“Would a currency union by any other name be as integrated?”

(in English)

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Abstract:
Conventional wisdom suggests that currency unions engage in substantial intraunion trade. This paper demonstrates that the extent of intra-union trade varies widely across unions and is little related to the key characteristics of currency unions, such as TFP shocks or inflation. The currency union effects are positively correlated with tariffs on goods traded within the union. The higher the tariff, the greater the incentive for importers to avoid foreign exchange transaction costs by purchasing within the union. Consequently, intra-union trade is larger, though the common currency does not lower trade costs directly. The common currency becomes the means by which importers mitigate trade costs in the presence of high tariffs.

Biography:
Dr. Gregory W. Whitten is Assistant Professor at the Department of Economics of Lingnan University. He received his PhD in Economics from the University of Pittsburgh, USA, in August 2013. He was an instructor in the University of Pittsburgh before he joined Department of Economic. His research interest includes currency unions, international trade, exchange rate regimes, macroeconomics, and applied econometrics.

All Are Welcome

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