

Research Topics*

Chair of Macroeconomics and Political Economy

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*The listed topics should not be taken literally. Students are welcome to present their own ideas related to one of the indicated topics.

1 Open Research Topics for Students

1.1 Topics on China

1.1.1 Savings Behavior and Income Inequality

- Discuss the influence of urban versus rural savings behavior on income inequality in China.
- Literature:
 - Jones, Derek, Cheng Li, and Ann Owen (2003). “Growth and Regional Inequality in China During the Reform Era,” William Davidson Institute Working Paper 561.
 - Wang, Yan (1995). “Permanent Income and Wealth Accumulation: A Cross-Sectional Study of Chinese Urban and Rural Households,” *Journal of Economic Development and Cultural Change*, 43 (3), 523-550.
 - Yingyi Qian (1988). “Urban and Rural Household Saving in China,” *International Monetary Fund Staff Papers*, 35 (4), 592-627.

1.1.2 Chinese Housing Markets

Homeownership rates and house prices have increased rapidly in urban China during the last decades. These facts have attracted global attention from investors, but also from the Chinese government and regulators. Interesting research questions related to these developments are:

- What drives house prices?
- What drives the development of the homeownership rate?
- How does the increase in house prices (and/or the rise of the homeownership rate) affect the economic behavior of Chinese households (e.g. their saving behavior, marriage markets etc.)

These questions could be approached empirically or in form of a literature survey, by summarizing existing explanations. Since there is a lack of consistent data, a thesis that carefully documents these trends for different Chinese provinces/cities by constructing historical indices would be particularly valuable. For this type of project, knowledge of Chinese would be a plus.

- Literature:

- Wu, Jing, Joseph Gyourko, and Yongheng Deng (2010). “Evaluating Conditions in Major Chinese Housing Markets,” NBER Working Paper 16189.

1.2 Political Economics

1.2.1 Redistribution and Public Good Provision in Switzerland

- The purpose of this project is to estimate the effect of economic conditions on the willingness of voters to support redistribution and public good provision. The project is suited both for a Master’s or Bachelor’s Thesis.
- Several previous studies have measured voters willingness to pay for redistribution and public goods with surveys. In this project, the willingness shall be measured by the outcomes of referendums on these matters, i.e. by the revealed preferences of voters as opposed to their self-reporting. The willingness to redistribute and pay for public goods can be affected by the economic conditions of the voter’s region, such as unemployment.
- The task involves defining the redistributiveness of past referendums at the federal and/or cantonal level and measuring the economic conditions such as unemployment at the same level. The goal then is to estimate the effect of economic conditions on referendum outcomes. The empirical strategy can and should be based closely on Brunner, Ross and Washington (2010).
- Literature:
 - Brunner, Eric, Stephen L. Ross, Ebonya Washington, “Economics and Policy Preferences: Causal Evidence of the Impact of Economic Conditions on Support for Redistribution and other Ballot Proposals”, April 2010.
 - Feld, Lars P. and John G. Matsusaka, “Budget Referendums and Government Spending: Evidence from Swiss Cantons.”, *Journal of Public Economic*, 2003.
 - Brügger, Beatrix, Rafael Lalive, Josef Zweimüller, “Does Culture Affect Unemployment: Evidence from the Röstigraben.”, CESIFO Working Paper No. 2714, July 2009.

1.3 Social Conflicts

1.3.1 Crime in Switzerland

- This is a topic for a statistical analysis thesis. Provide first an overview of the literature on the economics of crime. On the macro-level: In what kind of societies crimes levels are largest? On the micro-level: Who is most likely to become a criminal? Try to find micro- or macro data for Switzerland and to do a statistical analysis. One possibility would be a panel dataset for Swiss cantons.

1.4 Household Finance

We still know relatively little about how households choose their financial products, e.g., how and why certain households invest in housing, the stock market, etc. You can look at a many different related topics, including, but not limited to

- How have households' financial choices changed over time?
- How do financial choices differ across different types of households (e.g., married, educated, working, retired)?
- How is household leverage (gearing) impacted by its structure (e.g., marriage, children), human capital, etc.?

For the USA, there are a number of data sources, including the Survey of Consumer Finances or the PSID wealth supplements. Maybe you can access some European dataset for a cross-country/country specific analysis. You can do a time series, cross-sectional or cross-country study.

- Literature:
 - Campbell, John, 2006. "Household Finance", Presidential Address to the 2006 Meetings of the American Finance Association, forthcoming in Journal of Finance.
 - Ameriks, J. and S. Zeldes, 2005. "How Do Household Portfolios Vary with Age?", mimeo, Columbia University.
 - Cocco, J., Gomes, F., Maenhout, P. 2005. Consumption and portfolio choice over the life-cycle, Review of Financial Studies, 18, 491-533.

- Jagannathan, Ravi and Narayana Kocherlakota, 1996. "Why Should Older People Invest Less in Stocks than Younger People?", *Federal Reserve Bank of Minneapolis Quarterly Review*, 20(3), 11-23.
- Literature on international household asset holdings:
 - Guiso, L., M. Haliassos and T. Jappelli, 2002. "Stockholding in Europe: Where Do We Stand and Where Do We Go?", *Economic Policy*, April 2003, 117-64.
 - Bertaut, Carol and Martha Starr-McCluer, 2002. "Household Portfolios in the United States", in *Household Portfolios*.
 - Guiso L. and T. Jappelli, 2002. "Household Portfolios in Italy", in *Household Portfolios*.
 - Eymann, A. and A. Boersch-Supan, 2002. "Household Portfolios in Germany", in *Household Portfolios*.

1.5 Human Capital and Unemployment

How does unemployment (frequency and duration) change across industry, occupation, and/or education groups? Is it true that the current high unemployment rate in various countries might be due to mismatch, i.e. the unemployed do not qualify for the open positions? Currently, we observe high vacancy rates, but also high unemployment rates (see Beveridge curve, see also <http://krugman.blogs.nytimes.com/2010/07/29/beveridge-worries/>)

- Literature:
 - Manovskii, Iourii, and Gueorgui Kambourov, 2004. "Occupational Specificity of Human Capital," 2004 Meeting Papers 197, Society for Economic Dynamics.
 - Neal, Derek, 1995. "Industry-Specific Human Capital: Evidence from Displaced Workers," *Journal of Labor Economics*, University of Chicago Press, vol. 13(4), pages 653-77, October.
 - Kambourov Gueorgui, and Iourii Manovskii, 2001. "Rising Occupational and Industry Mobility in the United States:1968-1993," PIER Working Paper Archive 04-012, Penn Institute for Economic Research, Department of Economics, University of Pennsylvania, revised 05 Jul 2004.

1.6 Growth and Technical Change

1.6.1 Intellectual Property Rights (IPR) Protection and Economic Growth

Provide an overview over the different effects and policy implications brought forth by the existing literature (both theoretical and empirical studies)

- Literature:
 - Falvey, R., N. Foster, and D. Greenaway (2006). "Intellectual Property Rights and Economic Growth," *Review of Development Economics*, 10 (4), 700-719.
 - Furukawa, Y. (2007). "The protection of intellectual property rights and endogenous growth: Is stronger always better?," *Journal of Economic Dynamics and Control*, 37 (11), 3644-3670.
 - Kwan, Y., and E. Lai (2003). "Intellectual property rights protection and endogenous economic growth" *Journal of Economic Dynamics and Control*, 27 (5), 853-873.

1.6.2 Immigration in Switzerland and (long-run) Effects on the Economy

Switzerland has been an immigration country at least since WWII with the share of non-citizens quadrupling from 6 to 23 percent. Politically, immigration has been a hot topic for the last years, getting more flamboyant since Switzerland's Agreements I and II with the European Union. Yet, there is a widespread belief among Swiss economists and the private sector that the Treaties with the European Union have been crucial to invigorate economic growth and to make Switzerland more dynamic and competitive. We would like to investigate questions around the Free Movement of Labour Agreement with the European Union: How did it change the Swiss labour market? How did it affect the Swiss economy? Etc. Projects can be based on literature reviews, empirical investigations or theoretical modeling. Some key readings are:

- Lewis, E. (2011). "Immigration, Skill Mix and Capital Skill Complementarity," *The Quarterly Journal of Economics*, 126, 1029 - 1069.
- SECO (2010). "Auswirkungen der Personenfreizügigkeit auf den Schweizer Arbeitsmarkt," 6. Bericht des Observatoriums zum Freizügigkeitsabkommen Schweiz-EU.

2 Completed Research Papers

- Alder, Simon**, "Financial Constraints and Market Power: Do Financially Constrained Firms Need Market Power to Finance Investments with Retained Earnings?" Semester Project, University of Zurich, October 2008.
- Beerli, Andreas**, "The Evolution of Durable Goods Demand During China's Transition: An Empirical Analysis of Household Survey Data from 1989 to 2006," Diploma Thesis, University of Zurich, February 2009.
- Brune, Amelie**, "An Empirical Study on the Impact of Microfinance Institutions on Development," Bachelor's Thesis, University of Zurich, August 2009.
- Capacoel, Christian**, "Where Did All the Growth Go? External Shocks, Social Conflict, and Growth Collapses Revisited," Semester Project, University of Zurich, April 2009.
- De Carli, Luca**, "A Critical Analysis of Robert Fogel's Thesis about Man-made Famines," Semester Project, University of Zurich, June 2009.
- De Cassan, Christian**, "The Italian Welfare State: Evaluation and its Contribution to National Debt," Bachelor's Thesis, University of Zurich, March 2012.
- Fischer, Nicole**, "Dual Estimation of Total Factor Productivity in China 1985-2002," Semester Project, University of Zurich, Oktober 2008.
- Flory, Pascal**, "The 2007 Financial Crisis and its Implication on Homeowner Portfolios," Bachelor's Thesis, March 2012.
- Fritschi, Marlies**, "The Swiss Fiscal Federalism, Suburbanisation and the Principle of Fiscal Equivalence," Semester Project, University of Zurich, September 2007.
- Frey, Christian**, "Welfare Reform in Switzerland and the EU," Master's Thesis, University of Zurich, February 2012.
- Glauser, Patrick**, "Does Hosting A Big Sport Event Have Positive Impacts on the Macroeconomic Development of A Country?" Bachelor's Thesis, August 2009.
- Grädel, Lars**, "Governance and Aid," Semester Project, University of Zurich, April 2009.

- Hälg, Florian**, "Assessing Economic Growth in China Using Satellite Data on Lights at Night," Master's Thesis, University of Zurich, March 2012.
- Hunkeler, Florian**, "Directed Technical Change and the Protection of Intellectual Property Rights in the Development Process," Diploma Thesis, University of Zurich, December 2008.
- Joho, Susan**, "Estimating Optimal Consumption-Saving Decisions," Master's Thesis, University of Zurich, September 2009.
- Kistler, Judith**, "Is Growth Pro-Poor? A Literature Survey on the Relationship between Growth and Poverty," Semester Project, University of Zurich, January 2009.
- König, Michael**, "Limited Absorptive Capacities and the Emergence of Convergence Clubs," Master's Thesis, University of Zurich, June 2010.
- Kroulík, Milan**, "The Evolution of Film Consumption in Post-Communist Czech Republic," Bachelor's Thesis, University of Zurich, August 2008.
- Kurer, Tobias**, "Banking Reforms in China and Their Macroeconomic Implications: Three Decades of Reform Revisited," Bachelor's Thesis, University of Zurich, August 2011.
- Kyburz, Stephan**, "Ethnicity, Inequality, and Civil War," Diploma Thesis, University of Zurich, April 2010.
- Luchmann, Larissa**, "Immigration Policies," Bachelor's Thesis, University of Zurich, July 2011.
- Müller, Andreas**, "Pension Systems and Growth," Diploma Thesis, University of Zurich, November 2007.
- Peter, Dominic**, "A Universal Pension for China?," Bachelor's Thesis, University of Zurich, July 2011.
- Peyer, Thomas**, "Is Globalization Good for the Poor? Revisiting the Evidence of Dollar and Kray," Bachelor's Thesis, University of Zurich, July 2008.
- Rieder, Johanna**, "Inequality and Extreme Poverty in India: A Statistical Analysis," Diploma Thesis, University of Zurich, September 2008.

- Ruffner, Jan** "China's and South Korea's Current Accounts and Their Main Contributors," Bachelor's Thesis, University of Zurich, December 2009.
- Schaub, Andreas**, "The Harris-Todaro Model: A Case Study on Migration, Wage Discrepancies, and Unemployment in China During the Reform Era," Bachelor's Thesis, University of Zurich, August 2010.
- Schneuwly, Stefanie**, "The Doha Round and its Impact on Developing Countries," Bachelor's Thesis, University of Zurich, August 2009.
- Schramm, Noemi**, "Population-Control-Policies and Their Implications for Economic Growth in China," Bachelor's Thesis, University of Zurich, August 2011.
- Splett, Valentin**, "Directed Technical Change with Renewable and Exhaustible Resources," Diploma Thesis, University of Zurich, August 2008.
- Stohldreier, Marie**, "The Impact of Foreign Direct Investments on Economic Growth in China during the Era 1979-2009," Bachelor's Thesis, University of Zurich, August 2009.
- Tridico, Daniel**, "On The Effectiveness of Counter-Terrorism Measures - A Political Economy Perspective," Bachelor's Thesis, University of Zurich, August 2011.
- Villiger, Daniela**, "The Macroeconomic Effects of TRIPS on the Chinese Economy," Bachelor's Thesis, University of Zurich, December 2010.
- Voegeli, Katrin**, "Economic Growth through the Development Process: the Case of South Korea," Bachelor's Thesis, University of Zurich, July 2009.
- Wältermann, Michael**, "Household Portfolios and Volatility: Evidence from Dutch Households over Booms and Busts," Bachelor's Thesis, University of Zurich, July 2011.
- Zelger, Marko**, "Keiretsu: Japanese Corporate Grouping and Their Impact on the Economy," Semester Project, University of Zurich, April 2007.
- Yu, Shu**, "The Impact of Shanghai's Economic Growth on Neighboring Cities," Bachelor's Thesis, University of Zurich, August 2011.

Zürcher-Bevza, Daria, "Household Portfolio Composition over the Life Cycle," Bachelor's Thesis, University of Zurich, August 2011.