



SIRE Young Researchers Forum at University of Dundee



Date: Wednesday 2nd December 2009 1:30-5pm and dinner afterwards
Venue: Room 2.12 Old Medical School Building, University of Dundee

Programme

- 1:30-2pm** Coffee, Tea and Snack
- 2-2:50pm** Speaker: Dr Alex Trew (St Andrews)
Title: **Contracting Institutions and Growth**
- 2:50-3:05pm** Coffee and Tea break
- 3:05-3:55pm** Dr Paul Alagidede (University of Stirling)
Title: **Beyond Unit Roots: A close look at the net barter terms of trade for developing countries**
- 3:55-4:10pm** Break
- 4:10-5pm** Dr Gulcin Ozkan (University of York)
Title: **External finance, sudden stops and financial crisis: what is different this time?**
- 5:30-7pm** Speakers along with the visiting young Scottish lecturers and researchers will be taken out to dinner.

SIRE will also cover reasonable travel expenses and the cost of dinner of those visiting Scottish Lecturers and young researchers who attend.

For catering purposes individuals are asked to confirm if they will be attending by Wednesday 25th November and also to state whether or not they will be staying for the dinner. This can be done by emailing Dennis Petrie at d.j.petrie@dundee.ac.uk.

Travel Details

Travel details on how to get to Dundee can be found at,
<http://www.dundee.ac.uk/general/travel/maps.htm>

The railway station is only a few minutes walk from the main University campus.

Once you are at the main campus please refer to the following campus map regarding how to get to the Old Medical School building (Building 8). The room is on level 2.

<http://www.dundee.ac.uk/general/campusmap/>

Travel claim forms will be available at the workshop – please keep all receipts. If you have any questions please feel free to email Dennis (d.j.petrie@dundee.ac.uk)

Seminar Topics

Dr Alex Trew (University of St Andrews)

Contracting Institutions and Growth

Abstract:

We follow Acemoglu and Johnson (2005) in disentangling the effects of contracting and property rights institutions on average growth rates over the period 1985--2004 in addition to the log level of per capita income in 1995. On the basis of 2SLS results, we find a robust, positive link between the quality of some contracting institutions and the rate of economic growth and a robust, negative link between contracting institutions and the level of output. We interpret these conflicting results as evidence for a trade-off in the effect of contracting institutions on growth and income levels. We look to rationalize this apparent trade-off in terms of a framework where transactions costs are endogenous to investments made in contracting technologies.

<http://ideas.repec.org/p/san/cdmawp/0904.html>

Dr Paul Alagidede (University of Stirling)

Beyond Unit Roots: A close look at the net barter terms of trade for developing countries

Abstract:

Modeling terms of trade shocks has often followed two broad paths: trend versus difference stationary models, and detrending versus filtering. Whereas the former breaks down due to their inability to capture the underlying data generation process (dgp), the latter are either one sided filters or are based on ad hoc procedures in achieving parsimony. In this paper we propose structural time series models in which trends and cycles are treated as stochastic, with the traditional approach as a special case. Cast in state space form, and estimated using maximum likelihood via the Kalman filter, we document the frequency and duration of terms of trade shocks for commodity exporting sub Saharan African countries: key elements for designing policies aimed at smoothing terms of trade shocks and the resulting macroeconomic effects associated with price disruptions. We found that the individual dgp have varied over time and are best captured as stochastic rather than deterministic trends. Moreover, we uncover multiple structural breaks and outliers, far beyond what extant results have shown. Finally, the models remain robust in an out of sample forecast.

Dr Gulcin Ozkan (University of York)

External finance, sudden stops and financial crisis: what is different this time?

Abstract:

This paper develops a two-country dynamic, stochastic general equilibrium (DSGE) model to investigate the transmission of a global financial crisis to a small open economy. Central to our framework are financial frictions that play a major role in the macroeconomic adjustment to global credit tightening. We find that small open economies hit by a sudden stop arising from financial distress in the global economy are likely to face a more prolonged crisis than when they experience a financial shock of domestic origin. This is because an important source of difficulty in responding to a global financial crisis is the inability of countries to export their way out of crisis due to the slump in world consumer demand initiated by the global financial distress -as is painfully experienced by many countries in contemporary times. Moreover, we show that the greater a country's trade integration with the rest of the world, the greater the fluctuation of its macroeconomic aggregates in response to a global financial crisis.

About the Speakers

Dr F Gulcin Ozkan (University of York)

Gulcin's interests lie in international macroeconomics, international finance, emerging markets and political economics. More specifically, her recent research has included the following; sudden stops and financial crises; external debt and exchange rate regime choice; investment and exchange rates; central bank independence; political instability and public investment decisions and implications of inflation targeting regimes for the accumulation of public debt.

SIRE Speakers:

Dr Alex Trew (University of St Andrews)

Alex has studied economics at the University of Warwick and the University of Durham and has previously worked at the Bank of England and EKOS Consulting as a summer intern. He obtained his PhD at the University of St Andrews. He started a Lectureship in Economics in 2007, funded by the Scottish Institute for Research in Economics (SIRE).

Dr Paul Alagidede (University of Stirling)

Paul had his Bachelors in Economics and History at the Kwame Nkrumah University of Science and Technology, Ghana, and his Masters and PhD in Economics from Loughborough University. Before joining Stirling University in 2008, Paul was a visiting lecturer at the University of Greenwich, London. Paul spent the summer of 2009 as a visiting scholar at the United Nations University World Institute for Development Economics Research (UNU-WIDER), Helsinki. His research interest is in applied time series analysis and emerging financial markets. His most recent work examines commodity price trends, terms of trade shocks and the finance-growth nexus in sub Saharan African countries.