

BOOK OF ABSTRACTS

EconWorld2018@Lisbon

23–25 January 2018

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WELCOME



The 7th EconWorld conference (International Conference in Economics) was held in Lisbon, Portugal on 23–25 January 2018 at Sana Lisboa Hotel.

PROGRAMME AT A GLANCE



WEDNESDAY, 24 JANUARY 2018

09:00–10:30	W1CVI – Labour (CASTELO VI) W1CVII – Country Studies / Ülke Çalışmaları (CASTELO VII)
11:00–12:30	W2CVI – Banking (CASTELO VI) W2CVII – Business and Finance / İşletme ve Finans (CASTELO VII)
14:00–15:30	W3CVI – Country Studies (CASTELO VI) W3CVII – Turkish Economy / Türkiye Ekonomisi (CASTELO VII)
16:00–17:30	W4CVI – Economic Policy (CASTELO VI) W4CVII – Topics in Economics/ İktisatta Seçme Konular (CASTELO VII)

THURSDAY, 25 JANUARY 2018

09:00–10:40	T1CVI – Development (CASTELO VI) T1CVII – Tax /Vergi (CASTELO VII)
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14:00–15:30	T3CVI – Wage (CASTELO VI) T3CVII – Economy Policy II (CASTELO VI (T3CVII))

SESSIONS

W1CVI – Labour

Wednesday, 24 January 2018 • 09:00–10:30 • CASTELO VI • Chair: Jorge Bouchot-Viveros

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09:20	Economic and Social Effects of Labour Mobility in European Union <i>Selda Dudu</i>	p. 12
09:40	On the Efficiency Properties of The Roy's Model Under Asymmetric Information <i>Concetta Barbara Mendolicchio</i>	p. 13
10:00	The Labour Market Transformation of Turkey After 2000s: Atypical Form of Employment <i>Gonca Darik</i>	p. 14
10:20	The Impact of Uncertainties on the Labour Market <i>Mehmet Kenan Terzioğlu</i>	p. 15

W1CVII – Country Studies / Ülke Çalışmaları

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10:20	Kyrgyzstan Economy in Terms of Economic Developments / Ekonomik Gelişmeler Çerçevesinde Kırgızistan Ekonomisi <i>Oğuz Yıldırım</i>	p. 20

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11:20	Are foreign banks better at measuring and managing risks? <i>Carlo Milani</i>	p. 22
11:40	A Literature Review: Quantitative techniques in bank efficiency measurement <i>Tuğba Sarı</i>	p. 23
12:00	Cash is King? Detection of the Global Market in a Financial Crisis <i>Chong-Chuo Chang</i>	p. 24
12:20	Characterization of Variation Averse Preferences by Present Value <i>Umut Keskin</i>	p. 25

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17:00	Economic Policy of Local Self Government in Samegrelo and Upper Svaneti Region <i>Erekle Zarandia</i>	p. 45
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W4CVII – Topics in Economics/ İktisatta Seçme Konular

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09:40	Economic Freedom – The cause of Equality or Inequality? <i>Vakhtang Chkareuli</i>	p. 53
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11:40	Management Guidelines For Slow Onset Disasters: The Case Of Climate Change And Central Anatolian Drought <i>Levent Aksoy</i>	p. 63
12:00	Would Higher Intra-Regional Trade intensity for MENA Countries be Attained, when they are More Democratic and Less Bureaucratic? <i>Esmat Mostaf Kamel</i>	p. 64

T2CVII – Topics in Economics / İktisatta Seçme Konular

Thursday, 25 January 2018 • 11:00–12:40 • CASTELO VII • Chair: Hasan Dudu

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11:20	Effects of Risk perception and Education on Entrepreneurial Intentions <i>Ana Iolanda Voda</i>	p. 66
11:40	Education and the Geography of Economic Opportunity <i>Sulagna Mookerjee</i>	p. 67
12:00	A Dynamic Model of CEO Turnover in A Multi Factor Environment <i>David Cardoso</i>	p. 68

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14:20	Employment Quality and Wages Gains from Global Engagement: Evidence from Ethiopian Manufacturing Firms <i>Ali Yibrie Esmale</i>	p. 70
14:40	Relationship Between Organizational Justice and Employee Satisfaction: Evaluation of Human Resources Functions <i>Büşra Yiğitöl</i>	p. 71
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T3CVII – Economy Policy II

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14:40	Determinants of Intergenerational Mobility: Does (In)equal Opportunity occurs? <i>Uğur Aytun</i>	p. 75
15:00	A spatial voting model of electoral competition with non-fixed number of voters <i>Hamideh Esfahani</i>	p. 76

ABSTRACTS



W1CVI – Labour · Wednesday 24 January, 09:00–09:20, CASTELO VI

Job creation effects of R&D and ICT: Evidence from Europe

Ünal Töngür¹

¹Akdeniz University, Turkey

A B S T R A C T

The purpose of this study is to investigate the job creation effects of R&D and ICT for European countries. There are several studies that examine those effects of R&D and ICT, separately. However, the impact of R&D on employment may depend on ICT level, and/or vice versa. To the best of our knowledge, this is the first study that explores joint effects of R&D and ICT on employment. The analysis is based on sector-level data obtained from EU KLEMS Project, and it covers the period from 1995 to 2015. The study uses GMM estimation for the empirical strategy. The findings of this study will provide some policy recommendations for the nexus of technology and job creation.

KEYWORDS R&D; ICT; Employment

JEL J23, O14, O33

W1CVI – Labour · Wednesday 24 January, 09:20–09:40, CASTELO VI

Economic and Social Effects of Labour Mobility in European Union

Selda Dudu¹

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ABSTRACT

The European Union (EU) legislation gives to the European workers the right to move and reside freely inside the EU. Thus, every year many workers move from one country to another in order to reach better life standards. This mobility affects economic and social structure of not only the country of destination, but also the rest of the EU. This article aims to reveal economic and social effects of labour mobility in the EU by building on the existing evidence in the literature, especially by the European Commission.

KEYWORDS Labour Mobility; European Union; Economic and Social Effects

JEL J6, J61, J62

W1CVI – Labour · Wednesday 24 January, 09:40–10:00, CASTELO VI

On the Efficiency Properties of The Roy's Model Under Asymmetric Information

Concetta Barbara Mendolicchio¹

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ABSTRACT

We consider Roy's economies with perfectly competitive labor markets and asymmetric information. Firms choose their investments in physical capital before observing the characteristics of the labor markets they will face. We provide conditions under which equilibrium allocations are constrained Pareto efficient, i.e., such that it is impossible to improve upon the equilibrium allocation by changing agents' investments and letting the other endogenous variables adjust to restore market clearing. We also provide a robust example of a class of economies where these conditions fail and where equilibria are characterized by overinvestments in high skills.

KEYWORDS Roy's model; human capital; constrained Pareto efficiency

JEL D60, D82, J24

W1CVI – Labour · Wednesday 24 January, 10:00–10:20, CASTELO VI

The Labour Market Transformation of Turkey After 2000s: Atypical Form of Employment

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¹Dokuz Eylul University, Turkey

²Bonn University, Germany

ABSTRACT

The structure of employment has been changing since the 1990s globally. The share of workers in standard form of full time and/or open-ended employment decreased while the share of workers in non-standard or “atypical” form of employment increased. The widely known forms of atypical employment include, but are not limited to, part time jobs, fixedterm contracts, self employment, working multiple jobs and working below minimum wage. In line with the changes in employment structure in international labor markets, Turkey’s labor market is also transforming. Considering the size of young population in Turkey, a detailed analysis of atypical employment in Turkish labor market is of vital importance. Our aim is to examine this structural change in Turkey’s labor market by employing a logit model with panel data. We use Turkish Statistical Institute’s 2001-2013 Household Budget Survey in order to examine the determinants of not only the two most common atypical form of employment in Turkey; the undocumented workers and self employment, but also the temporary employment, part-time employment and second employment.

KEYWORDS Atypical employment; Labor Market; Logit

JEL J01, J21, J41

W1CVI – Labour · Wednesday 24 January, 10:20–10:40, CASTELO VI

The Impact of Uncertainties on the Labour Market

Mehmet Kenan Terzioğlu¹

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ABSTRACT

The impact of inflation uncertainty and output uncertainty, especially in developing economies, has become a topic of widespread interest owing to ensure sustainable development through low-stable inflation is among the fundamental objectives for policy makers. Increased uncertainty on economic structure results a misallocation of resources. This paper examines the impact of uncertainties on the allocation of labor resources using stochastic volatility models. Moreover, the relations between uncertainties and labor markets are examined by considering the Phillips curve and Lucas hypothesis in developed and developing countries.

KEYWORDS Labor market; Phillips curve; Lucas hypothesis; Stochastic volatility models; Uncertainty

JEL C01, C32, E24

W1CVII – Country Studies / Ülke Çalışmaları · Wednesday 24 January, 09:00–09:20, CASTELO VII

Stochastic Convergence in Latin America Countries: Panel Stationary Test with Smooth and Sharp Breaks/ Latin Amerika Ülkelerinde Stokastik Yakınsama: Yumuşak Değişmeli ve Keskin Kırılmalı Panel Durağanlık Yaklaşımı

Gülten Dursun¹, Evren Denктаş¹

¹Kocaeli University, Turkey

A B S T R A C T

This study investigates the stochastic convergence of 17 Latin American countries to the US economy for the period 1950 to 2017. Unit root tests are used to test stochastic convergence hypothesis for individual Latin American countries. These methods include the possibility of sharp and smooth structural changes by using the estimation of a trend function advanced by Li et al. (2015). The results show that when endogenous sharp and smooth structural changes are considered several Latin American countries exhibit stochastic convergence except Barbados, Bolivia, Brazil, Peru, and Uruguay. Additionally, using recently developed Fourier-type tests, we find evidence that stochastic convergence in almost all Latin American countries is greater power than a linear method.

KEYWORDS Stochastic Convergence; Latin American Countries; Stationary Test; Trend function; Sharp and Smooth Breaks; Fourier Function

JEL C32, O40, O54

Determinants of Foreign Direct Investment: Investigation with Multivariate Statistical Analyses / Doğrudan Yabancı Yatırımları Etkileyen Faktörlerin Çok Değişkenli İstatistiksel Yöntemler ile İncelenmesi

Özlem Yorulmaz¹, Selay Giray Yakut²

¹Istanbul University, Turkey

²Marmara University, Turkey

A B S T R A C T

With the effect of globalization, movements of knowledge, service and capital have been accelerated. And as a result of this, the effects of foreign direct investment on economic growth and development of countries came into prominence. Determinants of Foreign Direct Investment have been widely studied in the literature. However, different from the previous studies, this study investigates the effects of macroeconomic, social and institutional variables particularly democracy index and transparency index on foreign direct investment in MENA, LAC and OECD countries using multivariate statistical techniques. In the first stage, homogenous groups were identified using cluster analysis and differences between means of clusters were evaluated by Kruskal Wallis tests. In the next stage, relationships between variables were investigated for the three country groups using multidimensional scaling approach. And in the final stage, considering three country groups canonical correlation analysis was employed to analyze the relation between determinants of foreign direct investment and foreign credits with foreign direct investment.

KEYWORDS FDI; Transparency Index; Democracy Index

JEL F21, C10, C40

W1CVII – Country Studies / Ülke Çalışmaları · Wednesday 24 January, 09:40–10:00, CASTELO VII

Economic Freedom and Human Development: A Panel Causality Test on Selected Countries / Ekonomik Özgürlük ve İnsani Gelişmişlik: Seçilmiş Ülkeler Üzerine Bir Panel Nedensellik Testi

Ercan Bahtiyar¹, Mustafa Karabacak¹

¹Uşak University, Turkey

ABSTRACT

Economic and social development of a society is an important basis for the sustainability of development in the long term. At this point, people who live in a society that is considered to be economically free, by creating all the necessary conditions, also have a number of opportunities brought about by this situation. Because the level of economic freedom is an indicator of the attractiveness of a country for global capital. In addition, increased economic freedom increases stock prices and supports economic growth. On the other hand the level of human development is the most important indicator of the prestige and attractiveness of a country. This paper investigates the relationship between economic freedom and human development index, which are important indicators of economic development level and global prestige of a country. In this study, the causality between economic freedom and human development index was examined by Konya panel causality test for G7 and E7 countries data on economic freedom and human development indexes in the period of 1995-2015.

KEYWORDS Human Development; Economic Freedom; Well-being

JEL O15, F6, I3

W1CVII – Country Studies / Ülke Çalışmaları · Wednesday 24 January, 10:00–10:20, CASTELO VII

Unemployment Hysteresis and Convergence: Evidence from selected Latin American Countries / İşsizlik Histerisi ve Yakınsama: Latin Amerika Ülkelerinden Bulgular

Feyyaz Cengiz Dikmen¹, Gülten Dursun¹

¹Kocaeli University, Turkey

ABSTRACT

In this study, the unemployment hysteresis is tested by the nonlinear panel unit root test proposed by Beyaert and Camacho (2008) for twelve Latin American countries for the period 1980-2015. In this approach, two regimes of threshold autoregressive (TAR) specifications are used in which the panel series can show unit roots. This specification consists of a combination of three approaches based on the calculation of critical values through known threshold model, panel unit root tests and bootstrap simulations. TAR panel unit root test results show that unemployment hysteresis only applies to Regime I. In the next step, 12 Latin American countries characterized by hysteresis effect for the Regime I are analyzed whether they show convergence in unemployment rates. The findings show that divergence under regime I (p-value 0.438) cannot be rejected, whereas convergence findings occur under regime II (p-value 0.005). While this regime also exhibits absolute convergence (p-value 0.569), Colombia emerges as the country with the highest convergence rate under the regime II.

KEYWORDS Unemployment Hysteresis; Panel TAR; Latin America

JEL E24, C23, N16

W1CVII – Country Studies / Ülke Çalışmaları · Wednesday 24 January, 10:20–10:40, CASTELO VII

Kyrgyzstan Economy in Terms of Economic Developments / Ekonomik Gelişmeler Çerçevesinde Kırgızistan Ekonomisi

Oğuz Yıldırım¹, Malika Stamalieva¹

¹ ALKU, Turkey

A B S T R A C T

The countries which form the geography of today's Commonwealth of Independent States (CIS) have been on the stage of history as Independent States since 1991. These countries share the same fate on many issues because of their geographical proximity and their common historical background. One of these processes is the free market economy, which manifests itself with the disappearance of socialism. Although they have a common economic background, it is not possible to say that all States follow the same path in transition to the free market economy. Some countries are more cautious about this issue (Uzbekistan and Turkmenistan), countries such as Kyrgyzstan have tried to be involved in this process through more radical steps. In this study, the general economic situation of Kyrgyzstan was examined, the problems related to the country's economy were addressed and some predictions were made about the future of the Kyrgyzstan economy. In particular, the importance of Kyrgyzstan's memberships to the international organizations and the commercial, economic and political relations with leading countries in the global world, are discussed.

KEYWORDS Kyrgyzstan; Kyrgyzstan economy; Economics

JEL O24, O53, E00

W2CVI – Banking · Wednesday 24 January, 11:00–11:20, CASTELO VI

Mobile Technology as a Bank's Customer Value Driver - the case of Poland

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¹University of Economics in Katowice, Poland

A B S T R A C T

During the last few decades, banking market has changed significantly making banks face new challenges. Mobile technology development has a powerful impact on all human activities including banking. Mobile technology has changed both the information and communication sharing, as well as customers' market behaviour. Nowadays banks have to be more communicative, more customer-centric and innovative. The dynamic increase in the number of smartphones users which is estimated to reach 6,1 billion by 2020 influence the core values delivered by banks' business models. Mobile phones have increasingly become tools that consumers use for banking, payments, budgeting, and shopping. Today they enable using a different kind of financial applications offered not only by banks but also by other providers as telecoms or FinTech enterprises. The purpose of the paper is to propose the framework for bank's business model that incorporates using mobile technology and creating competitive advantage. The foundation of this framework is based on theoretical background and explorative multiple case studies of Polish retail banks' market behaviour. The paper analysis contemporary used business models, their value proposals and the use of mobile technology as a value driver. The research highlights the strategic routes for bank business models' further development.

KEYWORDS bank business model; mobile technology; customer-value; banking innovations

JEL G21, O33, D14

W2CVI – Banking · Wednesday 24 January, 11:20–11:40, CASTELO VI

Are foreign banks better at measuring and managing risks?

Carlo Milani¹

¹BEM Research, Italy

A B S T R A C T

Are foreign banks subjected to adverse selection in a highly integrated banking market? Recent evidence from the European Banking Authority (EBA) given after EU-wide stress testing suggests that they do not. I find that foreign banks seem to be better at managing credit risks, thanks to more sophisticated quantitative risk techniques, lower susceptibility to political pressures, better corporate governance and the possibility to export more stringent financial regulations. Moreover, I find that the advantages of banking integration are greater in banking markets in which the degree of competition is low and there are better institutional characteristics.

KEYWORDS foreign bank; risk management; lending technologies; European Banking Union; financial stability; international operations

JEL D81, G21, L25

W2CVI – Banking · Wednesday 24 January, 11:40–12:00, CASTELO VI

A Literature Review: Quantitative techniques in bank efficiency measurement

Tuğba Sarı¹

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A B S T R A C T

The performance of financial institutions has major effects on the economic growth of a country. Financial efficiency of banking sector is important, as it increases financial stability. In recent years, there has been an increasing amount of literature on bank efficiency and performance using different type of methods. The aim of this study is to analyze and compare the quantitative techniques used in measuring, evaluating and comparing the performance of the banks in the literature. For this purpose, 80 articles on bank efficiency measurement were analyzed for the period of 2008-2017. The articles including comparative studies of more than 7000 banks, were analyzed and classified according to the techniques used, country of origin, type and ownership of the banks.

KEYWORDS Bank efficiency; Bank performance; Quantitative methods

JEL G21, L25, B23

W2CVI – Banking · Wednesday 24 January, 12:00–12:20, CASTELO VI

Cash is King? Detection of the Global Market in a Financial Crisis

Chong-Chuo Chang¹

¹National Chi Nan University, Taiwan

ABSTRACT

This study collects as research samples the enterprises in countries where financial crises have occurred from 1994 to 2011. We examine whether an enterprise with higher cash holdings could quickly recover the operating performance after a financial crisis. To enhance the depth and contribution of this project, we consider the financing constraints, corporate governance, and levels of financial development. Finally, the endogeneity problem is also controlled, and variables for different industry-adjusted operating performance and cash holdings are substituted to obtain more robust empirical results. We find that enterprise with higher cash holdings can quickly recover the operating performance after a financial crisis, and the results hold after accounting for the various robustness tests.

KEYWORDS Cash Holdings; Financial Crisis; Speed of Recovery

JEL G01, G30, G32

W2CVI – Banking · Wednesday 24 January, 12:20–12:40, CASTELO VI

Characterization of Variation Averse Preferences by Present Value

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ABSTRACT

As a model for intertemporal decision making, Gilboa (1989) introduced variation aversion and provided its characterization through preference conditions. In this paper, it is shown that the same model can easily be characterized by conditions based on present value. Being a familiar and intuitive concept, present value framework simplifies the existing characterization. Our result also makes the model testable by econometric methods.

KEYWORDS Present Value; Intertemporal Choice; Discounted Utility; Variation Aversion

JEL C02, D01

A Comparison of The Work Values of Generations / Kuşakların İş Değerleri Açısından Karşılaştırılması

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ABSTRACT

Generational differences in work values influence recruitment training and development, career development, rewards and working arrangements, and management style. As a result of these supposed generational differences in workplace, managers need to advice on how best to manage generational differences at work. Research in western countries proposed that young generations are more individualistic and prefer intrinsic work values such as work autonomy, work identity, challenging jobs, and self-expression. Most of the empirical research had conducted in North American society, however; there is little research on work values of Gen Y in Turkey. The purpose of this paper was to compare the work values of the members of the generations. It was also try to contribute to the Human Resources research field. Data were obtained from a survey of workers in Turkey (total n =700). Work values scale consists of 31 items and was developed by Lyons (2004). The items represent values that people consider to be important in their work. Although reliability and validity of Scale were analyzed by their developer and used and tested in various studies by other researchers, it will be analyzed. Data were analyzed using various multivariate techniques such as multivariate variance analysis (MANOVA) , two- step cluster analysis etc. Results of the study and implications are to be discussed in full paper.

KEYWORDS X and Y Generation; Work Values; Multivariate Statistical Analysis

JEL M12, M54, C10

The Effect of Employer Branding on Organizational Identification / İşveren Markasının Örgütsel Ösdeşleşme Üzerine Etkisi

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A B S T R A C T

The ability of companies to convert their tangible and intangible assets into sustainable basic skills in the face of increasing competition and to have a sustainable competitive edge on this basis depends on having highly skilled employees. In highly competitive labor markets, attracting and retaining superior talent, especially in difficult-to-fill positions, is gaining increasing importance in creating sustainable competitive advantage (Uen, et al., 2015; Lores et al., 2014). For this reason, attracting the talented potential workforce nowadays and keeping existing talented employees has become the main strategic priority of the companies. However, the lack of skilled workforce in labor markets (Chambers et al., 1998; Cascio, 2014), as well as the loss of experienced and skilled workers, pose a significant threat to the performance of firms. This leads to loss of intellectual capital and negatively affects the competitive power of companies. In this context, research in recent years has focused on establishing employer brand awareness to attract, recruit, and protect talented employees in businesses (Tanwar and Prasad, 2016). While companies generally concentrate their efforts to develop brand awareness in developing products and corporate brands, the use of brand awareness building principles in the field of human resources management is called "employer brand". The employer brand is defined as "a long-term strategy to manage the awareness and perceptions of a company's current employees, potential employees and related stakeholders". The employer brand is an image that shows the firm as "a good place to work" (Sullivan, 2004). Firms use the employer brand in hiring and try to ensure that their existing employees adhere to the company culture and strategy and identify with the companies. This study aims to examine the effect of the employer brand on organizational identification. The data for the study were obtained using Berholt et al.'s (2005) 25-item 5-dimensional employer brand perception scale over five different industry employees identified by convenience sampling method. The data were firstly analyzed for validity and reliability, and then multiple regression analysis (step-wise method) was applied. In the findings, it was determined that the employees perceive the dimensions of the employer brand as important and then the effect of the employer brand on the organizational identification was evaluated and suggestions were developed.

KEYWORDS Employer Branding; Organizational Identification; Talent management

JEL M12, M51, J24

Clustering and Organized Industrial Zones/ Kümelenme ve Organize Sanayi Bölgeleri

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A B S T R A C T

The cluster concept, which is most popularly defined as “bringing firms which operate within the same or similar business line, geographically close to each other, cooperating and competing with each other, along with institutions and supporting firms together,” today, has become the basis for having superior competitive power and economic development. While activities for clustering in the world have gained momentum with the study of Porter’s “Competitive Advantage of the Nations” (1990), studies in this field in Turkey have been added to the agenda in 2000s. Today, in Turkey, a system in which firms, the Ministry of Economy and cooperating organizations (exporter associations, chambers of commerce and industry, organized industrial zones, etc.) act together has been established in order to increase the clustering activities. In this context, the Organized Industrial Zones (OIZs) are critical for cluster formation, because they can provide a significant spatial convenience for the common R&D and other technological infrastructure. In this study, clustering will be discussed conceptually and theoretically, and then, the importance of organized industrial zones in Turkey will be analyzed in terms of clustering.

KEYWORDS Clustering; Organized Industrial Zones; Economic Development

JEL F00, O10, O14

The Impact of Petrol Prices on Stock Prices of Energy Companies: A Panel Data Analysis for Turkey / Petrol Fiyatlarının Enerji Sektöründeki Hisse Senedi Fiyatlarına Etkisi: Türkiye İçin Bir Panel Veri Analizi

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ABSTRACT

The aim of this paper is to analyze the impact of petrol prices on the stock prices of energy companies traded in Istanbul Stock Exchange. To achieve this objective, quarterly panel data for 9 energy companies are examined for the period between 2009/Q2 2016/Q1. For the estimations, random effects panel data estimation method is used. According to the results, an increase in the petrol prices has a significant and positive impact on the stock prices of energy companies. M2 money supply, gold price and interest rate on TRY are the macroeconomic variables that affect stock prices of energy companies, positively. Interest rate on USD and USD/TRY exchange rate has a negative impact on stock prices. In addition to the macro variables, ROA and capital growth are the micro variables affecting stock prices of energy companies. The impact of ROA and capital growth on stock prices is positive and significant.

KEYWORDS Petrol Prices; Stock Prices; Panel Data Analysis; Turkey

JEL E44, G12

W2CVII – Business and Finance / İşletme ve Finans · Wednesday 24 January, 12:20–12:40, CASTELO VII

An Examination of Volatility Spillovers Across Commodity and Stock Markets/ Emtia ve Hisse Senedi Piyasalarında Volatilite Yayılımı Üzerine Bir İnceleme

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A B S T R A C T

Increasing volatility in commodity markets in the last two decades and the inclusion of commodities to financial portfolios may create volatility linkages between commodity and equity markets. The existing studies which examine this subject mainly concentrate on the market linkages between US stock market and commodity markets. The studies focus on emerging and frontier stock markets are rather limited. To fill this gap in the literature, this paper investigates the nature of market linkages and volatility spillovers between selected commodity (precious metals and energy) and emerging and frontier equity markets by employing daily data over the period of 2000 – 2017 using multivariate GARCH models. Understanding the price behavior and volatility transmission mechanism across the markets is important for market participants including traders, portfolio managers and regulators..

KEYWORDS Volatility; commodity markets; developing markets; GARCH

JEL G15, G12, C22

W3CVI – Country Studies · Wednesday 24 January, 14:00–14:20, CASTELO VI

Structural Change in Turkey's Foreign Trade: 1990-2014 Period

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A B S T R A C T

The macroeconomic policy change which Turkey imposed after 1980 has caused significant structural changes in foreign trade. After this fundamental change in the policy, "ImportSubstitute Economic Policy" came to an end and Turkey switched to the new policy called "Export-Oriented Industrialization". This Strategy foresaw a structural transformation in many areas of the Turkish economy, especially in foreign trade. The period from 1980 to 1990 has been a period of adapting to these policy changes. During this period, macroeconomic policies of Turkey have been tried to be harmonized with global economic policies. After this period, foreign trade oriented policies have been developed. The aim of this study is to determine whether a structural transformation has taken place in Turkey's foreign trade between the years 1990 and 2014 over a period of 25 years. This is the first study that evaluates the structural transformation of Turkey's foreign trade using the new formula for the Constant Market Share (CMS) analysis method. For the analysis, we used Turkey's foreign trade data with 23 countries which have the largest part among Turkey's trade partners. World Integrated Trade Solution (WITS) data has been used for the analysis and the data compiled by the United Nations (UN) Classification of Broad Economic Groups. According to the results, there are some significant positive developments in Turkey's foreign trade in 1990-2004 area. However, these developments are not unique, purely country-based and independent of trends in the world. To sum up, there is no structural transformation in Turkey's export performance in the context of product, technological composition and geographical market diversity.

KEYWORDS Trade Policy; International Trade; Structural Change; Turkey

JEL O24, P45, L16

W3CVI – Country Studies · Wednesday 24 January, 14:20–14:40, CASTELO VI

Innovations and Creative-strategy in Sub-Saharan Africa: A Firm-level Analysis

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A B S T R A C T

W3CVI – Country Studies · Wednesday 24 January, 14:40–15:00, CASTELO VI

About the Efficiency Behavior of the Portuguese Manufacturing Firms During the Financial Crisis

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ABSTRACT

This work studies some effects of the World Financial Crisis on firms in terms of efficiency scores, by measuring how 23K units used inputs and produced outputs, obtained from a set of Portuguese manufacturing firms on three time periods: pre-crisis (2006-2008), pre-troika (2009-2011) and troika (2012-2013). We adopt a non-parametric approach, which combines Multidirectional Efficiency Analysis (MEA) with other techniques as cluster analysis, principal component analysis and dimensionality testing, to examine three empirical hypotheses: (H1) the performance of the firms in the manufacturing sector has been adversely affected by the financial crisis; (H2) due to the financial crisis, the manufacturing sector acquired long-term debt deliberately; and (H3) the financial crisis has affected substantially the food subsector. The results indicate that (H1) is confirmed, but not totally, (H2) is confirmed and (H3) is rejected. We also found surprisingly good affine fittings between inputs and capital, and outputs and EBIT with really good p-values. Hence, we also propose a reduction of the dimensionality of the MEA model, when it is possible to apply model fitting. If the reduction results in one input and one output, we give procedures to visualize and compare between efficiencies scores.

KEYWORDS World Financial Crisis; Multidirectional Efficiency Analysis; Manufacturing Sectors

JEL C38, C67, D22

W3CVI – Country Studies · Wednesday 24 January, 15:00–15:20, CASTELO VI

Determinants of Russian regions inflation rate deviation from average of the whole country

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ABSTRACT

In this paper we determine the factors that have a significant impact on the deviation of regional inflation from the average Russian inflation rate, using the methods of panel data analysis with fixed individual effects (77 regions during 2000-2016). The results show that a significant effect on regional inflation deviation from average Russian inflation between periods was provided by: 1) convergence of regional prices (if the price level in the region is lower than in the whole country, then the rate of inflation in the following periods will be higher, until prices equal), 2) growth rate of income (if wage growth rate in the region is higher than in the whole country, then the rate of inflation in the following periods will be higher), 3) changes of the structure of the regional economy (if the share of services in gross regional product will increase between periods compared with average Russian one's, then regional inflation rate will deviate in positive direction), 4) changes of the regional population age structure (if the share of old people in region will increase between periods compared with average Russian one's, then regional inflation rate will deviate in negative direction). The results can be applied for forecasting regional inflation deviation from the average Russian inflation in response to the measures of economic policy, as well as modeling the consequences of the single monetary policy of the Bank of Russia for regional economies.

KEYWORDS Regional Inflation; Russian Regions; Fixed Individual Effects Model

JEL C23, E31, R15

W3CVI – Country Studies · Wednesday 24 January, 15:20–15:40, CASTELO VI

Post-Crisis Growth and Development Slowdown of Central Eastern European Countries from the Middle-Income Trap Perspective

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ABSTRACT

There seems to be no compelling reason to argue that the financial crisis of 2007-08 has significantly contributed to the deepening of centre-periphery based development issues in the European Union. It has become evident that globally, the economic and political role of the EU is in a significant decline. The world's most opened economic integration was facing a severe market crisis including a so-called double-dip recession period between 2008-2009 and also 2011-2013 with slight regional differences. The development and economic growth of transition economies within the European Union are definitely representing a special case. During the recent crisis, the above-mentioned countries have been dealing with several socioeconomic difficulties raising significant financing needs towards the IMF. It can be assumed that the long-standing structural problems of the post-Soviet countries combined with the latest protracted recession have created a middle-income trap related situation in the examined region. In this paper, the discussion centres on the case study of Hungary, a country which has come a long way to be integrated into the EU, however, from the mid-2000s no converging tendency can be observed towards the old Member States.

KEYWORDS Economic growth; middle-income trap; growth slowdowns; financial crisis

JEL O11, O47, O57

W3CVI – Country Studies · Wednesday 24 January, 15:40–16:00, CASTELO VI

Persistence of policy shocks to Ecological Footprint: Evidence from low, middle and high-income countries

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A B S T R A C T

It is important to know the stochastic behaviors of environmental indicators because shocks and innovations will permanently affect the environmental quality if it is a non-stationary series. In this case, policy makers should take an action for the sake of better environment. The number of works that investigate the integration properties of environmental indicators has rapidly increased in the literature despite the fact that almost all studies employ CO₂ emissions as proxy for the environmental degradation. Because the environmental degradation cannot be only captured by CO₂ emissions, this study uses a broaden indicator; namely, Ecological Footprint (EF). It consists of six subcomponents; Built-Up Land, Carbon, Cropland, Fishing Grounds, Forest Products, and Grazing Land. In this line, this study aims to analyze the stationarity of EF in different countries classified by income levels (i.e. highincome, upper-middle-income, lower-middle-income and low-income countries) by applying a number of panel unit root tests over the years 1961 to 2013. The unit root tests reveal that EF is stationary in the panels of high-income and low-income countries, whereas it is nonstationary in the lower-middle-income countries panel. Regarding the panel of upper-middleincome countries, there is relatively much evidence of stationarity. Based on the results, some important policy implications could be released. Shocks to EF are temporary in high-income, low- income and upper-middle-income countries. In this case, it will revert back to its mean after a short while if EF deviates from the trend path. Therefore, the policy makers should not adopt unnecessary targets when EF temporarily deviates from the trend path because environmental policies designed to the conservation of nature and the mitigation of the damages of human being on environment will likely not have long lasting impacts.

W3CVII – Turkish Economy / Türkiye Ekonomisi · Wednesday 24 January, 14:00–14:20, CASTELO VII

Effects of Heading for Renewabla Energy Sources in Turkey on The Economy of The Country / Türkiye’de Yenilenebilir Enerji Kaynaklarına Yönelmenin Ülke Ekonomisine Etkileri

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A B S T R A C T

The Market Structure Of The Turkish Automotive Industry: A Strategic Group Approach / Türk Otomotiv Endüstrisinin Pazar Yapısı: Stratejik Grup Yaklaşımı

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ABSTRACT

The market structure plays an important role in the strategic decisions and performances of enterprises from possible market entry decisions to market entry, to the severity of the competition between the existing businesses in the market. Determining the structure of the market as a whole may not give accurate information about the strategic groups formed by businesses following the same or similar strategies in that market. In other words, it is clear that a market structure analysis that takes into account strategic groups in an industry will give more realistic results, especially about the performances of businesses. In this context, a strategic group can be defined as "a set of competitors with similar resources in a particular industry and following the same or similar strategies". Strategic group analysis is an important strategic tool that can be used to determine the competitiveness and core competitiveness of companies in an industry both within and between groups. Such an analysis will allow businesses to use their resources more effectively. This study aims to examine the market structure (concentration) of Turkish automotive industry (according to passenger car and light commercial vehicle categories) within the framework of strategic group approach. The data was obtained from the annual retail sales statistics published by the Turkish Automotive Distributors Association (www.odd.org.tr) between 2004 and 2016. Within the scope of the purpose of the study, market concentration indices were calculated for each year as a whole. As a market concentration index, the Herfindahl-Hirschman Index HHI is taken as a basis for considering all the companies in the market. It was then analyzed by cluster analysis whether firms formed different strategic groups according to their sales volume, and statistically tested whether there was a significant difference between the index values calculated as a whole according to strategic groups. The results have been evaluated both for strategic groups in the automotive industry and the whole industry.

KEYWORDS Market Structure; Strategic Groups; Market Concentration

JEL L1, L22, L62

Evaluation of 2017 Annual Fiscal Policies in Turkey/ Türkiye’de 2017 Yılı Maliye Politikalarının Değerlendirilmesi

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ABSTRACT

The use of public expenditure, public revenues, public budget and public debt as a means to achieve certain economic goals is called the fiscal policy. These instruments were used quite carefully for providing fiscal discipline until 2017 in Turkey. However, it is noteworthy that the discretionary fiscal policies implemented throughout 2017 were used in the expanding direction, unlike in previous years. For this reason, the application of the fiscal policy of 2017 will be examined by emphasizing the application like tax exception to small business taxation; government contribution to Individual Pension Insurance; minimum wage support to private sector; tax immunity for young entrepreneurs; attraction center support program; severance pay to half-day working mother; extending the term upper limit of housing loans; prolongation of the insurance incentive period in some provinces; tax cuts on merging SMEs; transfer expenditures to martyr families; removal of SCT on white goods; VAT rate reduction in furniture; insurance premium support and income tax support to private sector employers; providing interest-free loans to SMEs; credit and debt restructuring for farmers; super incentive application; accelerated VAT annuity for exportation; support payments to hazelnut producers; bank promotion for pension; postponing premium payments; income tax withholding encourage for R&D staff; agricultural support payments; expansion of coverage of fuel oil tax immunity to exporters; discount on title deed fees; extension of credit guarantee fund; grant support to young farmers; tax reduction for taxpayers who pay tax regularly; increasing the contribution rate to investment; restructuring of public receivables.

KEYWORDS Fiscal Policy; Turkey; Year 2017

JEL H11, H30, H50

W3CVII – Turkish Economy / Türkiye Ekonomisi · Wednesday 24 January, 15:00–15:20, CASTELO VII

The Economic Policies of the Democratic Party and Their Effects on Adana / Demokrat Parti'nin Ekonomi Politikalarının Adana'ya Etkileri

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ABSTRACT

When the Democratic Party (DP), founded in 1946, came to power, it started to purvey the liberal values it had embedded in its foundational principals within the field of economy. DP's conception of liberalism did not disregard the role of the state within the economy and for this very reason it foresaw the state as the supporter of several sectors, agriculture and industry most significantly, where the private sector ran low. Coming to power in 1950 the DP became the chief architect of a firm rise within Adana's agricultural and industrial sectors due to the economic policies it sought after. The factories that were opened, the machines that were used in agriculture, the watering, the taxation and the credit. All these changes which took place in that period gave a considerable rise to the amount of production on the one hand and on the other changed the socio-economic infrastructure of Adana from head to toe. This study, by way of using local newspaper articles and studies of history belonging to that specific period, aims at portraying DP's policies on Adana and the effects those policies had on the people living there. The claim of this present paper is that the idiosyncratic liberal policies of the DP made certain structural and technological changes within industrial and agricultural sectors and that these changes transformed the socio-economic and the demographic structure of the city in a considerable way.

KEYWORDS DemocraticParty; Economy; Adana; Agriculture; Industry

W3CVII – Turkish Economy / Türkiye Ekonomisi · Wednesday 24 January, 15:20–15:40, CASTELO VII

Turkey's International Trade Investigation & Country-Based Products Concentration in International Trade (2012-2016)

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A B S T R A C T

Many different economic models have been applied in Turkey from the past to the present and foreign trade activities have been shaped in line with the models. With the model of integration to the global economy applied after 1980, Turkey has switched to a new economic model and imported substitution structure in foreign trade has been abandoned and industrialization for exports has been started. Although this model has increased exports today, it has triggered a bigger increase in imports compared to exports and has not been able to bring a solution to Turkey's foreign trade deficits. In this study, country and product based changes of international trade for the years between 2012 and 2016, were examined and the situation of commercial concentration was analyzed. As a result of the study, it was determined that the amount of imports of mineral fuels decreased in each period, and that imports from Russia had a tendency to decrease, while imports from China had tendency to increase. In this period, we also found that the concentration rate of international trade with European Union countries increased in this period of five years, especially in exports.

JEL

F13, F14, F17

W4CVI – Economic Policy · Wednesday 24 January, 16:00–16:20, CASTELO VI

Political Exchange Risk of England

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ABSTRACT

As introducing the new concept of political exchange risk, which differs from classical exchange risks such as transaction risk, translation risk, and economic risk in international financial management textbooks, my previous study empirically tests the relationship between a change in government and foreign exchange rates of North-East Asian countries because these countries have been enjoying trade surplus. However, the implementation of “Abenomics” in Japan and “MBnomics” in Korea can rationally raise doubt that these countries’ exchange rates could be increased because of these “-nomics”. Unlike these countries, England has not pursued any “-nomics.” and totally free developed country. Therefore, the present study empirically tests the relationship between a change in government, a change in government party, and foreign exchange rates of England using ANCOVA models. The analysis results indicate that a change in government and a change in government party, affect the foreign exchange rates of England and present additional meaningful evidence for the existence of a new concept of political exchange risk, regardless of the economic development stage, economic policy of the countries and regional location of country.

KEYWORDS Political exchange risk; Government change; Government party change

JEL C35, M21, O52

W4CVI – Economic Policy · Wednesday 24 January, 16:20–16:40, CASTELO VI

Sticky prices versus sticky information: Does it matter for policy paradoxes?

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ABSTRACT

This paper shows that government spending multiplier at the zero lower bound (ZLB) is larger under sticky information than under sticky prices. Similarly, well known paradoxes, e.g., the paradox of toil and the paradox of flexibility become more severe under sticky information. These results depend crucially on the duration of the fiscal policy stimulus relative to the fundamental shock in the economy. Such policy coordination is all the more important in the sticky information framework.

KEYWORDS Zero lower bound; Fiscal policy multiplier; Interest rate peg

JEL E52, E62, E63

W4CVI – Economic Policy · Wednesday 24 January, 16:40–17:00, CASTELO VI

Investigating the Time and Frequency Domain Causality Approaches for the Economic and Political Stabilities: The Case of China and Japan

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ABSTRACT

The aim of this study is to investigate the causal relationship between economic stability and political stability for Japanese and Chinese markets. Granger causality, Toda Yamamoto causality, nonlinear DG causality and Spectral Granger causality test approaches have been implemented to test empirically whether there are any causalities existing among GDP per capita, GDP growth, inflation and the current account balance by using political risk index and economic risk index, respectively. The empirical results reveal that there is feedback causality existing between political and economic stability in both countries. The estimated results are consistent with findings from Spectral causality at different frequencies.

KEYWORDS Economic and Political Stability; Toda Yamamoto; Spectral; Nonlinear DG Causality; China and Japan

JEL G01, E60, O53

W4CVI – Economic Policy · Wednesday 24 January, 17:00–17:20, CASTELO VI

Economic Policy of Local Self Government in Samegrelo and Upper Svaneti Region

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ABSTRACT

My research topic is about a very important issue in Georgia, which can provoke the development of irreversible economic processes. Geographically, a village is the smallest administrative and municipal unit and logically, if the smallest territory is affluent, the state is correspondingly wealthy. Economic advancement in Georgia largely depends on the development of local democracy and self-government. The essence and the aim of the local self-government is to create possibilities for local citizens to resolve local problems independently. It will not be possible, if the rights, responsibilities and duties of the territorial and administrative units are not clearly distributed. The main flaw of the reforms carried out so far in Georgia in the process of local democracy formation is that the local authorities are largely depended on the central government and they are not focused on realizing the interests of the local community, which is theoretically the basis of their existence. The mentioned flaws are also caused by the fact that these reforms are planned and put into the normative framework, without careful study and scientific perception. Unfortunately, we can hardly find scientific works and researches done about local self-governance and moreover, municipal legislation is just taking shape. The research is mainly aimed at defining the essence of self-governance and its place in the general state government system. The objectives also include: the study of internal traits of this institution, substantiation self-organization as one of the main terms for self-governance, analyzing the supporting factors and forms of self-organization of the local citizens in the process of forming and developing self-governance, which must be in accordance with open market economic development process.

KEYWORDS local Self Government; Municipality; Region; Economic Policy

JEL H1, H10, H11

W4CVI – Economic Policy · Wednesday 24 January, 17:20–17:40, CASTELO VI

Analyzing the willingness to pay for green electricity: Evidence from Turkey

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A B S T R A C T

Turkish's energy development ambitions have been top of its key agendas owing to its recent rapid phase of economic growth. The country has developed an action framework designed by the Ministry of Energy and Natural Sources with a view of minimizing energy import and maximizing domestic energy, and produce 30% of electricity production from renewable energy sources all the way through 2023. In order to materialize its ambitious renewable energy targets, Willingness to Pay (WTP) plays the central role in directing appropriate policy. On the basis of this discrepancy, this study was carried out to investigate the WTP of the Turkish citizens for green electricity by employing Tobit model. Face-to-face interviews were conducted from 2,500 households in 12 major metropolitan cities of Turkey based on contingent valuation method consisting of a total of 26 questions. The outcomes of the study show that household income, household size, education, environmental conscience and gender are highly related to the WTP for renewable electricity energy in Turkey. Turkish citizens' mean WTP for renewable energy stands at 4.35 Turkish Liras (\$1.13). The findings point to useful insights that help government agencies, as well as utility companies, carry out their target.

KEYWORDS Renewable energy; Contingent valuation; Willingness to pay

Regional Development Studies in Turkey: A Bibliometric Approach / Türkiye’de Bölgesel Kalkınma Araştırmaları: Bibliyometrik Bir Yaklaşım

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ABSTRACT

The dynamics in the field of regional development around the world lead to significant changes in the objectives, processes and practices of the regional policies. In Turkey where there are high inter-regional developmental disparities, it is important that the scope of academic studies involving the new generation theories on regional development is guiding for changing policy implementations. The aim of this study is to examine the topics, collaboration structure and interdisciplinary dimension of regional development studies in Turkey. Between 1975 and 2017, 298 publications addressed by Turkey in the citation indexes (SCI, SSCI and AHCI) are examined by using social network analysis in terms of bibliometric features. In the study, the most efficient authors will be determined according to the number of publications, research areas where publications concentrate and the number of universities and institutions cooperating in the country and abroad. Collaborative organizations, authors’ networks, science fields and author citation clusters have been visualized through CiteSpace and UCINET social networking software to evaluate related publications. It is also aimed to contribute to the efforts of creating scientific publication policy in the field of regional development by identifying authors, institutions, research areas and key words with strong positions in network structures according to centrality measures.

KEYWORDS Regional Development; Social Network Analysis; Bibliometrics

JEL R11, D85, Y10

Factors Affecting Return Immigration: A Critical Look at Migration Literature / Geri Dönüş Göçüne Etki Eden Faktörler: Göç Literatürüne Eleştirel Bir Bakış

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ABSTRACT

Recent migration literature emphasizes the inclination of people migrating for reasons such as changing spatial dimension, economic opportunities, influenced by globalization and nationalization. This inclination can be either forward or backward for a temporary or permanent duration. As a matter of fact, the concept of "mobilization" is used instead of "immigration" in order to emphasize that immigration is an endless process at this point. Therefore, return migration may be temporary, cyclical or permanent depending on the satisfaction and conditions provided in the returning countries. A thought of ideally returning back home is amongst many migrants' long term plans, however, with the influence of economic, political, social, family and individual factors, this idea cannot be easily fulfilled. In other words, these factors are often very significant in deciding on and going ahead with return migration. Return migration is increasingly becoming interesting as a "win-win scenario" in migration literature. Although in the literature, it is assumed that immigrants contribute as a workforce where they go and after returning to their own countries, they contribute as a skilled manpower and contribute with the money they transfer back home, in contrast, the return migration is a controversial issue. In this study, the relevant literature on return migration will be reviewed in a critical framework.

KEYWORDS Return Migration; Mobilization; Migration Literature

W4CVII – Topics in Economics/ İktisatta Seçme Konular · Wednesday 24 January, 16:40–17:00, CASTELO VII

What Makes an Innovative and Entrepreneurial University? A Descriptive Study on visible-invisible impediments / Yenilikçi Ve Girişimci Üniversiteyi Yapan Nedir? Görünür- Görünmez Engeller Üzerine Betimleyici Bir Çalışma

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ABSTRACT

Based on the best entrepreneurial and innovative practices of outstanding universities worldwide, the major indicators behind their success of being the most entrepreneurial and innovative higher education institution can be seen as follows: facilitating access to technology, recruiting relatively less number of students, diversity of the course offerings, the quality of academic staff, campus life, employment opportunities of alumni, the number and activities of student clubs, creating value-added products in strong collaboration with the technology development zones. In the field of higher education in Turkey, the term “research-oriented university” has been highly voiced in the most recent times of Turkish Universities’ agenda. Thus, in this paper, we aim to identify the limits, barriers, challenges as well as success factors leading to the formation of an entrepreneurial and innovative university within the context of Turkey by taking into consideration the best practices of world universities. The data were obtained within the framework of a Scientific Research Project (numbered 2104.KB.SOS.08-210472SK) carried out in Dokuz Eylül University, Izmir, Turkey to explore specifically an R&D and innovation culture inventory. Based on the previous focus groups and identification of themes, a structured survey form consisting of 33 items was designed and administered on academic staff in order to elucidate the major factors and dynamics in shaping the entrepreneurial and innovative university. The sample size includes 92 respondents from a total of 18 different academic units throughout the university. Five Likert type scale (1: not important, 5: very important) was adopted in the study. The alpha score for the reliability is .97. The explanatory factor analysis results reveal 23 items and 7 factors. In the light of descriptive findings, several conclusions were drawn and recommendations were made.

KEYWORDS Innovation; Entrepreneurial University; Obstacles

JEL M14, O31, L62

W4CVII – Topics in Economics/ İktisatta Seçme Konular · Wednesday 24 January, 17:00–17:20, CASTELO VII

Sustainable Development under the Historical Development Process

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ABSTRACT

The first and Second World Wars eroded the countries and economies and caused great destruction. The world economies, which set development as a target in line with the aim of revitalizing the economies and the positive development of the society's living conditions, have long ignored the limited resources and environmental problems. However, the consequences of this have come to threaten the lives of humanity and have shown that development is not sufficient on its own. For this reason, new ways to eliminate this threat on a global scale have been started to be sought and the path to change in the strategies determined. Sustainable development is a new concept that emerged in the 1970s and reveals a form of understanding that economic development can also be environmentally oriented. The aim of this work is to clarify the concept of sustainable development, to follow the historical development of the concept of sustainable development, it will draw attention to the preliminary design attributed to this clutch that was born in the past.

KEYWORDS Development; Sustainable development; Macroeconomics

JEL O1, Q01, E00

T1CVI – Development · Thursday 25 January, 09:00–09:20, CASTELO VI

Institutions and Resource-driven Development

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ABSTRACT

According to the resource curse hypothesis abundant resources are likely to impede economic growth and social development. However, empirical evidences are controversial as numerous studies found that the direct effects of abundance are either insignificant, non-monotonic, or positive, while the negative indirect effects arise when natural wealth crowds-out other fundamental sources of growth. Further research on the different development outcomes concluded that the growth effects are also conditional on the quality of both public and private institutions. Political economy explanations argue that abundance leads to patronage and myopic rent-seeking behavior under weak institutions, whereas it fosters economic growth if the institutional environment of the extraction promotes sound revenue management, transparency, and accountability. This paper aims to synthesize the findings on the interaction between institutions and natural resources and gives an overview of the policy proposals on mitigating the negative indirect effects.

KEYWORDS resource curse; institutional quality; political economy; economic growth

JEL O43, Q32, Q38

T1CVI – Development · Thursday 25 January, 09:20–09:40, CASTELO VI

Institutional vs Economic development in Georgia

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ABSTRACT

Institutional development is an actual topic as developed as developing parts of the world. Institutional change process is more sensitive for developing economies. Georgia is posttransition developing economy with low incomes. Twenty five years have completed after the collapse of the Soviet Union, but economy of Georgia has not yet returned to the incomes level of the 90s. Besides successful institutional and economic reforms and years of high economic growth rates, GDP per capita in Georgia is lower than in other eastern European EU member countries. Post-Communist Georgia was characterized by both institutional and economic backwardness, while some post-Soviet economies have completed integration process into European economic and political structures.

KEYWORDS Institutional development; Economic development; Transition

JEL E02, O17

T1CVI – Development · Thursday 25 January, 09:40–10:00, CASTELO VI

Economic Freedom – The cause of Equality or Inequality?

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ABSTRACT

Over the past couple of centuries there have been substantive changes in policies and institutions either in favor or against economic freedom. The breaking point was year when Adam Smith's one of the most influential works was released: "The Theory of Moral Sentiments", where he developed the concept of an "Invisible Hand" for the first time. From that period, free market economy and globally, economic freedom became major debating topics both for economists and politicians. The questions about economic freedom are often linked with issues like economic development, income inequality, government size, market economy etc. The aim of our article is to answer the main questions about economic freedom, whether it narrows the gap between "rich and poor" or not, can we discuss economic freedom as the fair economic system, or how is fairness understood between different social classes. We will use Gini coefficient and the index of economic freedom for calculating relationship between economic freedom and income inequality. Econometric apparatus will give us opportunity to assess whether the link between above mentioned variables is strong or weak. At the end research will lead us to the most hidden parts of free market economy.

KEYWORDS Economic Freedom; Income Inequality; Gini Coefficient; Economic Growth

JEL C40, D63, D40, E02

T1CVI – Development · Thursday 25 January, 10:00–10:20, CASTELO VI

Inequality and Household Borrowing in The Eurozone

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A B S T R A C T

This paper looks at the change in debt accumulation of households in the Eurozone from 2010 to 2015 by using Household Finance Consumption Survey data. The aim is to compare the debt accumulation of low income households living in higher inequality Eurozone countries with that of low income households living in lower inequality Eurozone countries through difference in difference analysis. The analysis also looks at the wealth inequality and run the similar analysis when the inequality is measured by wealth. The baseline regression results suggests that low income households in high inequality countries are indebted more than the low income households living in low inequality countries.

KEYWORDS Income Inequality; Household Debt; Wealth inequality

JEL D31, E21, D14

T1CVI – Development · Thursday 25 January, 10:20–10:40, CASTELO VI

Economic Convergence for Developing and Developed Countries: A Cointegrated Time Series Data Analysis Comparison for Rwanda And Japan from 1970 To 2013

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ABSTRACT

The main aim of this research is to examine the economic growth of developing and developed countries and see if those categories will converge economically by comparing the per capita growth models for the developed with developing countries. To realize this catch up event, assume that the economic growth rates in developing countries are on average higher than those in developed countries as most of the developing countries still having in abundance natural resources and many economic areas to be exploited. We compare the economic growth of Rwanda and Japan which are developing and developed countries respectively, having a similar history leading them to the catastrophic fall down of their national economies (for the Rwanda civil war and the genocide of 1994 and for Japan, the second World War and the effects of the atomic bombs launched at Nagasaki and Hiroshima in 1945). We use GDP per capita(Y1) in the model depending on Consumption (X1), Gross capital formation(X2), Exports of goods and services(X3) and imports of goods and services (X4) from 1970 to 2013). By Johansen Cointegration approach, we verify the long run correlation and goodness of the models. Findings reveal that all independents variables in the study contribute significantly to the per capita of those countries, but the potentiality of each counties category are different as for the developing countries the most contributors is a negative contributor to per capita where in the developed countries the most contributor is the positive one. The study concludes that, however GDP per capita growth rate in developing countries is on average higher than those in developed countries considering their opportunities, it can take a long time for poor countries to catch up with the rich even never as those poor countries also will arrive at a point where their economy will growth at a low rate as the developed countries. We recommend to developing countries, to reduce the importation of goods and services as a said negative contributor to the per capita, encourage local products consumption, empowerment of the Gross capital formation to encourage production beyond domestic consumption for all products and expand the growth of other sectors that are useful in accelerating the economy. For developed countries, however the most contributor is a positive to the per capita, this most contributor is the consumption, this imply that they consume a greatest part of their production. We recommend to the developed countries, to reduce the consumption and exports goods at low prices. Those will promote the situation convergence. Otherwise it can't be realized soon with the normal situation.

KEYWORDS Gross Domestic Product per capita; economic growth; Consumption; Gross capital formation; Exports of goods and services and imports of goods and services

T1CVII – Tax/Vergi · Thursday 25 January, 09:00–09:20, CASTELO VII

Anti-Dumping Practice within 167th Article of the Constitution: Current Practice Examples/ Anayasanın 167. Maddesi Kapsamında Anti-Dumping Uygulaması: Güncel Uygulama Örnekleri

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ABSTRACT

The taxation authority was granted by the 1982 Constitution to the Grand National Assembly of Turkey, the legislative body. According to the third paragraph of 73th Article of the Constitution by the legislative body, taxes, due, fee et. financial obligations may be put into law, changed or abolished. In addition to this situation, the Council of Ministers, which is the executive body has been given the authority to set and remove additional financial obligations except for such as taxes financial obligations in accordance with 167th Article of the Constitution. This authority includes import, export and other foreign trade transactions, provided that foreign trade is in the interest of the country's economy. The anti-dumping duty imposed by the Council of Ministers on imports is the best example of this practice in order to prevent cheaper sale of imported goods against goods produced in the domestic market. The aim of anti-dumping is to protect the domestic producers against cheap imported products. When each country approaches its situation in terms of its own interests, anti-dumping practices will prevent the unjustified profits that results from unfair competition between countries. With this application, the productions of the countries in the internal market will be protected from material damages and will not be devoid of potential assets such as employment, growth, public revenues in the national economy. This study will give information about the anti-dumping practice in 167th Article of the Constitution and will try to be concrete with the help of examples which are valid in many countries of the world.

KEYWORDS 167th Article of the Constitution; Anti-dumping; Additional financial obligations

JEL H27, K34

T1CVII – Tax /Vergi · Thursday 25 January, 09:20–09:40, CASTELO VII

Taxpayer Rights in the Taxation Process in Turkey / Türkiye’de Vergilendirme Sürecinde Mükellef Hakları

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A B S T R A C T

In the taxation process there are some rights and duties from both the state and the taxpayers sides. The concept of "taxpayer rights" covers constitutionally and legally protected rights. As a general principle in the Turkish tax law, many rights as well as taxpayers' duties come to the fore in the taxation process. The aim of this study is to deal with the constitutional, legal and other legislative aspects of what should and should be the taxpayer rights arising in the taxation process. In this study, it has been tried to focus on the evaluation of findings and some solution proposals

KEYWORDS Taxpayer; Taxpayer Rights; Taxation Process

JEL H20, K30, K34

T1CVII – Tax /Vergi · Thursday 25 January, 09:40–10:00, CASTELO VII

Mining Economics with Taxation Focus and Its Effects / Vergileme Özelinde Yeraltı Ekonomisi ve Etkileri

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ABSTRACT

Mines occupy a very important place in the development of countries and human life. The vast majority of tools used in daily life are made by mining industry outputs. Mines are one of the main factors in the development of an economy. In order to establish the manufacturing industry and to be able to produce, the importance of the mines are vital. The countries that have been in the forefront of the growth adventure in the industry have provided this advantage to them. In order to provide this advantage in industry sector, mining industry can not be neglected. Indeed, some of the raw materials and energy needed by the industrial sector are provided by the mining sector. Since the mining sector supplies raw materials to many areas of the economy, a cost drop in this sector will affect the whole economy and this will create a pump-priming effect. It is important for the general economy that policy makers do not act with the logic to just increase the tax revenues. 77 mineral species of the 90 mineral species that are traded globally, are also mined in Turkey. Although it is rich in terms of mine diversity, the quantities of reserves and the qualities are not suitable for economical processing. From the point of view of the raw materials that are energy sources, it is difficult to say that Turkey has sufficient reserves. Turkey has announced a very significant economic stimulus package for the development of the mining industry and the number of incentive certificates for the mining and energy sectors has increased by 25% compared to 2016 and the number has risen to 1464.

KEYWORDS Mining; Mining Tax; Mining Economics

JEL E61, E62, H71

T1CVII – Tax /Vergi · Thursday 25 January, 10:00–10:20, CASTELO VII

Invitation to Explanation In Tax Law/ Vergi Hukukunda İzaha Davet Uygulaması

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A B S T R A C T

In the Official Gazette dated 09.08.2016, invitation to explanation application was introduced in article 370 of the Tax Procedure Law. The taxpayers who have evidence of tax loss during the preliminary examination will be explain to tax office on to a notification. The conditions under which the taxpayers may be invited to view, the rules to be observed during the explanation and the ways to be followed after the explanation and the basic principles of implementation are determined by the General Communiqué of the Tax Procedure Law No: 482. In this context, explanation fee and Explanation Commissions are new concepts for tax law. In the study, the details of the invitation to explanation application are explained together with the examples and the problems that may be experienced with the effect of the legal regulation on the application are discussed.

KEYWORDS Invitation to Explanation; Solution of Tax Disputes; Administrative Solutions

JEL K34, K49, H29

T1CVII – Tax / Vergi · Thursday 25 January, 10:20–10:40, CASTELO VII

The Effectiveness of Tax Policies in Turkey: Causality Analysis / Türkiye’de Vergi Politikalarının Etkinliği: Nedensellik Analizi

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ABSTRACT

The taxation policy is intended to support economic growth, in addition to a number of objectives, such as raising funds for the financing of public expenditures, restructuring income distribution, ensuring economic stability, influencing the distribution of resources and preventing externalities. Therefore, an effective taxation policy is an important fiscal policy instrument in terms of realizing the goal of macroeconomic growth. In order to implement an effective taxation policy, the concept of the tax structure, which expresses the composition of indirect and direct taxes within total tax revenues, becomes important. Because the level of development of a country is directly related to the tax structure. In the underdeveloped or emerging economies, the share of indirect tax revenues on expenditures is higher in total tax revenues whereas the share of direct tax revenues on developed economies is higher in developed economies. Therefore, the high share of indirect tax revenues in total tax revenues is regarded as a sign of underdevelopment. On the other hand, indirect taxation on expenditures negatively affects the fair distribution of income. Therefore, in this study, it is aimed to evaluate the effectiveness of the tax policies applied in Turkey and the tax structure. In this framework, the causality relationship between the shares of indirect and direct taxes in total tax revenues and indicators of economic development for Turkey was analyzed through the bootstrap Toda-Yamamoto test developed by Hacker and Hatemi-J (2006) for the period of 1965 and 2014.

KEYWORDS Taxes; Tax Policy; Turkish Economy

JEL H20, H21

T2CVI – Sustainability · Thursday 25 January, 11:00–11:20, CASTELO VI

Sustainable Consumption: Food Waste Practices

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ABSTRACT

Responsible Consumption and Production is included in the 2030 Sustainable Development Goals as part of United Nations Development Programme (UNDP). The declaration points out the fact that most of the world's population still have low levels of consumption to meet their basic needs (Goal 12 targets, UNDP, 2016). In this context, food resources and consumption of these resources have also a crucial role in attaining sustainability goals. Although the interest in achieving sustainability is often centered on production, the role of consumption activities also must not be ignored (Mylan, 2015). Additionally, the way how consumption defined is important as well. From a wider perspective, definition of consumption includes the phases of selection, purchase, use, maintenance, repair, disposal and recycling of products and services (Koskijoki, 1997'den aktaran Bhamra, Lilley & Tang, 2011). Hence disposal of food could be examined with regard to consumption activity. UNDP highlight that every year nearly one third of the food produced is discarded by final consumers and retailers or left to be spoiled during poor transportation and harvest conditions. In response to these unsustainable practices, consumers (by establishing non-profit initiatives) (Stop Wasting Food, 2008) and retailers (via regulating their operations and collaborating with various organizations) (Food Waste Case Studies - The Consumer Goods Forum, 2015) introduce creative solutions that base upon social innovation. Grounding on these developments, examining the consumption practices of final consumers and retailers within the context of food waste might reveal important insights to design a sustainable future. Particularly, finding out how food waste practices are affected by daily routines and habits with respect to the practice theory (Sahakian & Wilhite, 2014) could shed light on the possible solutions to reach "Responsible Production and Consumption" Goal.

KEYWORDS Sustainable Consumption; Practice Theory; Food Waste

JEL E20, Q56, Q53

T2CVI – Sustainability · Thursday 25 January, 11:20–11:40, CASTELO VI

Impact of Macroeconomic and Social Variables on Renewable Energy Consumption for the G7 Countries: A Panel Data Approach

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A B S T R A C T

This study investigates the impact of some variables on RE consumption (% of total energy consumption), namely human development index, research expenditures (% of GDP) and energy imports (% of GDP) in the G7 countries. The data period is 1990-2014. We use the General Least Squares (GLS) to estimate a panel data model. The analysis give empirical evidence that Research Expenditure (% of GDP), Human Development Index and Energy imports (% of total energy consumption) have individual positive effects on Renewable Energy Consumption (% of total consumption), *ceteris paribus*. This study is innovative since nobody till now studied such a sample for the 7 countries of the G7 group with such a methodology, fills a gap in the existing literature and increases the body of knowledge.

KEYWORDS Human Development Index; Research Expenditures (% of GDP); Energy Import (% of GDP); Factors of Renewable Energy

JEL B22, O13, Q42

T2CVI – Sustainability · Thursday 25 January, 11:40–12:00, CASTELO VI

Management Guidelines For Slow Onset Disasters: The Case Of Climate Change And Central Anatolian Drought

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A B S T R A C T

Global warming due to carbon emissions might be a relatively new threat to humanity but Central Anatolian drought has been progressing since the last Pleistocene ice age that ended around 12.000 years ago. The area around Catalhoyuk is thought to be wetland around 9.000 BCE; by 1.000 CE, Konya-Karaman region was recorded to be a forest land. Today the area is arid and ground water table is falling almost at 10 meter per year rate. Computer models forecast an even drier region in the coming years. Climate change is a slow developing disaster and people are usually slow to respond such changes. This study suggests an extended framework for disaster management especially for slow onset disasters, and, takes Central Anatolian drought for application demonstration. The response will include methods for evaluating the alternatives.

KEYWORDS Disaster Management; Climate Change; Alternative Energy

T2CVI – Sustainability · Thursday 25 January, 12:00–12:20, CASTELO VI

Would Higher Intra-Regional Trade intensity for MENA Countries be Attained, when they are More Democratic and Less Bureaucratic?

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A B S T R A C T

The main motivation behind this paper is to consider the presence of higher intra- regional trade intensity among Middle East North African countries (MENA); once we control for the presence of democratic institutions and trade freeness measures. It sheds light on the transformation of MENA countries from autocratic to mixed or democratic regimes, and how this eventually leads to greater effectiveness in their trade policies and above all in reducing cost of trade among the region's countries. The empirical methodology adapted the 'Bilateral Trade Gravity Model'; to estimate MENA's intra-regional trade intensity of manufactures. Five scenarios were developed to introduce democracy and trade freeness measures proxied by categories of the 'Polity IV Index and 'Trade Freeness Index' respectively. After testing all possible scenarios and robustness checks, it has been evident that the highest trade intensity between MENA countries resulted from the interaction term of countries showing a "Mixed Regime" on the Polity IV and "High Degree of Trade Freeness". The interaction term had shown a highly significant coefficient which increased MENA's intra-regional trade by 104 percent. Furthermore, results suggested the inclusion of an additional measure capturing the 'Rent Seeking Groups' which play an inherent role in conditioning the region's trade policies.

KEYWORDS Intra-Regional Trade Intensity; Middle East and North Africa; Bilateral Trade Gravity Model; Polity IV and Trade Freeness Indices

JEL F13, F14, P48

Determinants of Sports Expenditures: Evidence from a Developing Country

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ABSTRACT

The aim of this study is to determine the factors affecting sports expenditures of individuals living in Turkey. We obtained the primary data of 3555 individuals interviewed in 28 provinces of Turkey between 1 September 2015 and 1 July 2016. We estimated a sports demand equation derived from a simple consumption function. Estimating this demand function by using the least squares method results in a sample selection bias due to the incidental truncations in our dependent variable. For this reason, the two-stage Heckman (1979) selection model is used to eliminate the sample selection bias. According to the estimation results, there is a statistically significant and positive impact of income and education on sports expenditure. Sports expenditures of a retired person is lower than the others. The results show that as age and leisure time increases, the probability of consuming sports goods and services decreases. Moreover, women and married people are less likely to consume sports products compared to men and single. While having a chronic disease decreases the probability of sports consumption, smoking seems to have no impact on sports expenditures.

KEYWORDS Sports economics; sports expenditures; Heckman; Turkey

JEL Z20, E21, C24

Effects of Risk perception and Education on Entrepreneurial Intentions

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ABSTRACT

After the recent global financial and economic crises, unemployment, especially among young people have become a particularly serious problem. Fostering young entrepreneurship represent not only a tool to combat young unemployment and social exclusion but also a way to encourage innovation and a country's economic growth. For those particular reasons but not limited to, fostering young entrepreneurship represent one of the core objective of Europe 2020 strategy. Education and training can contribute in building an entrepreneurial society and may shape individuals attitudes versus risk-taking. Risk taken ability is an important personality factor who have an influence in process decision making or in entrepreneurial intention. Our main objectives are directed towards identifying whether there is a significant relationship between willingness to take risks, entrepreneurship education and students' intention towards entrepreneurship. Two hypothesis that have been tested on 115 students sample using a questionnaire-based survey. The questions were evaluated based on semantic differentiation metric scale (Likert scale equal intervals with values write from 1 to 5), ranging from strongly agree to strongly disagree. Tests and modelling were performed using Statistical Package for Social Science (SPSS) software, SPSS 21.0. According to our research objective and developed hypothesis, several data analysis have been used: Principal Component Analysis (PCA) and OLS regression models. Our findings reveal that both Associated Risks and Entrepreneurial Education significantly influence students' entrepreneurial intentions.

KEYWORDS Entrepreneurial Intention; Education; willingness to take risks

JEL L2, D81, I23

T2CVII – Topics in Economics / İktisatta Seçme Konular · Thursday 25 January, 11:40–12:00, CASTELO VII

Education and the Geography of Economic Opportunity

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ABSTRACT

Recent research suggests that the community in which children are raised has a large impact on their adult income, particularly for children from low-income families (Chetty and Hendren 2017a, b). Using data from North Carolina, we show that the county in which a child is raised has a large enough effect on test scores that, if differences in test score effects were due to variation in teacher quality, growing up in a one standard deviation better than average county in terms of value-added to test scores would increase earnings in early adulthood by roughly 4-5%. However, by observing teachers who move between counties, we show that differences in test score effects of counties do not seem to be primarily driven by differences in teacher quality. Furthermore, county effects on test scores are either uncorrelated (for low-income kids) or negatively correlated (for high-income kids) with effects on income in adulthood, suggesting that the non-teacher amenities responsible for differences in test score production could be unproductive for human capital. Collectively, our results cast doubt on the usefulness of standardized test performance as a way of evaluating the quality of a region's schools.

KEYWORDS Human Capital; Intergenerational Mobility; Teacher Value Added

JEL I24, J24, J62

A Dynamic Model of CEO Turnover in A Multi Factor Environment

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A B S T R A C T

To achieve the best firm performance, the board of directors makes two essential decisions in their top tier of governance: Design the executive contract that best provides the incentives for the CEO in charge, and choose the turnover rule of an incumbent executive. However, to boost the performance of the firm, these decisions must take into account an accurate match between the need for a portfolio of managerial skills with the available set of skills of the manager. We develop a continuous time stochastic agency model with hidden actions and hidden savings in a multi-drivers environment, where the firm holds an option to turnover the agent, given performance and market conditions. We find general conditions for the instantaneous compensation wage for both the first best and the moral hazard case. We further characterize the turnover rule which not only accounts for the incumbent CEO's performance but also compares how obsolete her set of skills is against the representative executive skills available in the market for managers. Furthermore, our theoretical model is general enough to be calibrated, extended and adapted to different contexts while providing a more realistic view of these complex contractual relationships.

KEYWORDS CEO turnover; Continuous-time contracting; Moral Hazard

JEL D86, G3

T3CVI – Wage · Thursday 25 January, 14:00–14:20, CASTELO VI

The Unintended Distributional Consequences of the 2012 Rise in The Mexican Minimum Wage

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ABSTRACT

In this paper we use a regional minimum wage increase in Mexico as a natural experiment to analyse the effect of minimum wage legislation on the distribution of real earnings. We evaluate the effect of the policy change on different points of the earnings distribution by implementing unconditional quantile regressions. We find evidence of positive and significant effects at the bottom of the earnings distribution, which suggests a small improvement in wages for the targeted lowest income workers. Interestingly, the model also shows the existence of income-increasing \emph{spillover} effects on formal and informal labour markets, which widens the dispersion of wages.

KEYWORDS Minimum Wage; Earnings Distribution; Spillover Effects

JEL J38, J32, J23

T3CVI – Wage · Thursday 25 January, 14:20–14:40, CASTELO VI

Employment Quality and Wages Gains from Global Engagement: Evidence from Ethiopian Manufacturing Firms

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A B S T R A C T

This paper analyses the effect of exposure to international trade and foreign ownership on the employment quality (workforce composition) and wages in manufacturing industries. This study used the unbalanced long panel dataset of Ethiopian manufacturing firms over the period 2000–2011 and deploying alternative econometric estimation technique (OLS, FE and GMM-SYS) by estimating dynamic models of employment and wages. The results show that firms' international exposure has a positive contribution to employment creation and wage growth in Ethiopian manufacturing. This affirms the fact that Ethiopian's exports are more labor-intensive and this has mitigated the country's labor surplus. Besides, trade and foreign ownership are found to have an absolute quality-bias which affirms the presence of learning by exporting on the Ethiopian manufacturing sector. We also found that Foreign Direct Investment (FDI) magnifies the wage gap between casual and permanent workers. Whereas, export participation has a positive, but not significant effect on the wage of permanent workers, while it has a weakly positive significant effect on casual workers' wage.

KEYWORDS International trade; employment; wage; foreign ownership

T3CVI – Wage · Thursday 25 January, 14:40–15:00, CASTELO VI

Relationship Between Organizational Justice and Employee Satisfaction: Evaluation of Human Resources Functions

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A B S T R A C T

T3CVI – Wage · Thursday 25 January, 15:00–15:20, CASTELO VI

Consumption Smoothing in Pakistan: Dynamics of Risk and Insurance

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A B S T R A C T

T3CVII – Economy Policy II · Thursday 25 January, 14:00–14:20, CASTELO VI (T3CVII)

The Evolution of Instant Payments Systems

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ABSTRACT

In our Today's world, almost all people chase at least one resource: time. We do as many things as we can on-line to save this valuable resource for ourselves; we buy everyday food, shoes, even furniture online. Why banking would be an exception then? Obviously, it is not. The main function of the new generation payments systems is just saving time for us. How? Via seamless and close-to-real-time money transfer from point A to point B in a digital manner. Looking at these payments systems can answer some of our questions like: What brought them to life? Why are they so important to us? How fast and convenient they can be and at what cost? To understand this new era it is worth to over-see the world map of instant payments systems to get to know their coverage and also a mature system that went through an fast evolution during the last decade. This system is the United Kingdom's instant payments system, called Faster Payments. Since its launch in May 2008 Faster Payment has gone through several development cycles in both business and technology meaning. In this paper you will also see the characteristics of this system, together with the benefits generated to the whole economy. Knowing that you can infer from the past to the near future.

KEYWORDS Faster Payments; Instant Payments System; Immediate Payments

JEL R11, E41, E42

T3CVII – Economy Policy II · Thursday 25 January, 14:20–14:40, CASTELO VI (T3CVII)

Strategic Trade and FDI Policies in A Unionized Industry With Differentiated Goods

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ABSTRACT

This paper analyzes the differences between strategic trade and the competition policies to regulate a unionized monopoly. Both the presence of an industry-wide union and decentralized unions is investigated. The entry via the inward Foreign Direct Investment of a competitor does not reduce labor market distortions, while strategic trade policy reduces both labor and product markets distortions. The fixed cost for the foreign entrant, the wage setting institution in place in the labor market, and the degree of product differentiation determine which policy should be implemented to maximize national welfare.

KEYWORDS strategic trade policy; FDI policy; unionized markets

JEL F13, J51, L12

T3CVII – Economy Policy II · Thursday 25 January, 14:40–15:00, CASTELO VI (T3CVII)

Determinants of Intergenerational Mobility: Does (In)equal Opportunity occurs?

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ABSTRACT

Declining possibility of upward generational income mobility is documented by plenty of empirical studies for developed countries, especially in United States. This study is on regional differences of income mobility in Turkey, whose regional disparities remain. Firstly, extent to which children in different parts of Turkey have equality of opportunity measured as intergenerational income elasticity i.e. the income relationship between father and his son was identified. Then, we examined the correlation of this mobility with measure income inequality and return of holding at least B.A degree compared to high school diploma. Our results based on TurkStat Household Labor Force Survey for period between 2004-2015 show that the elasticity for whole sample (Turkey) (0.16) is lower than the OECD average but this value varies with the NUTS2 regions, ranging from 0.26 (Mardin) to 0.06 (Aydın). Moreover, the elasticities are highly correlated with current Gini estimates, meaning that inequality today may be fed by the family background of households. Lastly, contrary to empirical findings of OECD countries, at least B.A. earning premium relative to high school diploma is weakly correlated with the elasticities. Thus, these findings call for the future research related with the developing countries to identify the determinants of inequality of opportunity and to assist policy-making processes.

KEYWORDS Regional Income Inequality; Intergenerational Mobility; Equality of Opportunity

JEL E24, D63, O15

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A spatial voting model of electoral competition with non-fixed number of voters

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ABSTRACT

In this paper, we extend the spatial voting approach to investigate the role of political parties' campaign spending on increasing their poll and eventually ascertaining the outcome of electoral competition. We assume that the number of voters is not fixed and political parties are allowed to spend in their campaign in order to increase the density of their voters. To deal with this issue, we propose an extension of the standard two-party spatial voting model to explicitly endogenize the campaign investment on voters' density. In this model, while each party's campaign spending increases the density of his voters, it has a negative effect on the rival's poll and reduces their density. In a two-stage noncooperative one-shot game under imperfect, symmetric and complete information, each office-seeking party will choose strategically his political platform in the first stage and determine his level of investment in the second stage. Our results will suggest that how one party can win the election even when the other one is very close to the median voter.

KEYWORDS Electoral competition; Spatial model; Voters' density

JEL D72, C72, L13

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