

Manchester Economics Doctoral Conference 2019

Chemistry G.53

Thursday 2nd May 2019

10:00 – 10:05	Welcome Address
10:05 – 11:25	Session I: Applied Economics I
11:25 – 13:00	Lunch Break – Christie's Bistro (Lounge Area)
13:00 – 15:00	Session II: Economic Theory
15:00 – 15:30	Tea Break
15:30 – 16:50	Session III: Applied Economics II
16:50 – 17:00	Endnote/Thanks
18:00 onwards	Dinner/Drinks at Krobar

The presenter has 40 mins (30 mins for presentation + 10 mins, Q&A)

SESSION I: Applied Economics I

10:05 – 10:45 Brittany Nguyen

10:45 – 11:25 Anqi Zhang

SESSION II: Economic Theory

13:00 – 13:40 Peihong Liu

13:40– 14:20 Lera Potapova

14:20– 15:00 Steve Nolan

SESSION III: Applied Economics II

15:30 – 16:10 Uzoma Iloanugo

16:10 – 16:50 Lotanna Emediegwu

10:05-10:45 Brittney NguyenThe Economics of Prostitution

Commercial sex market has been known as the “oldest profession” in the world that has seen many controversial debates on its legal status. While different countries impose different regulation, such as complete legalisation, partial regulation (sex buyer law) or complete prohibition, there is little evidence on the effect of the regulation on the sex market. In this paper, we focus on the partial regulation which was first introduced in Sweden in 1999, and has been recently implemented in Northern Ireland (2015) and the Republic of Ireland (2017). We study how this partial regulation determines the prices of prostitutes' services and prostitutes' welfare by using the change in prostitution law in Northern Ireland as a natural experiment. Our data is collected from various escort websites.

10:45-11:25 Anqi ZhangThe Effect of Introducing a Universal Pension on Elderly Poverty in China

This paper studies the impact of New Rural Social Pension Programme (NRSP) on poverty in China, using the data of 2011-2015 from the China Health and Retirement Longitudinal Study (CHARLS). General trends of poverty and urban-rural inequality are demonstrated by a class of Foster-Greer-Thorbecke (FGT) indices and Sen poverty index. Then the causal effect is identified by the fuzzy regression-discontinuity design, setting the retirement age of 60 as the cutoff. Using the dummy of receiving NRSP as the assignment variable, several outcome variables are used to estimate poverty, including the poverty headcount, individual wage and income, household per capita expenditure and multi-dimensional poverty index (MPI). Meanwhile, gender, marriage status, retirement, education and health are included as control variables.

13:00-13:40 Peihong LiuA continuous-time principal agent model to regulate bank's risky investments

My paper presents a model to describe the process of appropriate transfer payments to incentivize firm's necessary risk management effort and prevent potential moral hazards, to encourage firms to report potential financial risks rather than conducting fire-sales. further contributions is to find a path to determine the best time to have "replacements (i.e. a structural change of the financial market)" and to describe the price of keeping the financial industry surviving. Sannikov's (2008) continuous time principal agent problem outlines the career path of an agent and describes when a principal should retire the agent. This paper intends to use the continuous time principal agent model to achieve the latter two contributions. In addition to

applying Sannikov's (2008) model to the financial market regulation setting, I have made some extensions to the model. Instead of working with effort level directly, I work with the probability of transition between two financial states.

13:40-14:20 Valeriya Potapova

Evolutionary behavioural finance

In this paper we examine a game-theoretic dynamic model of an asset market with endogenous equilibrium asset prices. The evolution of the market is determined by the dynamic interaction of the strategies of investors. The investors use general, adaptive strategies (portfolio rules), distributing their wealth between assets in given proportions that depend on the observed exogenous random factors and the history of the market. Randomness is modeled in terms of a stochastic sequence of “states of the world” with a given probability distribution. Assets pay dividends depending on the realization of this process to date. The dividends together with capital gains form traders’ budgets, which are partially consumed and partially reinvested. A strategy profile of investors determines the market dynamics with equilibrium asset prices derived from a short run equilibrium of supply and demand. This random dynamical system generates a path of the unfolding simultaneous-move N-player stochastic game, which results in a sequence of market shares (fractions of total wealth) of each of the traders. The assets have various growth rates, which makes analysis of the model different from previous papers in this field.

14:20-15:00 Steve Nolan

Nationalist populism, political polarisation & attitudes towards immigration - a model of electoral competition

Recent European politics has been characterised by the electoral success (or near success) of right-wing nationalist parties. Most of these events have been seen as part of a populist turn within Europe represented by a trend of greater fiscal spending by such parties. In this paper a probabilistic voting model is used to consider the circumstances that may lead to such a change. The model is applied to an electoral competition between a nationalist party that wishes to restrict immigration and a party that defends the status quo immigration policy. It is assumed that voters are not only swayed by the material impact of policy for themselves - they also have an individual attitude towards immigration that informs their voting decision. It is found that the trend towards nationalist populism is driven both by voters turning against immigration and by a rise in income inequality. Increased partisanship is a key debate surrounding populism and the model finds a positive relationship between the level of recent

immigration and the scale of polarisation. Utilising data from the Manifesto Project Database to construct a measure of political polarisation this relationship is tested significant empirical support for the findings of the model is found.

15:30-16:10 Uzoma Iloanugo

Heterogeneous Effect of Labour Income Shocks on Conflict: Evidence from the Fulani Conflict in North-Central Nigeria

Shocks to agricultural commodity are expected to have an inverse relationship with conflict incidence. This research shows this is not always the case. The opportunity cost effect of income shocks on conflict depends on whether the agricultural sector output is contestable. Studying the Fulani-Farmer pastoral conflict in North-Central Nigeria, I find a differential effect of drought shocks on the conflict in herding and non-herding areas. With negative rainfall shocks of 1 std-dev, increasing cattle density by 20% reduces the probability of Fulanifarmers conflict incidence by 24.9%. The probability of other non-pastoral conflict incidence increase by 10.6% with a similar productivity shock in Northcentral Nigeria. The result suggests farm labour mobility between nonagricultural and agricultural conflict; farmers are less likely to protect farmlands from appropriation by Fulani Herders when agricultural productivity is low, farmers earn income engaging in other conflict activities.

16:10-16:50 Lotanna Emediegwu

The Impacts of Climate Change on Agriculture in Sub-Saharan Africa: A Spatial Panel Data Approach

This paper reports estimates of the economic impact of weather variables on Sub-Saharan African pearl millet yield based on panel data for 1970 - 2016. We control for spatial effects in all the components of our exposure-response function, plus a lag in time of the covariates through spatio-temporal econometrics techniques. Our results indicate own-location weather variables have significant contemporaneous impacts on millet yield. Specifically, we find that vapour pressure deficit, wet days frequency and temperature are important determinants of millet yield. However, accounting for spatial and temporal effects exacerbates and attenuates wet days cumulative effect, respectively, with no such effect on other weather measures. These results are robust to several sensitivity checks and consistent across country-income groups.