

# Tim Hermann

## CONTACT DETAILS

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Tim Hermann  
University of Konstanz  
Department of Economics  
Graduate School of Decision Sciences  
78457 Konstanz, Germany

Website: [www.timhermann.net](http://www.timhermann.net)  
Email: [tim.hermann@uni-konstanz.de](mailto:tim.hermann@uni-konstanz.de)  
Phone: +49 7531 88 3691  
Citizenship: German

## RESEARCH INTERESTS

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**Primary:** macroeconomics

**Secondary:** household heterogeneity, sovereign debt, politico-economic aspects in macroeconomics

## CURRENT POSITION

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RA to Almuth Scholl, Chair of International Macroeconomics, U Konstanz 2022-

## EDUCATION

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PhD in Economics, U Konstanz (Advisors: Almuth Scholl and Stefan Niemann)	2019-
MSc Economics, U Konstanz	2016-2019
MSc Economics and Econometrics, U Essex	2017-2018
BSc Economics and Business Administration, Goethe U Frankfurt	2012-2016

## ACADEMIC VISITS

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Visiting PhD Student, U Carlos III de Madrid (Host: Matthias Kredler) Spring 2024

## JOB MARKET PAPER

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The Political Economy of Income Tax Reform: The Role of Voter Turnout

**Abstract:** In the United States, the political participation of the electorate strongly depends on socioeconomic characteristics. Voters are more likely to be better educated, older, and have higher incomes than those who abstain from voting. This paper explores the impact of voter turnout on redistributive policies within a dynamic general equilibrium model of overlapping generations. The model features heterogeneous agents who differ in education, age, and income, and who vote on a permanent reform of the income tax system. Initially, the economy is assumed to be in a stationary equilibrium in which the income tax system is calibrated to the U.S. economy. We then consider the reform implied by the median voter's preferred degree of tax progressivity. In a counterfactual economy, in which the entire population participates in elections, the tax progressivity preferred by the median voter is substantially higher than in the data. When we estimate the empirical characteristics of voter turnout and use them to calibrate the political participation in the model, the median voter prefers a lower level of redistribution than in the counterfactual economy. This brings the model closer to the data.

## WORKING PAPERS

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The Political Economy of Domestic and External Sovereign Debt (with Almuth Scholl)

**Abstract:** This paper explores the political and distributional consequences of sovereign debt and default taking into account that a sizable share of public debt is held by domestic creditors. We develop a quantitative macroeconomic model in which heterogeneous households face idiosyncratic income risk and save in non-state-contingent government bonds. Debt contracts are not enforceable and the government is politically constrained in its policy choices: A fiscal plan is required to receive the support of the majority of households. If neither fiscal plan is approved, the government has to default and to restructure domestic and external debt. Debt crises are characterized by a political conflict. In the course of a crisis, rising debt service costs force the government to cut redistributive spending. While wealthy households benefit from high interest rates on their savings, poor households support a default. Consequently, the approval of the fiscal plan decreases and the likelihood of a political default rises. Political constraints generate sizable welfare costs highlighting that individuals do not internalize the impact of their voting on interest rates and redistributive spending in equilibrium.

## WORK IN PROGRESS

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Retirement Age Policy and Skill Acquisition over the Life Cycle (with Daniele Angelini)

## CONFERENCES AND SEMINARS

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**2024:** Workshop in Macroeconomics for PhD Students and Junior Faculty (U St. Gallen), UC3M Macro Reading Group (U Carlos III de Madrid)

**2023:** Doctoral Workshop on Quantitative Dynamic Economics (U Strasbourg), Annual Meeting of the German Economics Association (U Regensburg), 29th Conference on Computing in Economics and Finance (U Côte d’Azur)

**2022:** Annual Congress of the European Economic Association (Bocconi U), 28th Conference on Computing in Economics and Finance (Southern Methodist U)

## TEACHING EXPERIENCE

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TA to Introductory Economics (undergraduate), U Konstanz 2022-

## PREVIOUS POSITIONS

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Doctoral Researcher, Cluster of Excellence “The Politics of Inequality”, U Konstanz	2019-2023
Intern, German Council of Economic Experts	Summer 2019
Intern, Deutsche Bundesbank	Spring 2019
Research Assistant, Institute for Social and Economic Research	2018

## REFEREE

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Macroeconomic Dynamics

## LANGUAGES AND SOFTWARE SKILLS

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Languages                      German (native), English (fluent), Spanish (good)  
Software                        Matlab, Fortran, R, Python, Stata

## REFERENCES

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Almuth Scholl  
University of Konstanz  
Department of Economics  
almuth.scholl@uni-konstanz.de

Stefan Niemann (placement officer)  
University of Konstanz  
Department of Economics  
stefan.niemann@uni-konstanz.de

Emircan Yurdagul  
Universidad Carlos III de Madrid  
Department of Economics  
eyurdagul@eco.uc3m.es

Matthias Kredler  
Universidad Carlos III de Madrid  
Department of Economics  
mkredler@eco.uc3m.es

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