



## Upcoming Seminars

### Wednesday, 7.11.2018 Internal Seminar

12.15-13.15

Illia Pasichnichenko

AWI 00.010

"A Model of Preferences under Nonstochastic Uncertainty"

### Wednesday, 7.11.2018 Macro & Econometrics Seminar

14.00-15.00

Tom Zimmermann, University of Cologne

AWI 01.030

"Employment Effects of Unconventional Monetary Policy:  
Evidence from QE"

## Abstracts

### Internal Seminar

Illia Pasichnichenko

"A Model of Preferences under Nonstochastic Uncertainty"\*

We propose an extension of the von Neumann–Morgenstern expected utility theory to decision-making situations with random consequences that are not statistically stable, i.e. they may not possess a probability distribution in a classic sense. Nevertheless, such random events can be described using a so-called statistical regularity, a natural generalization of a probability distribution. A statistical regularity is a closed set of finitely additive probability measures. It is derived as the set of limit points of a sequence of relative frequencies; thus, it has an objective frequentist origin. One can draw a parallel to Gilboa and Schmeidler's result on ambiguity, where a similar set of distributions is subjective.

\*with Victor Ivanenko.

## Macro & Econometrics Seminar

Tom Zimmermann

"Employment Effects of Unconventional Monetary Policy: Evidence from QE"\*

This paper investigates the effect of the Federal Reserve's unconventional monetary policy on employment via a bank lending channel. We find that banks with higher mortgage-backed securities holdings issued relatively more loans after the first and third rounds of quantitative easing (QE1 and QE3). While additional volume is concentrated in refinanced mortgages after QE1, increases are driven by newly originated home purchase mortgages and additional commercial and industrial lending after QE3. Using spatial variation, we show that regions with a high share of affected banks experienced stronger employment growth after both, QE1 and QE3. However, while the ability of households to refinance mortgages after QE1 spurred local demand, the resulting additional employment growth was relatively weak and confined to the non-tradable goods sector. In contrast, the increase in overall employment after QE3 is sizable and can be attributed to the supply of additional credit to firms. To support this finding, we use new confidential loan-level data to show that firms with stronger ties to affected banks increased employment and capital investment more after QE3. Altogether, our findings suggest that unconventional monetary policy can, similar to conventional monetary policy, affect real economic outcomes.

\*with Stephan Luck

## Talks and Research Visits

At the 13th Nordic Conference on Behavioral and Experimental Economics (NCBEE) in Odense, September 28-29, **Tillmann Eymess** presented the paper "Conforming with Norms of Cooperation" (with Florian Diekert and Israel Waichman); and **Martin Vollmann** presented the paper "Subjective and Objective Skill Evaluation" (with Stefan Trautmann).

## New and Leaving Staff

Lennart Kaplan left the AWI and is now working as post doc at the German Development Institute in Bonn.

**Editorial deadline for issue 25/2018 of the newsletter:**  
**Wednesday, November 7, 2018, 12 p.m.**  
**[newsletter@awi.uni-heidelberg.de](mailto:newsletter@awi.uni-heidelberg.de)**

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