



ALFRED-WEBER-INSTITUT FÜR WIRTSCHAFTSWISSENSCHAFTEN
BERGHEIMER STR. 58, 69115 HEIDELBERG, TEL. 06221/54-2941
REDAKTION: FREYA SCHADT, EMAIL: NEWSLETTER@AWI.UNI-HEIDELBERG.DE

Upcoming Seminars

Monday, 13.1.2020

Departmental Seminar

13.30-14.30

AWI 00.010

Pierre Boyer, CREST

(invited by Christina Gathmann)

"Politically feasible reforms of non-linear tax systems"

Wednesday, 15.1.2020

Internal Seminar

12.15-13.15

AWI 00.010

Min Xie

"A Rural Banking Policy Gone Wrong"

Wednesday, 15.1.2020

Macro & Econometrics Seminar

13.30-14.30

AWI 01.030

Thomas Eife

"How Shale Oil and Shale Gas Shape the Industrial Structure of the United States"

Departmental Seminar

Pierre Boyer

"Politically feasible reforms of non-linear tax systems"

Politically feasible reforms of non-linear tax systems
Pierre Boyer
Abstract: We present a conceptual framework for the analysis of politically feasible tax reforms. First, we prove a median voter theorem for monotonic reforms of non-linear tax systems. This yields a characterization of reforms that are preferred by a majority of individuals over the status quo and hence politically feasible. Second, we show that every Pareto-efficient tax system is such that moving towards lower tax rates for below-median incomes and towards higher rates for above median incomes is politically feasible. Third, we develop a method for diagnosing whether a given tax system admits reforms that are politically feasible and/or welfare-improving.

Internal Seminar

Min Xie

"A Rural Banking Policy Gone Wrong"

Government interventions for expanding bank branch networks into rural areas have played a prominent role in the development strategies of numerous low-income countries. Several studies have documented beneficial effects of such policies on financial access and poverty reduction, especially for India. In this paper I examine the effects of Pakistan's rural bank branch expansion policy, by which commercial banks had to open at least 20 percent of their new branches in rural areas. I show that banks complied with the policy but that the bulk of additional rural bank branches is located on the fringes of urban areas, where dense branch networks already existed. This has sharpened spatial inequalities in bank branch coverage between more and less remote rural areas. As a result, the policy failed to reach out to unbanked rural areas and the fraction of the country's banked population stayed constant at 70%. Consistent with this branch-opening pattern, I also show that the policy has sharpened spatial inequalities in agricultural credit disbursement. My results are consistent with commercial banks' reluctance to expand their branch networks into remote rural areas. They demonstrate the need for more carefully designed government interventions for improving financial access than Pakistan's arguably naïve bank branch expansion policy."

Macro & Econometrics Seminar

Thomas Eife

"How Shale Oil and Shale Gas Shape the Industrial Structure of the United States"

In the past decade, the United States more than doubled its output of oil and gas and within a couple of years, the US is expected to replace Saudi Arabia as the world's largest exporter of oil. This paper studies how the "shale revolution" shapes the industrial structure of the United States, taking into account the technological advances that made the revolution possible, and taking into account the decreasing costs of trading oil and gas that come with the building of new pipelines and export terminals. Overall, the impact is predicted to be comparatively small. Despite the lower energy prices, only few industries can benefit from the shale revolution and given the unfavorable rise in the real exchange rate, exports of most other industries are expected to decrease.

Talks and Research Visits

Dietmar Fehr and **Stefan Trautmann** participated in the annual meeting of the American Economic Association in San Diego. Dietmar Fehr presented the paper "Poverty, Seasonal Scarcity, and Exchange Asymmetries" in a session on "Psychology of Poverty" (organized by Dietmar). Stefan Trautmann presented the paper "Social Class and Unethical Behavior: Causal versus Correlational Evidence" in a session on "Inequality and Distributional Preferences" (organized by Paul Smeets).

Editorial deadline for issue 03/2020 of the newsletter:
Wednesday, January 15, 2020, 12 p.m.
newsletter@awi.uni-heidelberg.de