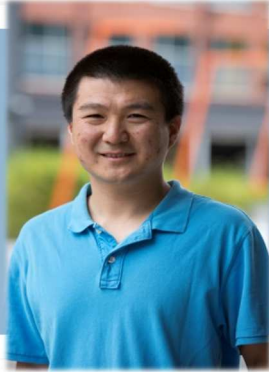




“To Fix or to Float? The Role of Labor Market and Price Rigidities”

(in English)



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Biography:

Dr. Qingyuan Du obtained PhD from Columbia University in 2011. He is currently a lecturer at the Department of Economics, Monash University. Dr. Du's main research fields are international economics and macroeconomics.

Date: 11 November 2013 (Monday)
Time: 2:00 - 3:30 pm
Venue: WYL314, Dorothy Y. L. Wong Building

Abstract:

The recent Eurozone crisis has revived the debate on the optimal exchange rate regime choices. Standard Optimum Currency Area theory requires a flexible labor market and price flexibility for a successful fixed exchange rate regime, while in most member countries within the Euronzone, i) labor markets are associated with high hiring-, firing- and hours-adjustment costs, and ii) prices adjustments are not fully flexible. This paper then studies the optimal exchange rate regime choices under different labor market conditions when prices are rigid. We find that, for countries with rigid labor markets, a fixed exchange rate regime is more likely to yield a higher output and welfare than a flexible exchange rate regime.

All Are Welcome

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