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Letter from the Director

It has become a tradition that our department publishes an annual retrospection at the beginning of each year. This newsletter accordingly documents the department's development in 2015.

We are satisfied that our department continues to belong to the top-20 German-speaking institutes in economic research, as documented in all Handelsblatt Rankings published between 2006 and 2015. Considering publications in the most prestigious journals, Bern is even ranked among the ten leading German departments. Our research output has once again been substantial in 2015: Last year's publication list, which can be found on page 12 to 16, comprises more than 50 publications, of which a considerable number were published in leading international journals.

One important aspect of the research process is the presentation and discussion of preliminary results at academic conferences. In 2015 members of our department were organizing three such events. In January, Maximilian von Ehrlich invited distinguished scholars and young researchers to discuss their work on regional economics and public policy at the *1st International CRED-Conference* in Bern. Joseph Francois co-organized a special edition of the *WTI's World Trade Forum* in September, bringing together researchers and policymakers to discuss issues related to the WTO's 20 years of operation. Harris Dellas organized the *13th Hydra-Workshop* on dynamic macroeconomics, which was held in Sicily in October.

We are also regularly involved in outreach activities such as economic policy consulting. Current examples are Winand Emons, who is a member of the *Swiss Competition Commission (WEKO);* Stefan Wolter, the president of the *OECD's Group of National Experts on Vocational Education and Training*; or myself, the president of the Swiss Government's *Financial Center Advisory Board.*

I would like to thank all my colleagues for last year's valuable contributions and look forward to the further development of our department in 2016.

Aymo Brunetti
January 2016

SNF-Project: Urban Sprawl – The Role of Land Use Regulation and Fiscal Competition

Maximilian von Ehrlich & Olivier Schöni – There is evidence that local jurisdictions, such as Swiss municipalities, compete against each other at the fiscal level to attract taxpayers. This, however, may just be one side of the story. Land use regulations and zoning restrictions may also play a major role in attracting mobile individuals, thus affecting their sorting behavior across administrative units and the resulting sprawl patterns. The project Urban Sprawl – The Role of Land Use Regulation and Fiscal Competition, which is funded by the Swiss National Foundation (SNF), investigates this matter.

Aim of the Project

During the last 40 years the phenomenon of urban sprawl has gained importance in most developed countries. Its surge has typically been associated with rising incomes and a substantial reduction in transportation costs in conjunction with a high income elasticity of demand for housing space. Rising real incomes and lower commuting costs allowed individuals to move from compact urban centers to less densely populated suburban areas, thereby creating sprawl. In recent years, sprawl appears to have become a major political concern in Switzerland: Voters approved two controversial popular initiatives restricting the construction of new secondary homes and immigration. Additionally, the Swiss Federal Council enacted a new law on land use planning which intends to restrict further development to areas that are already urbanized.

In our SNF project we consider the impact of two instruments through which local jurisdictions in a federal system may affect sprawl patterns. The first instrument is local income taxes, which affect individuals' net income across jurisdictions. The second instrument is land use constraints that are independently implemented within local jurisdictions. We investigate the complementarity of these two instruments in a setting in which local jurisdictions compete against each other to attract local residents, and assess their impact on urban sprawl.

From a theoretical perspective, the effect of these two instruments on urban sprawl is not obvious. One possible mechanism works as follows: Municipalities, trying to compete for the highest income residents, choose to set low tax rates in conjunction with low utilization rates because wealthy residents tend to have a preference for low taxes and low density housing. Municipalities may also opt to zone plenty of land with generous parcel sizes at the outskirts; this in an attempt to attract high-income households who have preferences for large new housing with plenty of garden space. This behavior would appear to unambiguously encourage sprawl, especially if all municipalities attempt to engage in attracting high-income residents.

A second mechanism works as follows: Low tax rate-jurisdictions attract high-income homeowners. These homeowners have an incentive to limit local construction and/or the height of buildings in order to protect the exclusivety of nice views and green spaces and thus, ultimately, to protect their house values. To the extent that 'homevoters' (homeowners who vote for tight local planning constraints) are successful in preventing horizontal expansion, this would appear to reduce sprawl. Height restrictions should however, at least in the absence of 'horizontal constraints', reinforce sprawl. The net effect on sprawl is unclear.

In the UK there is strong empirical evidence in favor of the second mechanism. Not-in-my-backyard behavior of homevoters leads to both vertical and horizontal constraints and thus not just to urban containment but also to a serious housing affordability problem: Few new houses can be added, so demand outstrips supply and prices rise. This outcome can be seen as the result of a centralized system that lacks tax competition, and hence any local tax incentives to permit new residential construction.

Very little is known on how tax competition and 'fiscal zoning' interact in a system with fiscal federalism and whether the ultimate outcome of the strategic behavior of municipalities is that it encourages sprawl. We plan to empirically analyze the relevance of different strategies municipalities may pursue and study the net effect on urban sprawl.

Research Steps

To answer the above questions concerning the complementarity of fiscal and land use instruments and their effect on sprawl patterns, we proceed as follows. First, we derive a theoretical framework in which municipalities set tax rates and land use restrictions to maximize their residents' welfare. Such a framework has to take into account both the benefits—via economy of scales—and the potential drawbacks—such as congestion costs, and a loss of amenity value—from attracting new residents. The model should provide insights about the relation between local taxes and land use regulations and explain the patterns of population growth in Swiss municipalities. Second, we will empirically test the predictions of the theoretical model by using Swiss data on local income taxes and different types of land use restrictions.

International Cooperation

The two year SNF project aims to foster collaboration between the University of Bern (Prof. Maximilian von Ehrlich) and the London School of Economics (Prof.Christian Hilber). A postdoctoral researcher (Dr. Olivier Schöni) will spend about 30% of the project duration at the LSE and the remaining time at the University of Bern, allowing a closer cooperation between the two institutions.

Research Bits: Sovereign Debt with Heterogeneous Creditors

Harris Dellas & Dirk Niepelt – The canonical sovereign debt model (Eaton and Gersovitz, 1981) contains homogeneous creditors. It is thus ill suited to analyze the determinants of debt composition and to shed light on portfolio and default choices in sovereign crisis episodes like the recent European one. In this paper we extend the standard model by introducing creditor heterogeneity. We show that this extension has interesting implications not only for the debt composition but also for default choices, and that it may provide an explanation for the different debt management strategies adopted by the GIIPS countries since 2010.

Motivation

The recent sovereign debt crisis in the Eurozone has exhibited diverse patterns regarding the composition of sovereign debt as well as default choices: Greece completely switched financing from private to low-interest-rate official credit (extended by other Eurozone members and the IMF) and defaulted on its outstanding debt. Italy did not receive any direct official loans but continued to rely on more expensive private funds. Other distressed countries, namely Ireland, Portugal and Spain, experienced a change in the composition of new funding towards cheaper official sources but nevertheless continued borrowing from private credit markets. All countries other than Greece serviced their debt in full.

To shed light on the factors determining the debt composition and default decisions by countries we extend the standard sovereign debt model by introducing creditor heterogeneity. We show that this extension has several interesting new implications and the potential to explain some of the stylized facts mentioned above.

Main Mechanisms and Insights

Creditor heterogeneity may take various forms. In our view, the differences can largely be encapsulated by a single factor, namely the severity of the costs that the sovereign suffers when defaulting against a particular class of creditors. We assume that one class of creditors, namely official, is endowed with stronger "enforcement power" relative to another class, namely private creditors.

The more severe sanctions imply a lower probability of default on official funds and thus lower default risk premia and interest rates. But the low rates do not represent a "free lunch", otherwise borrowers would always prefer official to private credit. There is a countervailing force as official loans—not unlike a loan from Mafia—reduce ex-post policy flexibility: The more severe default costs imply that debt is repaid in some states of the world (say, during a protracted, severe recession) in which the sovereign would have opted for default were the debt owned by private creditors instead. The resulting trade-off shapes the sovereign's portfolio choice.

The availability of "cheap" official funds may render private funds more or less safe. The former outcome arises when higher default costs associated with official funds also apply to the private portion of total debt, for example due to pari passu provisions (as in the bonds issued by Greece after the 2012 default) or the characteristics of default costs. In either case, private funds acquire the risk characteristics of official funds; they are priced accordingly with the consequence that borrowing from official sources can *crowd in* private loans. In the Eurozone debt crisis this channel appears to have been active. The opposite outcome—*crowding out* of private loans—may result when higher default costs associated with official funds reduce the cost of defaulting against private loans.

Holding private debt constant, a rise in the amount of official credit increases total liabilities. While this raises the probability of default against all creditors (dilution) there is again a countervailing force: Private loans may also become safer because official credit serves to enhance the debtor country's repayment capacity, for instance if its provision requires the adoption of structural reforms whose effects are sufficiently strong to also benefit private creditors—as was arguably the case in the Eurozone debt crisis.

A country's choice of debt composition also interacts with its default decision on outstanding long-term debt. A sovereign with large future obligations to private creditors who chooses not to default against them in the present might also try to stay clear of official loans in order to maintain the (large) option value of renouncing the private claims in the future. With cross-country differences in the level of outstanding privately held long-term debt the model therefore predicts that highly indebted countries are more likely to default while in the absence of default, the share of official funds in fresh borrowing depends negatively on the stock of outstanding long-term debt.

This exposition is based on the following paper:

Dellas, Harris & Dirk Niepelt. 2016. Sovereign Debt with Heterogeneous Creditors. *Journal of International Economics, forthcoming*.

Andreas Bachmann – Accommodative monetary policies in advanced economies have boosted capital flows to emerging markets in recent years. The prospects for a normalization of US monetary policy have now revived concerns about sudden stops in emerging economies' net capital inflows. These stops are often associated with severe economic crises. We estimate the impact of sudden stops on economic growth in a non-linear framework. Our results show that sudden stops have a substantial, permanent, negative effect on GDP and render economies more vulnerable to shocks.

Motivation

Sudden stops in capital flows have been a common characteristic of several crises in emerging economies. Recently, concerns about sudden stops and their negative effects on GDP have re-emerged: The expansionary monetary policy in many advanced economies has led to considerable capital flows to emerging markets, and the unwinding of unconventional monetary policy measures could reverse these capital flows and trigger sudden stops.

Our study analyzes the impact of sudden stops on output growth using data for Mexico and Indonesia, two countries which experienced such events in the past decades. Theoretical research on sudden stops emphasizes the non-linear nature of these events. These non-linearities, however, have only been considered insufficiently in previous empirical research. In contrast, we use a non-linear model which allows for the possibility that sudden stops not only affect the means but also the dynamic interrelations and (co)variances of macroeconomic variables. In particular, we estimate a Markov Switching Vector Autoregression (MSVAR) model with a latent sudden stop state variable.

Our identification of sudden stops differs from previous empirical studies. In line with the theoretical literature, our key assumption is that macroeconomic variables follow different time series processes in sudden stops and "normal" times. We use these breaks to identify sudden stop events. This approach is more agnostic than the previously used method which requires researchers to decide on somewhat arbitrary indicators for sudden stops, e.g. based on thresholds for drops in a country's net capital inflows.

Results

We find evidence for structural breaks or regime switches in the time series processes of our macroeconomic variables. The regime switches occur in periods which, according to the literature, correspond to sudden stop events. Moreover, we find a substantial drop in the net capital inflows to GDP ratio in response to a regime switch (see Figure 1a). These findings suggest that the identified changes in regimes actually separate sudden stops from 'normal' times.

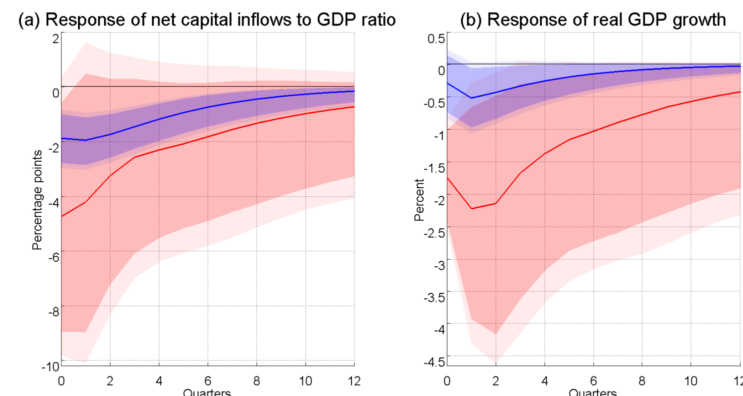

Figure 1: Impulse response to a sudden stop; Mexico (blue) and Indonesia (red), 95% and 90% credible intervals (shaded areas).

The switch from the "normal" to the sudden stop regime has significantly negative and permanent output effects. Figure 1b plots the expected impact on real GDP growth. Because this plot includes expected future regime switches (back to the "normal" regime at some point), it provides a measure of the expected output loss caused by a sudden stop.

Our research produces additional findings of interest. First, the impulse responses to a structural net capital inflows shock are much more pronounced if the shock hits the economy in a sudden stop regime. In general, the variance of the MSVAR innovations surges during sudden stops. Second, there were different main drivers of the output decline in historical sudden stop episodes: The mere switch to the sudden stop regime (abstracting from any shocks) can account for a substantial part of the cumulative GDP loss in some sudden stop events while large shocks, which are more likely to occur in a sudden stop regime, played a major role in other events. Finally, the MSVAR model provides a useful approach for the identification of sudden stops: It does not rely on arbitrary thresholds but only on the idea that the underlying time series processes in sudden stops differ from "normal" times.

This exposition is based on the following paper:

Bachmann, Andreas & Stefan Leist. 2013. Sudden Stop Regimes and Output: A Markov Switching Analysis. *Discussion Paper: Department of Economics, DP1307.*

Schmeller-Prize 2015: Master's Thesis on Monetary Policy and Economic Inequality in the United States

Diego R. Känzig was awarded the *Schmeller-Prize 2015* for his excellent Master's thesis titled "Monetary Policy and Economic Inequality in the United States" that he wrote under the supervision of Fabrice Collard. After completing his Master's degree, Diego R. Känzig started an internship in the Inflation Forecasting Unit of the Swiss National Bank. In what follows, Diego Känzig gives a short summary of his prizewinning Master's thesis.

Motivation

In the past decades, inequality in the United States has risen substantially. Traditionally, this rise has been attributed to skill-biased technological change, increased global trade, or changes in labour market institutions. Since the outbreak of the global financial crisis, monetary policy has received growing attention as a potential driver of inequality. However, there is little consensus about the relevance and even about the direction of these effects. While mainstream economists consider the potential contribution of monetary policy to inequality to be of minor relevance, other economists see a causal link between the two. According to Austrian economists, it is expansive monetary policy that drives inequality up. They argue that monetary easing primarily benefits rich people that are more interlinked with financial markets (Balac, 2008). Other economists argue that contractionary monetary policy leads to increases in inequality through the adverse effects on unemployment (Galbraith, 1998). These contrasting views about the redistributive consequences of monetary policy underline the importance of analyzing these effects quantitatively, which constitutes the main goal of my Master's thesis.

Methodology

To study the link between monetary policy and economic inequality in the United States, I proceed in two steps. First, I empirically characterize the redistributive effects of monetary policy shocks using a SVAR model. The model is estimated on data for the Great moderation period and the shocks are identified by inertial restrictions. Second, I develop a theoretical DSGE model to account for the empirical findings and to get a better understanding of how the effects are transmitted. The model is a variant of the New Keynesian model extended by idiosyncratic unemployment risk and incomplete markets. Building on Challe and Ragot (2015), I derive an equilibrium featuring substantial but limited heterogeneity among households. The framework is designed to be on the one hand rich enough to incorporate the main channels through which monetary policy and inequality interact but on the other hand also simple enough to keep the analysis tractable.

Results

The results of the empirical analysis indicate that it is contractionary monetary policy that drives inequality up: contractionary monetary policy shocks lead to a significant and persistent rise in inequality and explain substantial fractions of its variation. Turning to the theoretical findings, the proposed DSGE model seems to provide an accurate representation of the data. Most importantly, its predictions regarding the redistributive effects of monetary policy shocks are qualitatively in line with the empirical evidence. Monetary policy shocks affect different households in the model very unevenly. Borrowing constrained households cannot react to the shock by adjusting their bond holdings while unconstrained households can. Thus, constrained households have to cut on their consumption more heavily, which in turn leads to greater inequality. Sensitivity analyses suggest that the results are extraordinarily robust along a number of dimensions and can in principle be even more pronounced. In particular, the redistributive effects get stronger when the central bank is more dovish, when the degree of nominal rigidities increases, or when more agents are borrowing constrained.

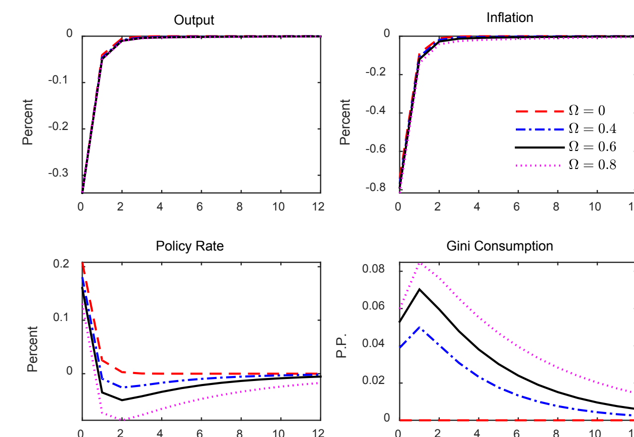

Figure 1: DSGE impulse responses to a one percent monetary policy shock and sensitivity with respect to the number of borrowing constrained households.
Notes: As can be seen from the response of the Gini coefficient, a contractionary monetary policy shock leads to a significant increase in inequality. The black line represents the baseline response. One can see that the redistributive effects get more pronounced when the number of borrowing constrained households increases (The number of borrowing constrained households is increasing in Ω).

Publications

Journal Articles

Anderson, Kym, **Joseph Francois**, Douglas Nelson & Glyn Wittwer. 2016. Intra-Industry Trade in a Rapidly Globalizing Industry: The Case of Wine. *World Economy, forthcoming*.

Baldi, Guido & Karsten Staehr. 2016. The European Debt Crisis and Fiscal Reactions in Europe 2000–2014. *International Economics and Economic Policy, forthcoming*.

Baldi, Guido. 2016. Fiscal Policy Rules, Budget Deficits, and Forecasting Biases. *Journal of Economic Policy Reform, forthcoming.*

Baltensperger, Ernst & Peter Kugler. 2016. The Historical Origins of the Safe Haven Status of the Swiss Franc. *Aussenwirtschaft, forthcoming*.

Bech, Morten & **Cyril Monnet**. 2016. A Search-Based Model of the Interbank Money Market and Monetary Policy Implementation. *Journal of Economic Theory, forthcoming.*

Bekkers, Eddy, **Joseph Francois** & Miriam Manchin. 2016. Trade Costs, Quality, and The Skill Premium. *Canadian Journal of Economics, forthcoming*.

Benati, Luca. 2015. The Long-Run Phillips Curve: A Structural VAR Investigation. *Journal of Monetary Economics*, 76:15-28.

Betzold, Carola, Thomas Bernauer & **Vally Koubi**. 2015. Press Briefings in International Climate Change Negotiations. *Environmental Communication*, DOI: 10.1007/s10784-014-9255-4.

Blanes, Jordi & **Marc Möller**. 2016. Project Selection and Execution in Teams. *The RAND Journal of Economics, forthcoming.*

Blatter, Marc, Samuel Muehlemann, Samuel Schenker & **Stefan Wolter**. 2016. Hiring Costs for Skilled Workers and the Supply of Firm-Provided Training. *Oxford Economic Papers, forthcoming*.

Böhmelt, Tobias, Thomas Bernauer & **Vally Koubi.** 2015. The Marginal Impact of ENGOs in Different Types of Democratic Systems. *European Political Science Review*, 7(1):93-118.*

Boes, Stefan & **Michael Gerfin**. 2016. Does Full Insurance Increase the Demand for Health Care? *Health Economics, forthcoming*.

Boes, Stefan, Stephan Nüesch & **Kaspar Wüthrich**. 2015. Hedonic Valuation of the Perceived Risks of Nuclear Power Plants. *Economics Letters*, 133:109-111.

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Cattaneo, Maria & **Stefan Wolter**. 2015. Better Migrants, Better PISA Results: Findings from a Natural Experiment. *IZA Journal of Migration*, DOI 10.1186/s40176-015-0042-y.

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Collard, Fabrice, **Harris Dellas**, Behzad Diba & Olivier Loisel. 2016. Optimal Monetary and Prudential Policies. *American Economic Journal: Macroeconomics, forthcoming*.

Collard, Fabrice, Harris Dellas & George Tavlas. 2016. Government Size and Macroeconomic Volatility. *Economica, forthcoming.*

Collard, Fabrice, Michel Habib & Jean-Charles Rochet. 2015. Sovereign Debt Sustainability in Advanced Economies. *Journal of the European Economic Association*, 13(3):381-420.

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Egger, Peter, **Joseph Francois**, Miriam Manchin & Douglas Nelson. 2015. Non-Tariff Barriers, Integration and the Transatlantic Economy. *Economic Policy*, DOI: http://dx.doi.org/10.1093/epolic/eiv008.*

Publications (2)

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Feess, Eberhard, **Michael Gerfin** & Gerd Mühlheusser. 2015. Contracts as Rent Seeking Devices: Evidence from German Soccer. *Economic Inquiry*, 53(1):714-730.

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Kaiser, Boris. 2015. Decomposing Differences in Arithmetic Means: A Doubly-Robust Estimation Approach. *Empirical Economics*, DOI: 10.1007/s00181-015-0946-7.

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Stephan, Gunter & Georg Müller-Fürstenberger. 2015. Global Warming, Technological Change and Trade in Carbon Energy: Challenge or Threat? *Environmental and Resource Economics*, 62(4):791-809.*

Yang, Fan, Eddy Bekkers, Martina Brockmeier & **Joseph Francois**. 2015. Food Price Pass-Through and the Role of Domestic Margin Services. *Journal of Agricultural Economics*, 66(3):796-811.

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Baltensperger, Ernst. 2015. *Le Franc Suisse – L'Histoire d'un Succès*. Lausanne: PPUR.*

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Book Chapters

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Publications (3)

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Emons, Winand. 2016. "Legal Fees and Lawyers' Compensation", published in: *Oxford Handbook of Law and Economics*, Francesco Parisi (Editor). Oxford: Oxford University Press, *forthcoming.**

Francois, Joseph & Koen Berden. 2015. "Quantifying Non-Tariff Measures for TTIP", published in: *Rule-Makers or Rule-Takers? Exploring the Transatlantic Trade and Investment Partnership*, Daniel Hamilton & Jacques Pelkmanns (Editors). London: Rowman & Littlefield International.

Francois, Joseph, Bernard Hoekman & Douglas Nelson. 2015. "TTIP, Regulatory Diversion and Third Countries", published in: *Catalyst? TTIPs Impact on the Rest*, Sait Akmin, Simon Evenett & Patrick Low (Editors). London: CEPR Press.

Lehmann Friedli, Therese. 2015. "Klimawandel als Herausforderung für den alpinen Tourismus: Zukunftsszenarien für eine nachhaltige Entwicklung", published in: *Tourismus und mobile Freizeit – Lebensformen, Trends, Herausforderungen*, Roman Egger & Kurt Luger (Editors). Norderstedt: BoD.*

Schenker, Oliver & **Gunter Stephan**. 2016. "International Adaptation Funding and the Donor's Welfare Maximization", published in: *Climate Finance: Theory and Practice*, Markandya, Anil, Ibon Galarraga & Dirk Rübbelke (Editors). Singapur: World Scientific, *forthcoming*.

Stephan, Gunter. 2016. "Fair oder rational, bewusst oder anreizgesteuert? Stösst der Homo Oeconomicus an Grenzen?" published in: *Am Limit? Grenzen der Wissenschaft heute. Berner Universitätsschriften Band 60*, Claus Beisbart, Gilberto Colangelo, Martina Dubach, Gabrielle Rippl, Ruth Meyer, Hubert Steineke & Sara Bloch (Editors). Bern: Haupt, *forthcoming*.

Discussion Papers: www.vwi.unibe.ch/forschung/diskussionsschriften

Anderson, Lisa, Gregory DeAngelo, **Winand Emons**, Beth Freeborn & Hannes Lang. 2015. Penalty Structures and Deterrence in a Two-Stage Model: Experimental Evidence, *DP1505*.

Bachmann, Andreas. 2015. Lumpy Investment and Variable Capacity Utilization: Firm-Level and Macroeconomic Implications, *DP1510*.

Bachmann, Andreas & Kaspar Wüthrich. 2015. Evaluating Pay-as-you-go Social Security Systems, *DP1507*.

Beerli, Andreas & **Ronald Indergand**. 2015. Which Factors Drive the Skill-Mix of Migrants in the Long-Run?, *DP1501*.

Burkhard, Daniel. 2015. Allocation of Expenditures in Elderly Households and the Cost of Widowhood, *DP1503*.

Burkhard, Daniel. 2015. Consumption Smoothing at Retirement: Average and Quantile Treatment Effects in the Regression Discontinuity Designs*, DP1512.*

Burkhard, Daniel, **Christian Schmid & Kaspar Wüthrich**. 2015. Financial Incentives and Physician Prescription Behavior: Evidence from Dispensing Regulations*, DP1511.*

von Ehrlich, Maximilian & Tobias Seidel. 2015. The Persistent Effects of Place-Based Policy: Evidence from the West-German Zonenrandgebiet, *DP1506*.

Fahrländer, Stefan, **Michael Gerfin** & Manuel Lehner. 2015. The Influence of Noise on Net Revenue and Values of Investment Properties: Evidence from Switzerland, *DP1502.*

Riguzzi, Marco & **Philipp Wegmueller.** 2015. Economic Openness and Fiscal Multipliers, *DP1504*.

Steinmann, Sarina & Ralph Winkler. 2015. Sharing a River with Downstream Externalities, *DP1508*.

Wüthrich, Kaspar. 2015. Semiparametric Estimation of Quantile Treatment Effects with Endogeneity, *DP1509*.

* An asterisk indicates publications that were listed as *forthcoming* in last year's newsletter.

Grants

Bandi, Monika & Therese Lehmann Friedli: Grant from the *IMG-Stiftung* for the project "Währungsrisikomanagement im Schweizer Tourismus" (2015-).

von Ehrlich, Maximilian: Grant from the *Swiss National Science Foundation (SNF)* for the project "Urban Sprawl: The Role of Land-Use Regulation and Fiscal Competition" (2015-2017, together with Christian Hilber [LSE]).

Monnet, Cyril: Grant form the *Swiss National Science Foundation (SNF)* for the project "The Interbank Market: Structure and Banks Behavior" (2015-2018).

Winkler, Ralph: Grant form the *Dr. Alfred Bretscher Fonds* for the project "Mehrzweck-speicher als Schlüssel für eine nachhaltige Wasserbewirtschaftung in der Schweiz" (2015- , together with Rolf Weingartner [Institute of Geography]).

Awards

Baltensperger, Ernst: Prize for Exceptional Scientific or Policy-Related Achievements in the Field of Monetary Economics awarded at the *Frankfurt Monetary Workshop 2015*.

Brunetti, Aymo: Prize for the Best Vocational Training Textbook 2014/15 awarded by the *Deutsche Bundesarbeitsgemeinschaft SchuleWirtschaft*.

Känzig, Diego: Schmeller-Prize for Economics 2015 awarded by the *Volkswirtschaftliche Gesellschaft des Kantons Bern*.

Appointments and Promotions

Andreas Bachmann was promoted to Post-Doctoral Researcher, a part-time position alongside his new appointment at the Economic Analysis Unit of SECO in Bern.

Olivier Schöni was appointed Post-Doctoral Researcher in Public Economics.

Moving on...

Oscar Lecuyer has left the Department and has accepted a job offer at the *Agence Française de Développement* in Paris.

Sarina Steinmann has left the Department and has accepted a job offer at *Ecoplan* in Bern.

Doctoral Theses

Bachmann, Andreas: "Sudden Stops, Social Security, and Lumpy Investment with Variable Utilization. Three Essays in Macroeconomics" *Doctoral Committee:* Klaus Neusser, Pierpaolo Benigno (University LUISS Guido Carli, Rom).

Eymann, Annina: "Three Essays in Applied Labor Economics" *Doctoral Committee:* Michael Gerfin, Stefan Boes (University of Lucerne).

Steinmann, Sarina: "Networks with Spatially Distributed Externalities" *Doctoral Committee:* Ralph Winkler, Stefan Ambec (Toulouse School of Economics).

Wüthrich, Kaspar: "Four Essays in Econometrics and Policy Evaluation" *Doctoral Committee:* Blaise Melly, Stefan Boes (University of Lucerne).