



Upcoming Seminars

Wednesday, 16.1.2019

Internal Seminar

12.15-13.15
AWI 00.010

Sebastian Rüth
"Systematic Monetary Policy and the Macroeconomic
Effects of Shifts in Residential Loan-to-Value Ratios"

Thursday, 17.1.2019

Special Seminar

11.00-12.00
AWI 00.010

Shu Yu, Development Economic Prospects Group, World
Bank
(invited by Stefan Klöpper)
"Growing in the Shadow: Challenges of Informality"

Thursday, 17.1.2019

Seminar Series *Global Health Economics*

12.15-13.15
Marsilius-Arkaden,
INF 130 2, South Tower
First floor room K17

Andreas Landmann, Göttingen University
(invited by Stefan Klöpper)
"Gender Aspects in Low-Income Health Insurance:
Evidence from Pakistan"

Internal Seminar

Sebastian R uth

"Systematic Monetary Policy and the Macroeconomic Effects of Shifts in Residential Loan-to-Value Ratios"*

What are the macroeconomic consequences of changing aggregate lending standards in residential mortgage markets, as measured by loan-to-value (LTV) ratios? Using a structural VAR, we find that GDP and business investment increase following an expansionary LTV shock. Residential investment, by contrast, falls after a small initial uptick, a result that depends on the systematic reaction of monetary policy. We show that, historically, the Fed tended to respond directly to expansionary LTV shocks by raising the monetary policy instrument, and, as a result, mortgage rates increased and residential investment declined. The monetary policy reaction function in the United States appears to include lending standards in residential markets, a finding we confirm in Taylor rule estimations. Without the endogenous monetary policy reaction, residential investment increases. House prices behave in a similar way. This suggests that an exogenous loosening of LTV ratios is unlikely to explain booms in residential investment and house prices, at least in times of conventional monetary policy. By contrast, exogenous monetary policy shocks account for higher fractions of variation in residential investment and house prices.

*with R diger Bachmann

Special Seminar

Shu Yu

"Growing in the Shadow: Challenges of Informality" (Launch of the World Bank's publication "January 2019 Global Economic Prospects")

The informal sector accounts for about a third of GDP and 70 percent of employment (of which self-employment is more than a half) in emerging market and developing economies. Informality is more widespread in lower-income countries and in those with a larger agricultural sector and a higher share of unskilled workers. Overcoming the challenges of informality requires a balanced mix of policies that carefully takes into account country-specific drivers. A well-designed policy framework should include measures aimed at reducing regulatory and tax burdens, expanding access to finance, improving education and other public services, and strengthening public revenue frameworks.

Seminar Series *Global Health Economics*

Andreas Landmann

"Gender Aspects in Low-Income Health Insurance: Evidence from Pakistan"

The question how universal health coverage in developing countries can be attained is the focus of an extensive literature. However, there is little research on gender dimensions of health financing, even though it is well-known that health needs and constraints vary greatly between men and women. This paper provides a gender perspective on introducing health insurance in low-income settings. I exploit three large independent studies on hospitalization insurance in Pakistan - two randomized control trials and one non-experimental study. My results suggest that women tend to have higher health needs, but that there is nevertheless a bias against covering female household members. The gender of the household's decision maker correlates with this gender bias, and also seems to play a role for the gender-specific impact of introducing insurance on health care utilization.

Talks and Research Visits

Stefan Trautmann presented the paper "Investing for Others: Principals' vs. Agents' Preferences" (joint work with Luisa Kling and Christian König-Kersting) at the American Economic Association's Annual Meeting in Atlanta on January 6, 2019.

Visitors

[Alexandra Zeitz](#), doctoral candidate in International Relations at the University of Oxford (invited by Axel Dreher), will stay at the AWI until February 15 (room 01.012a). Her research interests are in the politics of international finance, development, and migration, particularly how developing countries interface with the international financial system.

New Publications

Hans Nutzinger/Hans Diefenbacher (Hrsg.) (2018): John Stuart Mill heute [Jahrbuch Die Wirtschaft der Gesellschaft, Bd. 5], Marburg: Metropolis, 217 S.

The paper "Price Setting Competition in an Inflationary Environment" by Peter Duersch and Thomas Eife was accepted for publication in the Journal of Monetary Economics (<https://doi.org/10.1016/j.jmoneco.2018.09.004>).

**Editorial deadline for issue 03/2019 of the newsletter:
Wednesday, January 16, 2019, 12 p.m.
newsletter@awi.uni-heidelberg.de**

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please contact the address above.