidelberg.de](mailto:newsletter@awi.uni-heidelberg.de)**

If you would like to receive the newsletter by email,  
please contact the address above.