



University  
of  
St Andrews



**SIRE Forum for Young Researchers in Economics**  
**School of Economics & Finance – University of St Andrews**  
**Wednesday 16 November – Arts Building Lecture Theatre**

**Programme**

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|---------------|---|
| 1:30 – 2:00pm | Registration – Tea & coffee   |
| 2:00 – 2:05pm | Welcome   |
| 2:05 – 3:05pm | 1 <sup>st</sup> SIRE presenter talk<br>Dr Joao Jalles, University of Aberdeen, “Cross-country Evidence on the Quality of Fiscal Forecasts”                                  |
| 3:05 – 4:05pm | 2 <sup>nd</sup> SIRE presenter talk<br>Dr Stephan Hebllich, University of Stirling, “From Russia with Love - The Impact of Relocated Firms on Incumbent Survival”           |
| 4:05 – 4:30pm | Coffee break  |
| 4:30 – 5:30pm | Invited presenter<br>Prof Gianni De Fraja, University of Leicester, “Exclusive Nightclubs and Lonely Hearts Columns: Non-monotone Participation in Optional Intermediation” |
| 5:30 – 7:00pm | Drinks  |
| 7:00pm        | Dinner  |

Please note: **Registration deadline: Thursday 27 October 2011**

## Further information about the talks

### **Dr Joao Jalles, University of Aberdeen, “Cross-country Evidence on the Quality of Fiscal Forecasts”**

#### Abstract

This paper uses mean and dispersion forecasts from Consensus Economics for a sample of 29 countries, grouped into developed and emerging countries between 1993 and 2009, and finds evidence for biasedness, inefficiency and lack of accuracy in budget balance forecasts. The distribution of projection errors appears to be slightly twisted to over-prediction of the budget balance. Moreover, errors in forecasting the budget balance can be explained by wrong forecasts of GDP growth and inflation forecast errors. The extent of budget balance overprediction and the dispersion of forecasts increases during recessions. Another reason that may explain inefficiency of budget balance forecasts results from failure in accounting international linkages. Finally, there is a sense of "pessimism" amongst forecasters during recovery periods.

### **Dr Stephan Hebllich, University of Stirling, “From Russia with Love - The Impact of Relocated Firms on Incumbent Survival”**

#### Abstract

We identify the impact of local firm concentration on incumbent performance with a quasi natural experiment. When Germany was divided after World War II, many firms in the machine tool industry fled the Soviet occupied zone to prevent expropriation. We show that the regional location decisions of these firms upon moving to western Germany were driven by non-economic factors and heuristics rather than existing industrial conditions. Relocating firms increased the likelihood of incumbent failure in destination regions, a pattern that differs sharply from new entrants. We further provide evidence that these effects are due to increased competition for local resources.

### **Prof Gianni De Fraja, University of Leicester, “Exclusive Nightclubs and Lonely Hearts Columns: Non-monotone Participation in Optional Intermediation”**

#### Abstract

In many decentralised markets, the traders who benefit most from an exchange do not employ intermediaries even though they could easily afford them. At the same time, employing intermediaries is not worthwhile for traders who benefit little from trade. Together, these decisions amount to non-monotone participation choices in intermediation: only traders of middle “type” employ intermediaries, while the rest, the high and the low types, prefer to search for a trading partner directly. We provide a theoretical foundation for this, hitherto unexplained, phenomenon. We build a dynamic matching model, where a trader’s equilibrium bargaining share is a convex increasing function of her type. We also show that this is indeed a necessary condition for the existence of non-monotone equilibria.

#### **Registration**

If you wish to attend the workshop, please complete the registration form available from the following link:

[https://docs.google.com/spreadsheet/viewform?hl=en\\_GB&formkey=dFFlcVdQUUJEUHRBd01tLTVFanQ1SkE6MQ#gid=0](https://docs.google.com/spreadsheet/viewform?hl=en_GB&formkey=dFFlcVdQUUJEUHRBd01tLTVFanQ1SkE6MQ#gid=0)

#### **Travel expenses**

SIRE shall reimburse travelling expenses for young researchers travelling from Scottish institutions to the University St Andrews for the equivalent of 2nd class train ticket. A claim form will be provided. SIRE will also sponsor the social dinner scheduled at the end of the meeting.

If you need further information, or wish to amend your registration to this event, please contact the local organiser: Dr Fabio Aricò (fra21@st-andrews.ac.uk).

Even though the SFYR forum is intended for SIRE young researchers, the invitation to attend the event is open to senior researchers and PhD students.

We look forward to welcoming you in St Andrews!

Dr Fabio Aricò, SFYR organiser

**Registration deadline: Thursday 27 October 2011**

