

Fall 2017

The Department of Economics seminar meets on Tuesdays from 4:00 to 5:00 p.m. in SBA 2060, unless noted otherwise.

Date	Speaker	Paper title and abstract
Tuesday, October 3	Sanket Roy, Department of Economics, American University of Sharjah	<p>The Short and Long Run Impacts of Temperature on U.S. Residential Energy Consumption</p> <p>This paper contributes to the existing literature which looks at the effects of rising temperatures on energy demand, more specifically household energy consumption. We use a novel methodology to isolate extensive margin adjustments made in response to a changing climate from the intensive margin adjustments made in response to changes in weather. By controlling for both the contemporaneous temperature distribution as well as the lagged moving average, we are gaining on two fronts. Firstly, we are able to get more precise estimates of the effect of short-run changes in weather on residential energy consumption. Secondly, by comparing the two effects, we are able to back out the extensive margin effects on residential energy consumption made in response to changes in longer term climate. Our estimates imply significant impacts for both the intensive and the extensive margins and a U-shaped response function of residential energy consumption with respect to contemporaneous temperature.</p>
Tuesday, September 19	Ramon Cobo-Reyes, Department of Economics, American University of Sharjah	<p>Do women anticipate discrimination? Experimental evidence</p> <p>This paper studies experimentally whether men and women react strategically to anticipated discrimination in a labor-market setting and how this depends on the task they perform. Participants are assigned to a seven-people group and randomly allocated a role as a firm or worker. In each group, there are five workers and two firms. Firms decide which worker to hire to perform a task in a second stage. The only information firms have about each worker is an avatar representing the worker's gender. Before firms making their decision, the workers must choose the avatar (male, female or neutral) that represents them in the market. Results show that when workers are hired to do a mathematical task (adding five two-digits numbers), women anticipate discrimination and only 36% reveal their real gender. However, when the task is not mathematical or when there is uncertainty regarding the task, women do not anticipate that they will be discriminated and almost 70% of them reveal their true gender. Results also show that almost 70% of males reveal their real gender when the task is math-oriented. Finally, we observe that most males (68%) also report their true gender even when the task is more female oriented.</p>

Spring 2017

The Department of Economics seminar meets on Tuesdays from 4:00 to 5:00 p.m. in SBA 2060, unless noted otherwise.

Date	Speaker	Paper title and abstract
Tuesday, April 18	Ibrahim Elbadawi, Economic Research Forum	<p>Does Exchange Rate Undervaluation Matter for Exports and Trade Margins? Evidence from Firm-Level Data</p> <p>Exploiting a new dataset available for four countries (Egypt, Jordan, Kuwait and Yemen), this paper assesses the claim that real exchange rate undervaluation affects both the quantity of exports (intensive margin) and the probability of exporting a certain product to a certain destination (extensive margin) of trade in Arab countries. We find robust evidence suggesting that RER undervaluation promotes exports at the extensive margin more than the intensive one. In fact, undervaluation boosts both the number of products and the number of destination rather than the quantity of exports. In this case there will be even a more dire need for a higher economy-wide subsidy through an undervalued real currency in order for manufacturing exporting firms to grow at the intensive margin, and especially for overcoming the more challenging impediments of opening new markets or developing new export products.</p>
Tuesday, April 11	Henry Chappell, Department of Economics, American University of Sharjah	<p>Stop-Go Monetary Policy</p> <p>A plot of the Federal funds rate, the interest rate normally targeted by the Federal Reserve, displays several unusual features. First, changes in the rate come in discrete increments; usually the rate moves up or down by 25 basis points. Second, the funds rate goes through some stretches of time in which it changes rather frequently and others in which it does not change at all. This happens despite the fact that the funds rate target responds to macroeconomic variables that are continually changing. We develop an empirical model to account for these observations. The model takes the form of an ordered probit model that explains the movement of the funds rate. In each meeting of the Federal Open Market Committee (FOMC), the funds rate can move up, move down, or remain unchanged. In addition, the model assumes that the FOMC is subject to time-varying inertia. In different inertial states, the thresholds that must be surpassed in order to trigger rate changes can be high or low. Our empirical model provides a way to describe monetary policy inertia that has not previously been considered in the literature.</p>
Tuesday, March 14	Melvin Ayogu, Department of Economics, American University of Sharjah	<p>Systems Competition in Payments Networks: An Exploratory Analysis</p> <p>A payment system may be defined as an arrangement for the recording and executing of payment instructions (clearing) as well as the actual transfer of value (settlement) based on the payment instructions. The use of various forms of near-money in payment networks means that ultimately a temporary form of payment must be exchanged for a final form of payment, money. Customary near-monies include checks, drafts, dividend warrants, debit or credit notes,</p>

		<p>interest coupons, bankers-payments and direct debits. In recent times, digital convergence has not only vastly expanded the scope of eligible instruments (extensity) but as well remarkably changed their intensity or rank order by transactions value. Looking across products and geography, we examine systems competition in payments networks, specifically to understand better the role of institutions in the diffusion (technology adoption and product selection) of third generation payment systems such as PayPal and MPESA as well as the dominance of Western Union and Al Ansari in the international money wire business. By contrast to the traditional rivalry over product lines, systems competition can be usefully described as market competition between networks. A system is made up of components which must work together in order to create value. Thus rivalry between networks can be conceptualized as competition between value chains of different configurations. Although, these networks are fundamentally product varieties, nonetheless the degree of required coordination is in practice pervasive and more decisive than is customary. Systems Competition as a topic in industrial organization and public policy is appealing for several reasons. First, from the perspective of development policy, it vividly illustrates the potential synergy of state and markets rather than the contrary. For over 50 years despite other competing perspectives, the thinking of the development policy community has been dominated by sterile debates about the primacy of the market over state. Fortunately, the debate has shifted from states or markets to states and markets, focusing instead on the tradeoffs implicit in any given mix of this inherent partnership (for development). Second, systems competition examines how expectations, coordination, and compatibility affect standards war and diffusion as well as the endogenous formation of institutions—private and public. Third, the issues in question are not only current and salient but also easily identified with.</p>
<p>Tuesday, March 7</p>	<p>Javed Younas, Department of Economics, American University of Sharjah</p>	<p>Inheritance and Fertility Decision We investigate the effect of inheritance on fertility decision. A simple model is developed where parents decide on the number and the quality of children in the presence of anticipated care from children. Inheritance received by parents can influence this decision through two channels. First, additional financial resources may increase the number of children assuming that a child is a normal good. Second, the resources generate quality-quantity tradeoffs that further affect the level of anticipated care from children that may reduce the number of children. The net effect remains an empirical question. We examine this hypothesis using a sample of 1461 married individuals from 2012 Indian survey of the preference parameters study of Osaka University. The findings indicate that families that received inheritance have fewer kids after controlling for a host of potential determinants of fertility. This result is driven by households living in the urban areas of India; the impact of inheritance on the number of kids is statistically not significant for a sub-sample of rural households.</p>
<p>Tuesday, February 28</p>	<p>Kemal Kıvanç Aköz, Post-Doctoral</p>	<p>Manipulative Advertising by a Monopolist</p>

	Associate, Department of Economics, NYUAD	Firms spend significant amounts of money on advertising. The advertising literature typically focuses on truthful advertising. In this project, we focus on the possibility that ads change consumers' expectations by manipulating the information they receive. In our model, manipulative advertising increases the mean of a noisy but otherwise unbiased signal about the quality level. Systematic bias in signals coupled with a random noise leads a systematic inference bias even though consumers perfectly anticipate the advertising strategies of each type and process their private signal accordingly to update their beliefs. We show that, when ad levels are not perfectly observable, firms may engage in effective manipulative advertising. Our analysis demonstrates that intensity of manipulative advertising does not necessarily increase with quality. The firm type with the highest manipulation is always able to increase its demand and all firm types can succeed in effective manipulation. We also show that manipulative advertising may improve CS by increasing the consumption of higher quality products and lowering the lower quality ones. Finally, we discuss different implications of a related model that is closer to Bayesian Persuasion models.
Tuesday, February 21	Samer Kherfi, Department of Economics, American University of Sharjah	<p>Determinants of labor productivity in Dubai: Some evidence from a survey of firms</p> <p>A cross-section analysis documents large differences in labor productivity across and within firms and industries in Dubai. High-productivity firms tend to be in the service sector, especially in financial intermediation and computer business, whereas low-productivity firms are for the most part in construction, manufacturing, retail trade, and hotels and restaurants. Proxies for the quality of the labor force and the capital-to-labor ratio are good predictors of labor productivity variation across firms. Productivity is significantly lower if the firm is very small, and significantly higher if it is located in the designated free zones. An Oaxaca-style decomposition reveals that the gap in labor productivity between firms inside and outside the free zones is mainly driven by differences in firm's endowments as opposed to differences in the returns associated with these endowments.</p>
Tuesday, February 14	Ajalavat Viriyavipart, Department of Economics, American University of Sharjah	<p>Deterring bribes with reserve price: an auction experiment</p> <p>The theoretical literature shows that having incentives to misrepresent private values in the first-price auction leads to an equilibrium without a positive bribing offer. This is in contrast with the second-price auction where we expect to observe successful bribes in equilibrium. This paper experimentally investigates this claim by allowing one bidder to pay another bidder for a commitment not to participate in the auction. In contrast to the theory, bribes are more successful in the first-price auction. Responders in the first-price auction accept a lower bribe amount than those in the second-price auction while proposers offer a similar bribe amount. We also investigate auctions with a reserve price and observe a 50% increase in the seller's revenue and a 30% decrease in successful bribes when compared with the auctions without a reserve price. Auction designers may use a reserve price to discourage collusion and generate more revenue.</p>

Tuesday, February 7	Xiaoyuan Wang, University of Electronic Science and Technology of China	<p>Does trustworthiness matter in an optimal contract?</p> <p>We consider a modified principal-agent model, where the principal may “trigger” the agents’ reciprocity preference by using more fixed rate compensation. With individual level information on agents’ reciprocity level, the principal may offer a wage schedule such that trustworthy agents may reciprocate and her action will be more in line with principal’s objective. Using a two stage experimental design, we test a specific case of the theory. Our (preliminary) results indicate that principals who can access individual measures of reciprocity offered higher fixed wage to trustworthy agents; agents reacted less to monetary incentives when principals used such offers. Meanwhile the total wage cost didn’t rise significantly in the asymmetric endowment condition.</p>
------------------------	--	---

Fall 2016

The Department of Economics seminar meets on Tuesdays from 4:00 to 5:00 p.m. in SBA 2060, unless noted otherwise.

Date	Speaker	Paper title and abstract
Tuesday, November 8	Adrian Lopes, Department of Economics, American University of Sharjah	<p>The Dynamics of Poaching, Protection, and Endangered Species Populations: A Study of Rhinos in South Africa and India</p> <p>This paper develops a three-state model that synchronously characterizes poaching, protection, and population dynamics for an endangered species. The model is parameterized using data on black rhinos in South Africa and one-horned rhinos in India. The ecological-economic dynamics of the model provide insight into the responses of poachers and anti-poaching authorities to each other’s actions alongside the evolving rhino populations in the two countries. Numerical analyses point to the existence of locally stable and un-stable population steady-states. Model projections yield spiral convergence to locally stable steady-states as well as divergence from locally unstable steady-states. The risk of rhino extinction is increased when the three state variables approach their locally unstable steady-state values. These critical values are identified for the two systems wherein species extinction is highly likely. In particular the risk of extinction is perceptibly higher for South Africa’s black rhinos as compared to India’s one-horned rhinos.</p>
Tuesday, September 27	Javed Younas, Department of Economics, American University of Sharjah	<p>Conflicts and Trade: A Disaggregated Approach</p> <p>This paper constructs a model of trade consequences of conflicts, where firms in trading nations face different costs arising from two distinct types of conflicts – domestic and transnational. Using dyadic dataset in a gravity model, we test these predictions for a conflict’s effects on overall trade, exports, and imports, while allowing for disaggregation by primary commodities and manufacturing goods. The latter is also decomposed by skill intensities. In general, the detrimental impact of a transnational conflict on various classes of traded commodities is twice that of a domestic conflict. As a</p>

		general rule, negative influence on trade is greater on imports than on exports. There is also a marked tendency for medium-skilled and high-skilled manufacturing sectors to sustain a greater harm than labor-intensive or low-skilled manufacturing sectors.
Tuesday, August 30	Christopher Spencer, Loughborough University	The Tempered Ordered Probit (TOP) Model with an Application to Monetary Policy We propose a tempered ordered probit (TOP) model. Although applicable to a wide range of applied choice situations, this paper exploits the model to uncover monetary policymakers' asymmetric attitudes towards different forms of uncertainty, whilst simultaneously accounting for an 'excessive' number of observations to leave the policy rate unchanged. Using data on the interest-rate and quantitative easing choices of policymakers from the Bank of England's Monetary Policy Committee (MPC), our results depart from the prediction that increasing uncertainty necessarily exerts an attenuating effect on the decision to alter the stance of monetary policy (e.g., Brainard 1967); the impact of uncertainty differs depending on the direction of the interest rate change itself.

Spring 2016

The Department of Economics seminar meets on Tuesdays from 4:00 to 5:00 p.m. in SBA 2060, unless noted otherwise.

Date	Speaker	Paper title and abstract
Tuesday, May 10	Emin Gahramanov, Department of Economics, American University of Sharjah	Why Do Children Provide Care and Attention to Their Elderly Parents? Evidence from Japanese Micro Data In this paper, we conduct a theoretical analysis of why individuals provide care and attention to their elderly parents using a two-period overlapping generations model with endogenous saving and a "contest success function" and test this model using micro data from a Japanese household survey, the Osaka University Preference Parameter Study. To summarize our main findings, we find that the Japanese are more likely to live with (or near) their elderly parents and/or to provide care and attention to them if they expect to receive a bequest from them, which constitutes strong support for the selfish bequest motive or the exchange motive, but we find that their caregiving behavior is also heavily influenced by the strength of their altruism toward their parents and social norms.
Tuesday, May 3	Ilker Kaya, Department of Economics, American University of Sharjah	Do financial indicators have directional predictability for US home sales? This study investigates the directional predictability of financial indicators for home sales across tranquil (1984–2005) and volatile (1972–1983 and 2006–2013) periods. We find that the mortgage rate has directional predictability for both existing and newly built home sales for up to 2005. The federal funds rate generally has directional predictability for existing (newly built) home sales in 1984–2005 (1972–1983). The term spread has directional predictability for home sales in 1972–1983 but generally not in the tranquil period of

		1984 –2005. Further, unlike mortgage and federal funds rates, the term spread has directional predictability for home sales in 2006 –2013 and thus can help the Fed with useful information (assuming that this trend continues).
Tuesday, April 19	Jay Squalli, Department of Economics, American University of Sharjah	Renewable Energy Production and Greenhouse Gas Emissions The environmental effects of renewable energy are surprisingly not well understood. Supporters praise renewable energy for its environmental benefits, opponents describe it as unreliable and potentially harmful to the environment, and previous research provides mixed results. I make use of U.S. state-level data for 2010 to assess the relationship between renewable energy production and greenhouse gas emissions. I find that states with a larger share of renewable energy have lower emissions of CH ₄ , CO ₂ , and N ₂ O and those that have a higher coal share have higher emissions, net of other factors. I estimate that a 10% increase in the share of renewable energy production ought to decrease emissions of CH ₄ by 0.3%, CO ₂ by 0.2%, and N ₂ O by 0.3%. These effects can be interpreted as either stabilizing or preventative if renewable energy is added to coal use or as corrective if renewable energy is used to phase out coal. I also find that the mitigation of greenhouse gas emissions, accounting for the use of coal for base load, requires that states individually decrease their share of coal use to levels below 39%.
Tuesday, April 12	Dina Tasneem, Department of Economics, American University of Sharjah	Decision Rules for Precautionary and Retirement Savings We report results from an experiment that tests the quality of savings behavior under both precautionary and retirement savings motives. We find evidence for five decision rules, two of which are either optimal or nearly optimal, for precautionary savings. When retirement is added as a motive for saving, the optimal decision rules disappear from the data, rules that specify constant consumption each period are substituted in their place. The use of these simple rules lowers efficiency by 6%, and the loss of efficiency is due to oversaving for retirement.
Tuesday, March 29	Ujjal Chatterjee, Department of Finance, American University of Sharjah	Risk Aversion in an Intermediary-augmented Exchange Economy This paper investigates individuals' consumption and portfolio choices in the presence of financial intermediaries. Unlike the existing literature where individuals seamlessly transform their savings to productive assets, I show that individuals employ intermediaries, who in turn channel savings to productive assets. As a direct consequence, growth of intermediaries' balance sheet variables such as assets determines the stochastic discount factor. Redefining the consumption and portfolio choices problem in such a way help resolve the equity premium puzzle. In the cross-section of size, value and industry portfolios, intermediary-based single factor models outperform Fama-French three- or four-factor models.
Tuesday, March 22	Rodrigo Juan Basco Rodriguez, Sheikh Saoud bin Khalid bin Khalid Al-Qassimi Chair in Family	Competition and Risk-Aversion of Family Firms in the Era of Talent Management This article contributes to the debate about the economics of talent by investigating how competition and firm risk-attitude affect firms' investment decisions

	Business, American University of Sharjah	in talent management. We extend the Asplund's (2002) model by considering that talent is an extremely uncertain dimension affecting both the production and the cost function allowing us to derive two important propositions. First, risk-averse and risk-neutral firms differ in terms of investment in talent management practices. Second, because of the relationship between direct competition and returns to talent management practices, risk-averse firms may significantly change their investment decisions when the number of direct competitors increases. We test our theoretical predictions by using a large international sample of family and non-family firms which represent two groups of firms with different attitude towards risk. In line with our initial conjectures, we found that family firms, renowned to be more risk averse than non-family firms, tend to invest more than non-family ones in talent management practices only when direct competition raises. Contributions and policy implications are discussed.
Tuesday, March 15	Liliana Danila, Department of Economics, American University of Sharjah	<p>The Role of Aviation Networks for Urban Development</p> <p>Local officials are continuously putting effort to attract to their cities airlines that offer new non-stop flight services. Besides facilitating travel for their constituents, the inherent expectation is that a stronger aviation network stimulates economic growth. This paper investigates empirically the causal implication of this hypothesis. Using data on non-stop flights by origin and destination over the period 1984-2001, we construct a measure of a city's connectivity to the national aviation network. We then use this measure to investigate its contribution to local economic development, as reflected by the market size, employment level and new firm entry. To ensure causality, we use instrumental variable methods and exploit geography and weather patterns at destination cities to capture the exogenous variation in the likelihood to add new travel routes. Our results suggests that a city's air connectivity, resulting from an extensive local aviation network, has a positive effect on population size, on employment level and on the number of active businesses established in that location.</p>
Tuesday, March 1	Melvin Ayogu, Department of Economics, American University of Sharjah	<p>Exchange Rate Dynamics: An Emerging Market Perspective</p> <p>Combining the asset-market approach to exchange rate determination with insights from market microstructure, we develop an emerging market narrative on exchange rate dynamics. The model's performance is tested on the Real, Rand and Naira (Brazil, South Africa, and Nigeria). Results (out-of-sample predictive content) are evaluated against the benchmark specification of random walk (the current industry "gold standard").</p>
Tuesday, February 23	Adrian Lopes, Department of Economics, American University of Sharjah	<p>Poaching and the Dynamics of a Protected Species</p> <p>We develop a model of an opportunistic poacher harvesting a protected species within a protected area. A labor allocation problem is coupled with protected species' population dynamics to numerically estimate approach paths of poaching effort and protected population. Harvest follows a Schaefer function form, and protected species growth assumes a logistic function form. The harvest and growth functions allow</p>

		<p>for both oscillatory convergence to steady state and period-doubling bifurcation. The model reveals that population dynamics goes through bifurcation for changes in both economic and biological parameters, and in some cases gives way to “deterministic” chaos. We find that policy parameters such as wage rates in and around protected areas, fines for poaching, and the black market prices for the protected resource have qualitatively different effects on population dynamics. The effectiveness of anti-poaching enforcement has different qualitative effects on population dynamics depending on the biological parameters used. The model reveals interesting and sometimes counter-intuitive population dynamics for changes in economic and biological parameters. We derive optimal poaching (feedback) policies and conduct stability analyses to better understand the counterintuitive dynamics; these are seen to result when stable steady states do not exist in renewable resource systems.</p>
--	--	--

Fall 2015

The Department of Economics seminar meets on Tuesdays from 4:00 to 5:00 p.m. in SBA 2060, unless noted otherwise.

Date	Speaker	Paper title and abstract
Tuesday, December 15	Sohel Azad, Deakin University	<p>Why is interest free Islamic banking not free from interest? This paper shows how debt in conventional banks and the Murabaha (lending) instrument in Islamic banks converge under competition. The competitive pricing mechanism induces Islamic banks to structure the Murabaha financial product with risk profile similar to that of the conventional bank’s debt. Thus, competition crowds out original Islamic financial structures and creates Shariah compliant replicas. The competitive pricing on the asset side in Islamic banks also causes the liability side Mudarabah rate with depositors to converge to the conventional deposit rate. Theoretical arguments in this paper are then supported by an empirical analysis using the linkages of benchmark interbank offer/lending rates between conventional banks and Islamic banks; for conventional banks, we take London interbank offer rate (LIBOR) and for Islamic banks we take Islamic interbank benchmark (offer) rate (IIBR). Our theoretical and empirical findings suggest that the Islamic financial instruments that are currently dominant in the industry differ from their conventional counterparts only in terms of their legal lexicon but in essence have little financial or structural differences.</p>
Tuesday, November 24	Ajalavat Viriyavipart, Department of Economics, American University of Sharjah	<p>When Less Information is Good Enough: Experiments with Global Stag Hunt Games The classic stag hunt game features both payoff-dominant and risk-dominant equilibria. Experimental research has established that individuals are able to coordinate on the former. However, once a very small amount of noise is added to the payoffs, the theory of global games shows that only the latter remains as a</p>

		<p>unique equilibrium. Since individuals may coordinate to achieve higher payoffs even in the absence of equilibrium, it is unclear whether having less precise information would significantly reduce social welfare in practice. This paper reports an experiment where each subject plays a sequence of perturbed stag hunt games with either complete or incomplete information. Under incomplete information, subjects deviate significantly from the equilibrium prediction, achieving nearly identical levels of efficiency as subjects in the complete information treatment. Thus the efficiency loss from observing imprecise information is not as large as theory would suggest.</p>
<p>Tuesday, October 6</p>	<p>Edward A. Sayre, International Development and International Affairs at the University of Southern Mississippi (USM)</p>	<p>The School to Work Transition in Qatar While Qatari unemployment is low compared to regional standards, unemployment is even more concentrated among first time job-seeking youth than in other countries in the Arab world. This paper examines the factors that influence unemployment by young Qataris when they are first entering the labor market. This paper first introduces the set of labor market policies that govern the employment of Qatari nationals. Next, the paper examines the labor market outcomes of Qatari youth from 1995 to 2014 to evaluate the effect of these policies. Finally, the paper uses a unique data set of 2,000 primarily young Qataris to model unemployment duration. These data were collected in September and October of 2014 and explore typical labor market indicators as well as questions concerning the school to work transition. Using non-parametric models of unemployment duration, this paper describes the different characteristics that are correlated with longer spells of unemployment duration by first time job seekers. The paper finds that own education and gender are the two most important factors influencing the school to work transition for young Qataris.</p>
<p>Tuesday, September 15</p>	<p>Vidya Diwakar, Independent Researcher and Consultant for the Overseas Development Institute</p>	<p>Perceptions of Intimate Partner Violence during Armed Conflict. The Case of Iraq This study explores Iraqi women's perceptions of intimate partner violence (IPV) during armed conflict. Data is synthesized from three sources, namely the Iraq Body Count database for civilian deaths, and the 2011 Multiple Indicator Cluster Survey and the Iraq Woman Integrated Social and Health Study 2011 for partner violence and sociodemographic variables. Results demonstrate that an increase in armed conflict is associated with the increased acceptability of wife-beating among women. This is consistent with marital power and social cognitive theories, with the discourse focusing on mutable power outcomes in favor of women as a perceived justification for violence. Specifically, the reconfiguration of gender relations stemming from armed conflict has inadvertently intensified marital tensions and so nurtured the acceptability of IPV. By exploring behavioral patterns among Iraqi women, this paper is a step towards developing effective policy to reduce IPV during times of state conflict.</p>

Spring 2015

The Department of Economics seminar meets on Tuesdays from 4:00 to 5:00 p.m. in SBA 2060, unless noted otherwise.

Date	Speaker	Paper title and abstract
Tuesday, May 19	Samer Kherfi, Department of Economics, American University of Sharjah	<p>Gender Preference and Family Size in Egypt I examine the hypothesis that gender preferences significantly influence childbearing behavior and family size. Using micro data, I estimate a discrete hazard model, according to which the probability of a subsequent birth is dependent on the gender composition of surviving children, controlling for other characteristics, such as maternal age, education and religious affiliation.</p>
Tuesday, May 12	Tahir Choulli, Department of Mathematics and Statistics, American University of Sharjah	<p>Non-Arbitrage under Random Horizon In this talk, I will address arbitrage theory when the horizon is random. This random horizon can represent the death time of an agent, a default time of a firm, or an occurrence time of an event that might affect the liquidity and the viability of the market. Thus, my ultimate goal is to explain—via quantitative and qualitative results—the impact of the extra uncertainty on the market model. I will start by discussing the role of absence of arbitrage in portfolio analysis for discrete-time market models. Then, I will analyze the effect of additional information on the arbitrage theory in these models. In the continuous-time setting, the notion of non-arbitrage has many competing definitions. I will single out the one that plays a key role in extending the results of Arrow-Debreu and those of Long (about numeraire portfolio) to the continuous-time framework. Finally, if time permits it, I will expose numerous results that determine how the randomness in the horizon can affect the market's viability in continuous-time.</p>
Tuesday, May 5	Emin Gahramanov, Department of Economics, American University of Sharjah	<p>Neoclassical Life-cycle Consumption and Labor Supply Model: Revisited in Continuous Time We revisit a seminal life-cycle consumption/saving and labor/leisure model (Heckman 1974), and argue that the model, and its commonly used variations, have not been solved properly in the literature, thus missing many interesting solutions involving highly counterfactual findings. We solve the model completely, and resolve some of these counterfactual findings using recent evidences from the leisure studies, and we also discuss additional viable solutions and challenges.</p>
Thursday, April 30	Jose Asturias, School of Foreign Service in Qatar, Georgetown University	<p>Competition and the Welfare Gains from Transportation Infrastructure: Evidence from the Golden Quadrilateral of India In this paper, we quantitatively evaluate the benefit of improving transportation infrastructure. We do so by developing a model of internal trade in which asymmetric states trade with each other. Firms compete oligopolistically at the industry level, allowing for markups to change with changes in transportation costs. We apply the model to measure the welfare effects of building a large road infrastructure project in India: the Golden Quadrilateral (GQ). After calibrating our model to rich plant-level and geospatial data, we find large gains: benefits exceed the initial investment in just two years. We also find that: (i) pro-competitive gains are approximately 20% of total gains and (ii) the</p>

		size of welfare gains are very heterogeneous across states.
Tuesday, April 21	Kemal Kivanc Acikgoz, Department of Economics, New York University in Abu Dhabi	Why Do Masses Join Elite's Revolutions? A Model of Biased Leaders and Political Change In this paper we propose a model of political change in which a revolutionary vanguard interacts with a continuum of individuals. The vanguard can mobilize a sizable contingent to push for a new regime and it reaps the bulk of the benefits-compared to individuals-if change occurs. Although both types stand to gain when supporting the prevailing regime, the vanguard prefers overthrowing the current regime while individuals favor it. We show that higher benefits from power make the vanguard more aggressive and individuals more inclined to join the insurrection, thus, increasing the likelihood of political change. We also show that vanguard's power is less effective the more individuals favor the current regime. In our model, vanguard and individuals also differ in their information about the underlying strength of the current regime. Hence, we also provide results stemming from the interplay of mobilization power, differential benefits, and quality of information. In particular, vanguard's influence is increasing in mobilization power and in its share of benefits from change, even when it does not have superior information.
Wednesday, April 15	Jay Squalli, Department of Economics, American University of Sharjah	Free Trade Agreements and Bilateral Trade Flows A number of free trade agreements (FTAs) between the United States and the rest of the world have become a matter of political and economic interest. This study provides the first assessment of the impact of FTAs on individual US states. We assess the average treatment effects of such FTAs on state-level imports and exports using a gravity model and state-to-country bilateral trade data over the 2008–2011 period. We find that imports of US states from countries with which the United States has an FTA are about 45 percent lower than imports from other non-FTA countries, whereas exports of US states to countries with which the United States has an FTA are 234 percent larger than exports to other non-FTA countries.
Sunday, March 29	Freddy Delbaen, Department of Mathematics, ETH- Zentrum, Zürich, Switzerland	Monetary Utility Functions with Convex Level Sets Monetary utility functions are—except for the expected value—not of von Neumann-Morgenstern type. In case the utility function has convex level sets in the set of probability measures on the real line, we can give some characterization that comes close to the vN-M form. For coherent utility functions this was solved by Ziegel. The general concave case under the extra assumptions of weak compactness, was solved by Stephan Weber. In the general case the utility functions are only semi continuous. Using the fact that law determined utility functions are monotone with respect to convex ordering, we can overcome most of the technical problems. The characterization is similar to Weber's theorem except that we need vN_M utility functions that take the value $-\infty$. Having convex level sets can be seen as a weakened form of the independence axiom in the vN-M theorem.
Wednesday, March 11	Henry Chappell, Department of Economics, American University of Sharjah	Committee Decisions at Sweden's Riksbank Alan Blinder (2004, 2007) has characterized the monetary policy committee (MPC) of Sweden's Riksbank as "individualistic," meaning that members of the

		<p>committee tend to vote their true preferences, without deferring to the Governor (the committee chairman) and without regard for achieving consensus. Chappell, McGregor, and Vermilyea (2014) have questioned this conclusion, providing econometric evidence that the Riksbank's Governor has considerable influence over other committee members. Their evidence suggests that the MPC should be considered "autocratically collegial." A third possibility is that members consensually make decisions; in Blinder's typology, they are "genuinely collegial." We use updated voting information from the Riksbank to explore these alternative possible characterizations of committee behavior.</p>
<p>Tuesday, March 3</p>	<p>Melvin Ayogu, Department of Economics, American University of Sharjah</p>	<p>(Asymmetric) Demographic Transition Growth and Wealth in South Africa</p> <p>This brief summarizes findings from our study of some important macroeconomic implications of South Africa's demographic transition. "Demographic transition" refers to the pattern of changes in fertility, mortality and population growth that have been observed with great regularity around the world. Initially death rates and birth rates are high and roughly equal, implying low rates of population growth. Then follows a decline in death rates but birth rates typically remain high, thus generating population growth. Eventually birth rates fall, slowing the rate of population growth. The transition ends when birth rates and death rates have both stabilized at a new low level, implying a return to low (or zero) population growth. Based on some useful analytical constructs such as life cycle deficit, support ratio, and fiscal support, we consider (1) the sustainability of life cycle wealth and hence long-run public sector solvency; (2) the prospects for reaping the first and second demographic dividends, and (3) policy implications of our findings. The first dividend (FD) occurs when the growth of effective producers exceeds the growth of effective consumers. The basis of the first dividend is that the extra income not consumed can be used to fund asset accumulation or transfers. On this basis, South Africa began enjoying the first dividend approximately in 1980 long before its demographic window of opportunity opened. Given that it is projected to exit the window in 2065 by UN estimates, the country is exposed to a first demographic dividend potential that could last for 85 years. The support ratio yields information about the potential for reaping demographic dividend. We find that consumers will continue effectively to outweigh producers substantially in the economy implying that demand for government transfers will become a permanent feature of South African economy. Also, we find that South Africa actually contributes to, rather than dampen, global financial imbalances. Even though South Africa remains within the demographic window of opportunity, a combination of low support ratio and high consumption rates will impede the second demographic dividend. To avoid this, the country will have to make tough policy choices, particularly in terms of growing income through job creation and in the reassignment of savings from transfer wealth to asset accumulation (radical aggregate portfolio choices). In conclusion, failure to "bite the bullet" would mean demand for increased</p>

		intermediation from (external) surplus saving units to (domestic) deficit spending units thus leading to pressure on the current account. The current account imbalances translate into exchange rate pressure, to macroeconomic instability, political backlash and ultimately crisis of sorts.
--	--	--

Fall 2014

The Department of Economics seminar meets on Tuesdays from 4:00 to 5:00 p.m. in SBA2060, unless noted otherwise.

Date	Speaker	Paper title and abstract
Tuesday, January 13	Sugata Marjit, Centre for Studies in Social Sciences, Calcutta (CSSSC), Centre for Training and Research in Public Finance and Policy (CSSSC), and SOSU, Indian Statistical Institute, Kolkata	<p>Time Zones, International Trade and Endogenous Growth</p> <p>The purpose of this paper is to propose a model where trade has a direct and positive impact on growth rate of two trading nations beyond the level effect. We use the idea of virtual trade in intermediates induced by non-overlapping time zones following Marjit (2007) and Kikuchi and Marjit (2011) and show how trade can increase the equilibrium optimal rate of growth. In this structure the trade impact goes beyond the level effect. Unlike other contemporary models of trade and growth, it does not depend on trade induced innovations, learning by doing, heterogeneity etc. Typically standard models of trade cannot generate an automatic growth impact. Virtual trade may allow production to continue for 24x7 in separated time zones such as between US and India and that can lead to higher growth for both countries. Later we extend the model to include labor market.</p>
Tuesday, January 6	Nader Habibi, Department of Economics, Brandeis University	<p>Vertical Skill Mismatch Incidence and Wage Consequences in Low-Skill Jobs: Evidence from Iran's Labor Market</p> <p>In this study we use the Households' Income and Expenditure Survey of Iran (HIES) database to investigate the incidence of overeducation. Our descriptive analysis shows that during 2001-2012 the ratio of workers with more than 12 years of education (one year or more of higher education) has steadily increased in many low skill jobs that require less than or equal to twelve years of schooling. Our econometric analysis showed that the odds of overeducation for women were higher than men. We also observed that likelihood of overeducation had a strong negative association with a worker's experience and a positive correlation with being a female worker. Additional econometric tests revealed that overeducation had a negative impact on a worker's wage in private sector but the opposite was true for the public sector jobs.</p>
Wednesday, December 17	Javed Younas, American University of Sharjah	<p>Gender Imbalance and Terrorism in Developing Countries</p> <p>This paper investigates whether gender imbalance may be conducive to domestic terrorism in developing countries. A female-dominant society may not provide sufficient law and order to limit political violence and terrorism, especially since societies in developing countries primarily turn to males for policing and paramilitary forces. Other considerations support female imbalance resulting in grievance-generated terrorism.</p>

		<p>Because male dominance may also be linked to terrorism, empirical tests are ultimately needed to support our prediction. Based on panel data for 128 developing countries for 1975–2011, we find that female gender imbalance results in more total and domestic terrorist attacks. This gender imbalance does not affect transnational terrorism or domestic terrorism in developed countries. Further tests show that the addition of males reduces terrorism only when institutions are weak. A strong political and institutional environment can provide the enduring checks against terrorism, which is known to have adverse effects on the economy.</p>
Tuesday, December 9	Susan Pozo, Western Michigan University	<p>Does E-Verify Discriminate against Hispanics? The ratcheting up of immigration enforcement has resulted in a number of unintended consequences featured in the news, such as family separations. We focus on yet another potentially unintended consequence -- increased employment difficulties faced by Hispanics legally authorized to work following the enactment of employment verification (E-Verify) mandates. Using confidential data from the 2002-2012 National Latino Surveys, we exploit the temporal and spatial variation in the adoption of E-Verify mandates to assess how they have impacted perceptions of discrimination in the labor market held by native and naturalized Hispanics who are clearly authorized to work. While E-verify mandates should not adversely impact their job prospects, these individuals could be hurt if some employers avoid hiring them for fear they might be undocumented. We believe the analysis will enrich our understanding of the collateral damage of increased immigration enforcement.</p>
Thursday, November 27	Yoonbai Kim, University of Kentucky	<p>Financial Integration, Capital Controls and the Stability of Financial Markets: The Case of Korea Sharp increases in volatility of the exchange rate and other financial indicators have become an issue in many countries that are exposed to globalized financial markets. As large inflows, sudden stops, and reversals of international capital often turn out to be an important cause of the problem, the international financial community has started reconsidering regulating international capital movement. This paper contributes to the literature and policy debates on the effectiveness of capital controls in Korea in three dimensions. First, we employ newly developed financial stress indexes (FSI) and National Financial Conditions Index (NFCI) in the analysis of the effects of capital mobility. Second, we investigate the extent of global and regional financial contagion using the FSIs and the transmission mechanism of external financial shocks represented by innovations of NFCI. We find strong evidence of structural breaks at the time of known breaks such as a big push for financial deregulations of the early 1990s and the East Asian financial crisis of 1997-8. We also find the pre- and post-break regimes are qualitatively very different. For instance, the notion that financial stresses are positively transmitted across the border applies only to the post-break regime but not to the pre-break regime. There is strong evidence that before the break - representing either financial deregulation or a major financial crisis - an external financial shock signals time to move capital into emerging market</p>

		economies such as Korea while, after the break, the exact opposite is more likely. We thus employ a threshold VAR model in which the index of financial openness serves as a threshold variable to determine regime changes. The results support that financial deregulation and increased financial openness is related to the increase in cross-border contagion of financial shocks and the changes in financial transmission mechanism.
Wednesday, November 5	Farukh Iqbal, Office of the Chief Economist of the Middle East and North Africa Region (MNACE) at the World Bank	<p>Education Attainment in the Middle East and North Africa: Success At A Cost</p> <p>This paper reviews the experience of the Middle East and North Africa (MENA) region in education attainment over the last four decades (1970-2010). It documents the following main findings: (a) all MENA countries experienced significant improvements in educational attainment over this period; (b) most MENA countries did better in this regard than comparators who had roughly the same education stocks in 1970; (c) collectively, the MENA region achieved a greater percentage increase in education than other regions; (d) the region's better performance was in part due to higher rates of public spending on education, better food sufficiency status and a lower initial stock of education in 1970 in comparison to most other developing country regions; and (e) the MENA region had among the lowest payoffs to public spending in terms of increments in education stock; the impressive advance in education was achieved at high cost.</p>
Tuesday, October 28	Dina Tasneem, American University of Sharjah	<p>An Experimental Study of a Common Property Renewable Resource Game in Continuous Time</p> <p>We experimentally study behavior in a common property renewable resource extraction game with multiple equilibria. In the experiment, pairs of subjects competitively extract and consume a renewable resource in continuous time. We find that play evolves over time into multiple steady states with heterogeneous extraction strategies that contain components predicted by equilibrium strategies. We find that simple rule-of-thumb strategies result in steady-state resource levels that are similar to the best equilibrium outcome. We also find that the sensitivity of more aggressive strategies to the starting resource level suggests that improvement in renewable resource extraction can be attained by ensuring a healthy initial resource level. Our experiment provides empirical evidence for equilibrium selection in this widely used differential game.</p>
Tuesday, October 21	Thomas Longwell, American University of Sharjah	<p>Rationalizing the Demand for California Earthquake Insurance: A Structural Approach</p> <p>Demand for disaster insurance is a topic of some interest in both economics and related fields of study. Low levels of observed demand are difficult to reconcile with the usual economically-orthodox models of consumer behavior centered on expected utility. Previous research based on surveys has suggested that consumers make insurance purchase decisions based predominantly on subjective, psychological factors as opposed to objective, economic or financial ones. In a forthcoming paper, I use a simple, structural approach to model consumers' insurance buying decisions. This model is calibrated to fit actual market share data for earthquake insurance in California, under different</p>

		assumptions of financial benefits from insurance and consumer perceptions of earthquake risk. My results show that heterogeneity in the financial payoffs (derived from different levels of equity) is a more likely explanation of the observed low levels of demand. Further motivating a structural approach, I am able to evaluate counterfactual scenarios to changes in the menu of available insurance contracts, such as lowering the policy deductible.
Monday, October 13	Osiris Jorge Parcerro, United Arab Emirates University	<p>Becoming a Knowledge Economy: the Case of UAE and Qatar and Benchmark Countries</p> <p>As stated in the UAE (Qatar) Vision 2021 (2025) one important strategic objective common to the two countries is to become knowledge base economies. In order to assess their performance in this endeavor this paper benchmarks them to 17 other countries having at least some (necessary, but not exclusive) similar characteristics in terms of the following criteria: not being too dissimilar in terms of size, location, being emerging economies, being natural resource rich, having aspiration to become a knowledge driven economy or already being one. The benchmarked list of countries is: Australia, Bahrain, Chile, Costa Rica, Finland, Israel, Kuwait, Malaysia, Norway, Oman, Poland, Saudi Arabia, Singapore, South Africa, South Korea, Tunisia and Turkey. The comparison between the selected countries is made in terms of indicators considered essential in order to be (or be in the right path to become) a knowledge-driven economy, which are subdivided into the four pillars suggested by the World Bank Institute: economy and regime, ICT, education, and innovation. It is clear that both the UAE and Qatar got great achievements in a very short period of time, but still lack behind top knowledge base economies such as Finland and Korea or even less advanced ones as Costa Rica and Malaysia. On the stronger side, the UAE is in the top league in terms of firm-level technology absorption (World Economic Forum) and in terms of number telephones per capita. Similarly, Qatar is the leader in terms of intensity of local competition as well as internet access in schools. On the weaker side though, both countries show low technology exports as proportion to the GDP and have not gone far in terms of other indicators. Finding how far the UAE and Qatar are from achieving their ambitious goals and what needs to be improved have important policy implications. On the one hand, the identification of weaknesses would create awareness that eventually will support the countries' decision makers in the proper formulation of targeted policies. On the other hand, the identification of strengths will be useful not only for the policy makers, but also for foreign investors (or highly talented workers) who may consider establishing (pursuing) their business (career paths) in the country.</p>

Spring 2014

The Department of Economics seminar meets on Tuesdays from 4:00 to 5:00 p.m. in SBA2060, unless noted otherwise.

Date	Speaker	Paper title and abstract
Tuesday, May 20	Kerim "Peren" Arin, Zayed University, Abu Dhabi, UAE, and CAMA, Canberra, Australia	<p>On the Determinants of Fiscal Consolidation Success: A Bayesian Approach</p> <p>The literature on fiscal consolidation points to a variety of fiscal, macroeconomic, and political factors as influential in determining the success of fiscal adjustment attempts. Considering 31 of these potential factors, we analyze their influence on a binary dependent success variable within a Bayesian framework. Based on a set of OECD countries for the 1975-2009 period, our results suggest that three variables, namely, the change in government social spending, monetary stance and the type of government are highly likely to be included in the best model. Accordingly, a decrease in government social spending, accommodating monetary policy and a united government increase the probability of achieving episodes of successful fiscal adjustment.</p>
Tuesday, May 6	Fazil Kayikci, Yıldız Technical University, Department of Economics, İstanbul	<p>Sustainability of the Current Account Deficits: An Application with the Turkish Data</p> <p>Many developing countries have experienced substantial and persistent current account deficits in recent years; this has raised the issue of sustainability since currency crises were often associated with large and persistent current account deficits. With this motivation, after presenting a brief history about balance of payments in Turkey, macroeconomic determinants of the current account deficits in Turkey were investigated by Vector Auto Regression and Auto Regressive Distributed Lag models in lights of the theoretical arguments made about Turkish Economy through making comparisons with Latin American and East Asian countries. Then, sustainability of the current account deficit was analyzed by different empirical techniques associated with solvency and excessiveness concepts. Both the long run relationship between exports and imports together with national cash flow and consumption were analyzed. In order to distinguish between sustainable and unsustainable periods for current account deficits, Markov regime switching model was used thereafter. Finally, sustainability of the current account deficits in Turkey was evaluated according to the macroeconomic fundamentals together with discussing the composition of current account deficit and the way of financing to have insights about the future path of current account balance. Problem about current account deficits were considered as structural for two reasons. First, the deficits were mainly caused by high rate of investments rather than temporary over-consumption decisions. Second, they were caused by foreign trade deficits largely as an outcome of dependence of production and exports on imported intermediate goods. Furthermore, there were negative developments about the way of financing in last years that share of debt instruments in financing has increased against FDI. As a result, it has seen that Turkey would continue to have current account deficits in the next years and sustainability of these deficits has become increasingly difficult.</p>
Tuesday, April 22	Ibrahim Elbadawi, Dubai Economic Council, UAE; and The	<p>The Macroeconomics of the Gold Economy in Sudan</p> <p>Sudan has recently experienced a surge in gold exports, which quickly became the top foreign exchange earner,</p>

	Economic Research Forum, Cairo, Egypt	<p>following the collapse of the oil economy due to the partitioning of the country in 2011. However, the foreign exchange-constrained and severely fiscally-dominated economy prompted the government to assign the role of gold purchasing and exporting the gold to the Central Bank, rather than the Ministry of Finance, nor to private exporters. This paper develops a simple game-theoretic rational expectation macroeconomic model, where the payoffs associated with the strategic behavior of gold's traders' and the objectives of maximizing gold purchases are used to define the central bank's problem. In this context the paper assesses the implications of the bank's policy on inflation and the rate of nominal exchange rate devaluation. We find that the bank's monetary policy is largely influenced by the international gold price, the domestic part of the government's debts and is ineffective in anchoring inflation expectations and also tends to weaken the domestic currency. Our model also allows the derivation of a threshold of gold purchase to money supply ratio, beyond which the rate of inflation becomes higher than the rate of currency devaluation. In turn, this leads to real exchange rate appreciation, to the detriment of agriculture and manufacturing, which further reinforces the country's dependency on the resource rents.</p>
Tuesday, April 15	Thomas Longwell, American University of Sharjah	<p>An Empirical Analysis of Demand for Earthquake Insurance in California</p> <p>It has been known for years that consumers tend to be uninsured against natural disasters. Previous economic research on the topic has stressed the role of high prices and consumer preferences that deviate from expected utility. In particular, a body of research suggests that agents may be biased in their perception of the probabilities of rare events. In this paper, I use detailed data on earthquake hazard in California to estimate a model of demand for earthquake insurance, and use my demand model to test the sensitivity of consumer response to price, probability of loss, and amount of home equity. My results demonstrate that consumers are very insensitive to price, moderately sensitive to loss probability, and strongly sensitive to home equity. I am able to conclude that the pattern of earthquake insurance demand in California can be explained by the combination of consumers with low equity electing to pass earthquake risk along to their bank, and the existence of a moderate bias in perception of earthquake risk. I accordingly conclude that attempts to encourage consumers to purchase insurance, such as consumer education campaigns or changing the consumer's default option from refusal of insurance to acceptance of insurance could significantly raise demand for earthquake insurance but are unlikely to induce full participation.</p>
Tuesday, March 18 In SBA175	George Naufal and Froilan Malit, American University of Sharjah	<p>Can Abuse Deter Future Migration Flows? The Case of Runaway Filipina Domestic Workers in Qatar</p> <p>Domestic work is a large and growing employment sector in the global economy. The United Nations – International Labor Organization reported at least 52 million people—mainly women—around the world are domestic workers. In the Middle East, female domestic workers constitute 1.5 million, largely employed in the</p>

		<p>Gulf Cooperation Council (GCC) region. While numerous small-scale qualitative studies have extensively examined the ongoing labor abuses and struggles of domestic workers and their legal and social issues, few studies have empirically examined the roles and impacts of abuse on runaway domestic workers' long-term migration plans. Drawing from field-based data collection between 2012 and 2013 in Qatar, we analyzed the demographic profile, labor conditions, contractual violations, and long-term migration plans of runaway Filipina domestic workers in Qatar. Given the highly anticipated events like the First World Cup Qatar 2022 and the Expo 2020, these particular findings are critically important because they have development and immigration policy implications both for the GCC and major labor-sending countries in the long-run.</p>
Tuesday, March 11	Todd Sandler, University of Texas at Dallas	<p>Buchanan Clubs This article evaluates the contribution of James M. Buchanan's theory of clubs. At the outset, the article distinguishes club goods from pure public goods. Next, the article distills the basic mathematical structure of Buchanan's treatment of clubs. This is followed by some key variants of Buchanan clubs. More general formulations of club theory are also addressed. To demonstrate the wide-ranging importance of Buchanan clubs, the article indicates varied applications of club theory. The article's message is that club theory remains highly relevant today.</p>
Tuesday, March 4	Javed Younas, American University of Sharjah	<p>Does Globalization Mitigate the Adverse Effects of Terrorism on Output and Growth? Do open developing nations counter the growth-limiting effects of terrorism more effectively than closed developing nations? We analyze this question using data on 120 developing countries over 1976-2008. The findings suggest that while all types of terrorism suppress output and growth, globalization alleviates this problem. We also identify the critical values of the globalization index where the negative effects of both domestic and transnational terrorism are completely offset by the positive effects of greater openness. The results thus help us understand why the economic consequences of terrorism vary across nations and hold important policy implications.</p>
Monday, February 24	Todd Jewell, University of Texas at Denton	<p>What are the Club Effects of Hooligansim? Evidence from English League Football Soccer hooliganism, defined as episodes of crowd trouble inside and outside soccer stadiums on match days, is commonly perceived to have adverse effects on the sport. However, it is also possible that hooliganism could have positive side-effects for clubs if it helps them to win games. In this paper we attempt to quantify both positive and negative effects on clubs, in terms of league performance and revenue generation. We measure hooliganism by arrests for soccer-related offenses. We analyze two distinct periods in the history of hooliganism in the top four divisions of professional English soccer: an early period during which hooliganism was a fundamental social problem (the seasons from 1984 to 1994), and a more recent period in which hooliganism has been less prevalent (1999 to 2009). In the 1984 to 1994 period we find evidence of a positive effect of arrests on league performance and an adverse effect on soccer club revenues. Both of these</p>

		effects disappear in the more recent 1999 to 2009 period. Our results support the hypothesis that 'gentrification' of the sport in recent years has reduced the amount of hooliganism and thereby has had a positive influence on revenue generation, as well as eliminating any benefit of hooliganism to clubs in terms of league performance.
Tuesday, February 18	George Naufal, American University of Sharjah	Attitudes of Students in the GCC towards the Arab Spring: A Case Study of Students in the UAE In this study we examine the attitudes of students at an institution of higher education in the Gulf region toward the new developments in the Arab world, mainly the so-called Arab Spring. Gulf is one of the most diverse regions of the world, making such research quite interesting as we examine how these attitudes vary with students' characteristics such as demographics and migration history. There are Arab and non-Arab students at institutions of higher education in the Gulf. Some of Arabs hail from the sister countries in the fold of the Gulf Cooperation Council (GCC) group whereas the others come from all corners of the Arab world. Non-Arabs, too, represent a large diversity of nationalities in the region, and therefore at schools. We conduct our research via a survey carried out at the American University of Sharjah, UAE. As the MENA region is home to one of the youngest populations in the world it is paramount to gauge the youth's views and aspirations about the region they are in.
Tuesday, February 4	Farrukh Iqbal, Office of the Chief Economist, Middle East and North Africa Region, The World Bank	Human Development in the Middle East and North Africa Region: A Comparative Analysis The MENA region has performed less well than most world regions in terms of economic growth in the last half century or so. A common impression, attributable in part to the well-known Arab Human Development Report issued by the UNDP in 2002, is that the region's performance has also lagged in the area of human development (education and health attainments). In my presentation I will discuss standard metrics of human development and show how the region has fared in comparative terms since 1960. I will also use a simple econometric model to assess the performance of individual countries. This model controls for initial conditions and for public spending in the social sectors. My analysis shows that, contrary to the common impression and despite weak economic growth, the region performed better than comparators as measured by some widely used metrics of human development.

Fall 2013

The Department of Economics seminar meets on Tuesdays from 4:00 to 5:00 p.m. in SBA2060, unless noted otherwise.

Date	Speaker	Paper title and introduction
Tuesday, December 17	Henry Chappell, American University of Sharjah	Taylor Rules for Sweden's Monetary Policy Committee We estimate Taylor rules for Sweden's central bank, the Riksbank, covering the period from May 2000 through December 2012. Sweden is interesting because of the transparency of its monetary policy deliberations and because of its unusual experience in the recent

		<p>recession. Sweden lapsed into a severe recession in 2008 but, unlike other countries, had a rapid and robust recovery. Prior to the recession, the Riksbank's monetary policy appears to have been highly inertial. However, the policy response to both the recession and the recovery in Sweden was quick and substantial, exhibiting less inertia than would have been predicted on the basis of pre-recession Taylor rule estimates. A notable feature of our econometric work is the use of a dynamic Tobit specification to account for the lower bound on nominal interest rates encountered during the recession.</p>
Tuesday, December 10	Yoonbai Kim, American University of Sharjah	<p>The RMB Debate: Empirical Analysis on the Effects of Exchange Rate Shocks in China and Japan</p> <p>For a better understanding of the ongoing debates on the RMB, this paper investigates the effects of exchange rate shocks on output and the current account for China and Japan. We use structural vector auto-regression models and find that yen appreciation reduces current account surpluses while having no strong effect on output in Japan. RMB appreciation, on the other hand, has insignificant effect on the current account, although it tends to reduce output in China. For China, dollar pricing with vertical trade integration seems responsible for the insignificant effect on the current account.</p>
Tuesday, November 26	Samer Kherfi, American University of Sharjah	<p>The Structure and Duration of Unemployment in Egypt</p> <p>Using data from the 2012 round of the Egyptian Labor Market Panel Survey (ELMPS), I construct a cross-section of unemployment spells, and analyze the determinants of the probability of exiting unemployment, conditional on individual and household characteristics, as well as local labor market conditions. Non-parametric and parametric estimates by gender and age group (youth versus older workers) are reported.</p>
Tuesday, November 19	Jay Squalli, American University of Sharjah	<p>Greenhouse Gas Emissions and Obesity</p> <p>Recent scholarly inquiries contend that obesity contributes to greenhouse gas emissions. However, the evidence presented has been largely speculative. Using U.S. state-level panel data over the 2000-2009 period, we assess the relationship between greenhouse gas emissions and obesity. We find that, net of other factors, U.S. states with higher obesity rates are associated with higher CO₂ emissions. We also find evidence supporting the contention that the higher the obesity rate, the larger the potential impact of driving vehicles on CO₂ emissions and the impact of farming (as a proxy for fertilizer use) on N₂O emissions. Given the significant environmental harm of CO₂ and N₂O, mitigating their emissions requires a joint effort between policymakers, public health officials, and the agricultural sector in pursuing remedial actions to reverse the current obesity trend, promote the efficient application of fertilizers, and move towards inhibiting the use of nitrogen-based fertilizers.</p>
Tuesday, November 12	Andrew Balthrop, American University of Sharjah	<p>Power Laws in Texas Oil and Natural Gas Production</p> <p>This paper shows that the distribution of cumulative oil and gas recovery in Texas is best described by a power-law distribution, with exponent approximately equal to 1 for oil production, and 1.3 for gas production. The goodness of fit of the hypothesized power law is verified</p>

		with regression-based and likelihood ratio tests. Results are significant because they show that production data are heavy tailed, that empirical variance estimates do not converge, and that 1% of oil leases are responsible for 83% of cumulative recovery.
Tuesday, October 12	Mohammad Arzaghi, American University of Sharjah	Industrial Similarity, Education, and Migration Finding a new job or a better one is the most important motivation and concern of migrants. The literature on the job matching and search indicate that experience strongly influence the type of jobs and how quickly the next job can be acquired. This alone points to the higher tendency of migrants finding a job in the same industry. Furthermore, this tendency is more pronounced for the better educated migrants (with high-skilled jobs) as the importance of on-the-job experience are greater on finding a new job and better match in the destination. Thus in this paper, we maintain that the similarity of the industrial composition of the origin and potential destination improves the job prospect of the potential migrants and therefore increases the migration flow all other things being equal. In addition, the influence of the industrial similarity on migration flow increases as the education attainment at the origin increases. We test these hypotheses using the detailed U.S. County-to-County migration data.
Tuesday, October 1	Carlos Vargas-Silva, Oxford University	The Consequences of Displacement Camps One of the difficulties in analysing the long-term impacts of having ever lived in a displacement camp is the possibility of a self-selection process into displacement and into a specific displacement camp. This paper looks at a policy which forced households to move into and stay in a specific camp. During the mid-1990s and early 2000s an estimated 800,000 people were forced out of their communities by the Burundian army and placed into camps, a policy known as "regroupment". Results suggest that about a decade after the end of the regroupment policy, those households that experienced regroupment are less likely to own livestock and the livestock they own is worth less. Those households with regroupment experience are also less likely to have crop and livestock production for subsistence as their main income generating activity, and more likely to have waged employment as their main economic activity.
Tuesday, October 8	Paulo Guimaraes, American University of Sharjah	Industry Concentration, Distance Decay, and Knowledge Spillovers: Following the Patent Paper Trail This paper investigates the hypothesis that knowledge flows are stronger where industries are spatially concentrated. At the same time, we take a fresh look at the relationship between the friction of distance and the transmission of knowledge. Our unique database combines U.S. county-level patent citations with county-level establishment and employment data. To test the influence of distance decay and industry concentration on knowledge flows we estimate a cited-citing patent gravity model. This empirical approach implements a Poisson pseudo-weighted-maximum-likelihood estimator with high-dimensional fixed effects that controls for multiple sources of observed and non-observed heterogeneity. The results confirm the negative role of distance discovered in Jaffe, Trajtenberg & Hendersons (1993) pioneering work. A

		major new ...finding is that patent citations correlate positively with industry concentration, holding constant the proximity from the origin of the patent. This result shows that industry concentration can partially offset the adverse effect of distance on knowledge transmission.
--	--	--

Spring 2013

The Department of Economics seminar meets on Wednesdays from 4:00 to 5:00 p.m. in SBA2060, unless noted otherwise.

Date	Speaker	Paper title and introduction
Wednesday, May 15	Osiris Jorge Parceró, United Arab Emirates University	<p>Does Population Size Affect Inequality and Redistribution?</p> <p>The aim of this paper is to use a newly available panel dataset to test the hypothesis that, in non-democratic countries, a large population and a high population density lead to more redistributive policies and so to lower income inequality. This relationship has been hypothesized and also tested for a smaller dataset by Campante and Do (2008). The positive (negative) relationship between population size and density and redistributive policies (inequality) results from the interconnection of two intermediate hypotheses. First, some political scientists, as well as the accounts of many revolutionary episodes, suggest that higher population size and concentration lead to a higher probability of revolutions to overthrow the governing elites. This hypothesis is better suited to less democratic countries. In democracies the less favored classes can use their votes to change the governing elites. Second, the revolution's threat prompts the elites to better re-distribute the country's income, leading to a lower Gini coefficient. Campante and Do go one step further and claim that the mechanism through which the elites redistribute the income is a higher taxation. A clear consequence of this mechanism is that the effect that population size has on the Gini coefficient should be stronger after taxes have been deducted (and transfers added) from income. Our empirical study finds strong evidence in support of C&D's first proposition, but not the second. Quite the contrary, we find that the negative effect of population and population density is stronger on the gross measure of the Gini coefficient than on the net one. We find that a widespread primary and secondary education can explain this stylized fact and so propose it as the channel through which a larger population affects redistribution.</p>
Wednesday, May 8	Ilker Kaya, American University of Sharjah	<p>Foreign Aid and the Quest for Poverty Reduction: Is Aid to Agriculture Effective?</p> <p>Development statistics estimate that three quarters of the poor live in rural areas and most of them depend on agriculture and related activities for their livelihood. Consequently, research focusing on economic growth and poverty reduction has found that sustainable rapid transition out of poverty requires a special emphasis on the agricultural sector. This study contributes to the debate on aid-effectiveness by disaggregating total aid into sub-categories and specifically investigating the relationship between aid given to the agricultural sector</p>

		and poverty reduction. If agricultural development is more effective in reducing poverty than some other types of development, then foreign aid directed toward agriculture may be more efficient in increasing the well-being of the poor than aid directed to some other sectors or uses. Our analysis uses panel data for developing aid recipient countries to empirically test this relationship. We find a significant relationship between agricultural aid and poverty reduction in our estimates.
Wednesday, May 1	Subhayu Bandyopadhyay, Federal Reserve Bank of St. Louis, and IZA, Bonn	<p>Immigration Policy and Counterterrorism</p> <p>A terrorist group, based in a developing (host) country, draws unskilled and skilled labor from the productive sector to conduct attacks in that nation and abroad. In a proactive game, the host country chooses countermeasures against its skilled and unskilled labor, while the targeted developed country H applies proactive efforts (e.g., drone attacks) against the host country's resident terrorist group. Moreover, country H sets its immigration quotas in regards to skilled and unskilled labor emigrating from the host country. An increase in the unskilled labor quota raises terrorist attacks in H and lowers these attacks in the country sending the immigrants. The opposite is generally true for an increase in the skilled labor quota. We also investigate a defense proactive game, where country H uses defensive (target-hardening) measures at home instead of proactive efforts abroad. For this new scenario, the effects of unskilled and skilled quotas on terrorism remain qualitatively unchanged. Leader-follower models are also investigated for the alternative strategic scenarios.</p>
Wednesday, April 24	Mongoljin Batsaikhan, Georgetown University, Qatar	<p>Trust, Trustworthiness, and Success in Business</p> <p>Do successful entrepreneurs trust others more? Are they more trustworthy? The answer depends on how profitable trust is; one might be better off by cheating instead of trusting if cheating is more profitable than trusting and there is no legal enforcement against cheating. When there is no institutional support to force contracts among economic agents, social capital helps to improve market outcomes. In a world where social dilemmas exist and cooperation can improve economic outcomes for agents without any binding contracts, one has to commit to economic transactions with others on the basis of trust. Trust and trustworthiness among agents in this case can work as social capital to solve the social dilemma. Social capital, measured in World Value Surveys (WVS) and lab experiments, has been extensively studied in economics. Recent literature shows that trust in WVS and trustworthiness (but not trust) measured from lab experiments are positively correlated and both have positive implications on important economic outcomes such as GDP, productivity, bank loans, ethnic diversity and inequality. Using a unique data set of real business data merged with the data collected from lab experiments, this study shows that while trustworthiness is associated with the amount of bank loan, trust is positively linked to sales amount from real business data and trust is profitable in the lab set up. Successful entrepreneurs also invest the optimal amount of trust in the lab setup. Entrepreneurs exhibit higher trust and trustworthiness measures than student subjects. Finally, I show that entrepreneurs that</p>

		satisfy expected utility hypothesis tend to be more successful in business.
Wednesday, April 17 in SBA002	Serdar Sayan, Professor of Economics and Director, Center for Social Policy Research, and Dean, Graduate School of Social Sciences, TOBB University of Economics and Technology, 06560 Ankara, Turkey	<p>Fluctuations in Migrant Workers' Remittances over Home and Host Country Business Cycles</p> <p>Workers' remittances are often argued to have a tendency to move counter to the output movements over business cycles in recipient countries since migrant workers are expected to remit more during contraction of economic activity back home. Yet, how much to remit is a complex decision involving other factors, including the state of economic activity over the business cycles in the countries of destination. Further, there may be systematic co-movements between home and host country business cycles, particularly when there are strong bilateral links (such as trade and investment flows) between the two economies. The existing literature on cyclical characteristics of remittances began to grow following the publication of two papers by Sayan (2004 and 2006), focusing on the linkages between cyclical fluctuations in remittances and output (or business) cycles in the home (migrant-sending) countries. The literature then extended to cover the effects of host (migrant-receiving) country business cycles on cyclical fluctuations in remittances sent home by migrant workers, but still lacks analyses of the possible impact of any interactions and systematic co-movements likely to be observed between the home and host country business cycles. To contribute to the filling of this gap, the paper develops a framework to investigate the business cycle dynamics behind the remittance decisions of migrant workers by recognizing the potential of cyclical fluctuations in the host country's output to affect output movements over home country business cycles. I then discuss the relevance of this problem to Germany-Turkey and USA-Mexico migration corridors in light of empirical results and draw lessons.</p>
Wednesday, March 20	Michael Malcolm, American University of Sharjah	<p>Are Pornography and Marriage Substitutes for Young Men?</p> <p>Substitutes for marital sexual gratification may impact the decision to marry. Proliferation of the Internet has made pornography an increasingly low-cost substitute. We investigate the effect of Internet usage, and of pornography consumption specifically, on marital status of young men. Using suitable instrumental variables, we show that increased Internet usage has a modest negative effect on marriage formation. Pornography consumption specifically has an even stronger effect.</p>
Wednesday, March 13 in SBA002	Todd Sandler, University of Texas at Dallas	<p>The Analytical Study of Terrorism: Taking Stock</p> <p>This lecture presents an eclectic review of the analytical study of terrorism that views all agents as rational decision makers. This analytical investigation began in earnest with the seminal study of US skyjackings by William Landes in 1978 and grew rapidly after 9/11. These studies enlightened us about the economic consequences of terrorism, the effectiveness of counterterrorist policies and causes of terrorism. New developments in the field focused on distinguishing key differences between domestic and transnational terrorism. Recent game-theoretic advances permit more active agents and stages to the games. Other major developments involve the study of networked terrorists. Fruitful future directions include using advanced econometric methods to discern the true impact of</p>

		terrorism on growth, applying spatial econometrics to the study of terrorism, ascertaining the determinants of terrorist groups' longevity, and learning how to foster international cooperation for counterterrorism.
Wednesday, March 6	Giorgia Romagnoli, New York University Abu Dhabi	<p>Commodity Exchanges and Development in Sub-Saharan Africa</p> <p>Commodity exchanges have recently drawn the attention as a powerful tool for boosting development in the African continent. They promise to facilitate the access to national and international markets, increase liquidity and information, boost the confidence of buyers and sellers, reduce the risk of default, improve the access to credit and stabilize prices. Following the momentum a large number of African countries have introduced national commodity exchanges (Nigeria, Uganda, Ethiopia, Malawi and Zambia) and other countries are in the process of establishing one. At the same time, governments and international donors started advocating the need for a rigorous research agenda to shed light on the welfare implications of commodity exchanges. The most compelling research questions span from the impact evaluation of commodity exchanges to the design and implementation of optimal regulations and rules of conduct specifically tailored to commodity exchanges in the developing world. We are addressing some of these research questions in partnership with the Ethiopia Commodity Exchange (ECX). Our research agenda includes: 1. The impact evaluation of commodity exchanges 2. A cointegration analysis which highlights the relation with international price series. How are shocks in international markets transmitted into the developing world? Is the presence of a commodity exchange facilitating the transmission of shocks? 3. The provision of policy recommendations and guidelines to improve the ECX model and inspire the design of other exchanges in the developing world.</p>
Tuesday, February 26	Farook Malik, Zayed University	<p>Is Gold the Best Hedge and a Safe Haven under Changing Stock Market Volatility</p> <p>We evaluate the role of gold and other precious metals relative to volatility (VIX) as a hedge (negatively correlated with stocks) and safe haven (negatively correlated with stocks in extreme stock market declines) using data from the US stock market. Using daily data from November 1995 to November 2010, we find that gold, unlike other precious metals, serves as a hedge and a weak safe haven for US stock market. However, we find that VIX serves as a very strong hedge and a strong safe haven during our sample period. We also find that in periods of extremely low or high volatility, gold does not have a negative correlation with the US stock market. Our results show that VIX is a far superior hedging tool and serves as a better safe haven than gold during our sample period. We highlight the practical significance of our results for financial market participants by conducting a portfolio analysis.</p>

Fall 2012

The Department of Economics seminar meets on Wednesdays from 4:00 to 5:00 p.m. in SBA2050, unless noted otherwise.

Date	Speaker	Paper's title and introduction
Wednesday, December 19	Ali Termos, American University of Beirut	<p>Drivers of Loan Securitization: A Bank Level Examination</p> <p>We examine the determinants of bank loan securitization in the U.S. between 2001 and 2010. Four drivers for securitization have been identified in recent studies: credit risk transfer (CRT), liquidity creation, equity capital arbitrage, and profitability. We test these drivers over the seven types of loans securitized reported in the Call Reports. As in previous studies, liquidity creation is found to be the most significant driver for securitization for all loans. However, while CRT hypothesis holds true for home mortgages, there is no such evidence for home equity loans, credit cards, and auto loans. Further, only commercial and industrial loans and credit cards loans tend to be securitized by banks to improve their equity capital ratio, and no evidence is found to support the capital arbitrage hypothesis for mortgage loans. As for profitability, lower interest income tends to be associated with higher probability of securitization for most loans.</p>
Wednesday, December 5	Emin Gahramanov, Deakin University, Australia	<p>Can Restricted Optimal Irrational Behavior Reconcile High Saving with High Discount Rates?</p> <p>Optimal irrational behavior offers an alternative to the standard rational paradigm of neoclassical economics that is more consistent with some observed behaviors and experimental evidence. However, it often predicts that households should save much more than we observe and also exhibits huge spikes in consumption at the end of life. Here we show that if households are restricted to learning a rule that consumption is proportional to income during the working life than optimal irrational behavior can yield plausible capital-output ratios with a hump-shaped consumption profile that also drops off after retirement, similar to empirical data.</p>
Wednesday, November 28	Kevin Thom, New York University Abu Dhabi Center for Technology and Economics Development	<p>Responses of Rural Households to Weather Shocks</p> <p>Rural households engaged in agricultural production face a substantial level of income risk from variability in weather conditions. Using multiple data sources, we examine the effects of precipitation and temperature shocks on the labor market choices of households in rural Mexico in the 1990s and 2000s. We document a U-shaped relationship between growing season rainfall and the probability that a young man migrates to the United States. Both drought and excessive rainfall are positively related with the propensity to migrate, and the magnitude of these effects are substantial. Moving from the median level of rainfall to the 10th percentile of the rainfall distribution raises the probability of migration by 22%. Moving from the median to the 90th percentile raises the probability of migration by 70%. We also find substantial effects on the future labor force participation of teenage males, and the probability of self-employment.</p>
Tuesday, November 13	Andrew Balthrop, American University of Sharjah	<p>A Regression Discontinuity Approach to Oil and Natural Gas Regulation</p> <p>Oil and natural gas reservoirs span multiple productive leases so that no owner has rights to the entire stock of resource, yielding production externalities. Previous literature has examined the effectiveness of</p>

		<p>government regulation in Texas and Oklahoma, finding Oklahoma to be more successful in unifying common pools and securing property rights. Using regression discontinuity, we extend this body of literature by quantifying the impact of government regulation. We find that Oklahoma produces an average of 3,360 more barrels of oil over the life of a well, relative to Texas. The results underscore the effectiveness of assigning secure property rights.</p>
<p>Wednesday, October 24</p>	<p>Alex Coutts, New York University Abu Dhabi Center for Technology and Economics Development</p>	<p>Peer Effects in Development Interventions: Savings Groups in Uganda The role of peer effects in development interventions has been shown to be important in a number of contexts (mosquito nets, deworming pills, health service delivery, and microfinance). Using data on an intervention by an NGO in Uganda to promote savings groups in rural villages I find that when individuals belong to the ethnic majority of their village they are more likely to join such groups. While peer learning likely plays a role in this result, I will argue that the dynamics in time taken to join a group cannot be generated by common models in the literature. I argue that village-level social norms and pressure played a critical role in inducing individuals to join these groups.</p>
<p>Wednesday, October 10</p>	<p>Froilan T. Malit, Jr., Dubai School of Government</p>	<p>Inside the Labor-Sending State: The Role of Frontline Welfare Bureaucrats and Informal Migration Governance in Qatar Since the 1960s, many labor-sending countries (LSCs)¹ like the Philippines have increasingly faced a policy dilemma between protecting their citizens' labor rights and maintaining labor market access in the Arab Gulf region. To address such constraint, many LSCs have increasingly developed emigration policies and institutions to protect and promote workers' rights. This research examines how and why labor-sending countries influence their emigration policies, particularly in the case of Qatar. Based on 45 in-depth qualitative interviews between 2011 and 2012 with labor diplomats, domestic workers, and labor rights leaders in Qatar, this research finds that despite the absence of legal protection mechanisms, frontline welfare bureaucrats have influenced Philippine emigration policies and the Kafala Sponsorship program. Three informal governance practices have been identified-labor mediation program, 48 hour ban policy ("burden-sharing" strategies), and informal diplomacy network ("burden-shifting" strategy)-which appeared to have enabled frontline welfare bureaucrats to mitigate domestic workers' cases within the Qatari labor market. These informal policymaking practices have not only reinforced frontline welfare bureaucrats' capacity to rule but also their abilities to cultivate relationships, power, and conflicts that determine policy outcomes. These empirical findings particularly contribute to the larger theoretical debates on the role of state in international migration by shifting the discourse to the human agency of the state (mainly of state bureaucrats) to understand how labor-sending countries determine policy outcomes in the host countries. ¹ Labor-sending countries are referred to governments that both explicitly and implicitly developed institutions and policies to export their labor abroad. Specific labor-sending countries</p>

		include but not limited to the Philippines, Indonesia, India, and Nepal.
Wednesday, October 3	Emilia Soldani, New York University Abu Dhabi Center for Technology and Economics Development	Spatial Price Transmission and Market Integration Like many other developing Countries, rural Ghana is characterized by poor storage facilities and low quality of local roads. In such an environment, temporal and spatial arbitrages are costly and prone to spoilage of the produce. Are the predictions from traditional theoretical models of production and arbitrage still going to hold? In this paper we use a new dataset of weekly data from rural and urban markets in Ghana to test how closely empirical evidence resembles the theoretical predictions. We pay particular attention to price transmission, as this is likely to affect how global shocks in food prices impact local economies. We measure the economy's ability to store and transport commodities between local markets through measures of cointegration between food prices. In particular, we ask how the degree of perishability of the commodity impacts traditional measures of cointegration between markets.
Wednesday, September 26	Nicole Hildebrandt, New York University Abu Dhabi Center for Technology and Economics Development	Findings from our Esoko MIS Impact Study In this (ongoing) project, we conduct a randomized experiment to study the impact of an SMS-based market information system on smallholder farmers in rural Ghana. Farmers in our treatment group were provided with a subscription to Esoko's commodity price information service, which provides twice-weekly text messages with crop prices from markets across Ghana. We look at (1) the extent to which better market information allows farmers to realize higher prices; and (2) the main mechanisms through which any price increases are taking place. The presentation will discuss some of our preliminary results, and our plans for the final year of the study.

Spring 2012

The Department of Economics seminar meets on Tuesday from 4:00 to 5:00 p.m. in SBA2060, unless noted otherwise.

Date	Speaker	Paper title and introduction
Tuesday, May 15	Mouawiya Alawad, Zayed University	UAE Labor Market under the Economic Crisis Topics that will be discussed include: Demographics and labor market in the UAE; Effect of crisis on labor in the private sector; What if the economic crisis never happened?; Labor under Knowledge-based Economy?
Tuesday, March 20	Ismail Genc and George Naufal, American University of Sharjah	A Tacit Monetary Policy of the Gulf Countries: Is There a Remittances Channel? The strong economic ties between the GCC economies and the US are manifested in three ways: currency peg, coupling of monetary policy and the adoption of the US dollar as the trading currency for oil. This paper examines how these dynamics result in misalignment of the US monetary policy with the business cycles of the GCC economies. The study analyzes how the staggering amount of remittances from the GCC economies plays a stabilizing role as a tacit monetary policy tool. Incorporating remittances in the money demand equation results in a more robust model than otherwise.

Tuesday, February 21	Javed Younas, American University of Sharjah	<p>The Quest for a Safe Haven: Terrorism and the Feldstein-Horioka Paradox</p> <p>Can terrorism explain the paradox in the exiting literature that why capital is more mobile in developing countries than in developed ones, even though the former are less open? Using the Feldstein and Horioka's (1980) methodology, this paper examines the impact of terrorism incidents and casualties on capital mobility in developing countries over 1976-2007. Our robust findings suggest that in closed economies, all types of terrorism decrease capital mobility, whereas even minimal globalization totally offsets this effect. This implies that: (i) uncertainties about future income caused by terrorism induce more precautionary savings; and (ii) given escape routes as a result of world markets integrations, capital does leave domestic boundaries to seek safe havens abroad. At least partially, this study unfolds the paradox in the Feldstein-Horioka literature; which, in fact, Adam Smith also hinted at more than 200 years ago.</p>
-------------------------	--	---

Reading Club/Enrichment Seminars

Date	Speaker	Paper's title and introduction
Tuesday, November 1 in SBA2102 4:00–5:00 p.m.	Andy Barnett, American University of Sharjah	<p>Undergraduate Research in the AUS Economics Program: The Good, the Bad and the Ugly</p> <p>Emphasis on undergraduate research is an emerging trend in undergraduate education. Over the last decade universities around the world have taken steps to integrate meaningful research activities into undergraduate curricula. Some have established offices of undergraduate research. Others have integrated into the curriculum new courses that emphasize student learning via independent research. Some have attempted to add a research component to existing courses. Our current Economics 495 fits within this new trend. While joining a current fad may have virtue, there are also other reasons for our current ECO 495 format. In our discussion we will briefly address emerging trends in undergraduate research. We will also discuss what we set out to achieve five years ago when we introduced, via ECO 495, a research requirement for our BA majors. Our emphasis on research for BA majors has run from good too bad to ugly. We will discuss those experiences. Finally, we will address the extent to which we are meeting the goals we set out to achieve when we adopted this addition to our program.</p>
Tuesday, October 11 in SBA2060 4:00–5:00 p.m.	Michael Malcolm, American University of Sharjah	<p>LaTeX Training Workshop</p> <p>LaTeX is freeware designed for high-quality typesetting, and is specifically geared towards technical and academic documents that contain a significant amount of mathematical notation. LaTeX enables a considerable time savings and quality improvement compared to setting these documents in Microsoft Word. In this presentation, I outline what you need in order to begin using LaTeX and cover basic syntax. Handouts will be distributed during the talk.</p>

