

April 27, 2020

THE INSTITUTE FOR INTERNATIONAL ECONOMIC POLICY

February through March was a busy time for IIEP—in February alone, we hosted two major conferences and several other events. We are incredibly grateful to all those who engaged with us by attending our sessions. We hope that each of you will continue to follow our efforts to foster dialogue on global economic issues through the spring and into the summer in virtual formats. If you were not able to attend our February and March events, keep reading below to learn what we have been up to!

Faculty Response to COVID-19

A message from IIEP Director James Foster: *The last two months have forced us to confront reality in new and disturbing ways, further stressing global economic and political ties and exposing shortfalls in resources, trust and political will. It is difficult to recall what life was like just two short months back, when our lifestyles seemed secure. At the Institute, we continue our research in the core areas of international economic policy while facilitating conversations on topics of special contemporary relevance. This newsletter documents the efforts of our faculty during February and March on topics such as US-China economic and political relations, digital trade, and global public goods, as well as research on human capital accumulation, global financial flows, and labor market matches. We are now rapidly transitioning to new modes of communication and topics reflecting the new realities confronting us. For the latest in research and events please go online to [IIEP's website](#), and in particular the [IIEP twitter feed](#) highlighting faculty contributions to the conversation on COVID-19 and its implications.*



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impacts of COVID-19. Read some of their work from March 2020 below.

- ["Needed: Bold Economic Life Support To Ride Out The Pandemic,"](#) by Ajay Chhibber
- ["View: India needs coordinated fiscal action and monetary stimulus to overcome Coronavirus crisis"](#) by Ajay Chhibber
- ["Trump's Trade Policies Are Making the Coronavirus Pandemic Even Worse,"](#) by Kimberly Ann Elliott
- ["What Should a Fiscal Response to a COVID-19 Outbreak Look Like?"](#) by Jay Shambaugh
- ["What can U.S. fiscal and monetary policy do to limit the economic harm from COVID-19?"](#) by Jay Shambaugh, Alan Blinder, and David Wessel
- Tara Sinclair, mentioned in ["Stocks Tumble After the Fed Cuts Rates"](#)
- Tara Sinclair, mentioned in ["Will the Coronavirus Cause a Recession?"](#)
- ["Stimulus steps the US should take to reduce regional economic damages from the COVID-19 recession,"](#) by Bryan Stuart, Timothy J. Bartik, Brad Hershbein, and Mark Muro

February and March Highlights

Mardi Dungey Memorial Research Conference



On February 21st, alongside the [Research Program on Forecasting](#), [The Center for Applied Macroeconomic Analysis](#), the [University of Tasmania](#), and the [Society for Nonlinear Dynamics and Econometrics](#), IIEP co-hosted a research conference in remembrance of the late, esteemed economist Mardi Dungey.

Mardi Dungey was one of Australia's most prominent economists. She held positions as a professor at the University of Tasmania and the Australian National University, a research associate at Cambridge University, and worked with the Australian Treasury.

The conference featured speakers whose research focused on topics such as financial econometrics, US-China trade relations, capital flows to Latin America, and more. Our impressive list of presenters included:

- Gaston Gelos, IMF;
- Graciela Kaminsky, The George Washington University;
- Denise Osborn, University of Manchester;
- Hashem Pesaran, Cambridge University;
- Eric Renault, University of Warwick;
- Pierre Siklos, Wilfrid Laurier University;
- Jing Tian, University of Tasmania

The conference was co-organized by

- [Renee Fry-McKibbin](#), Australian National University;
- [Tara Sinclair](#), The George Washington University;
- [Graciela Kaminsky](#), The George Washington University

In case you missed it, view the livestream of the event [here](#).

Rural Sector



On February 27th, along with our partners at the [China Policy Program](#), the [East Asia NRC](#), and the [Sigur Center](#), we hosted a session on recent developments in China's policies toward its rural sectors, featuring Professor Robert Ash from the University of London. The session was moderated by Professor David Shambaugh.

For much of post-1949 history, the rural sector has been the poor relation of China's society and economy. Today, however, the rural sector lies at the heart of Xi Jinping's economic agenda for China's comprehensive development. The party's and government's ability to fulfill major economic goals—those relating to employment, food security and rebalancing of the economic system—depend critically on the success of its rural policies. So too does its ability to realize important social and other goals—including poverty reduction, the creation of a more inclusive society, and environmental sustainability. An economically and socially revitalised Chinese countryside will also impact the political stability which China's leaders see as the bedrock of their continuing rule.

2nd Annual Washington Area Labor Economics Symposium



The second major conference we hosted last month was the 2nd Annual Washington Area Labor Economics Symposium (WALES). We designed this conference as a way for researchers and economists across DC to come together and discuss their work on labor economics. More than 75 attendees came to engage in important discourse on research in this field. The conference participants represented a vast array of institutions, including the World Bank, Federal Reserve Board, Federal Trade Commission, Bureau of Labor Statistics, Census Bureau, US Naval Academy, and more.

The speakers at the conference addressed a diverse range of topics related to labor economics. For example, Nayoung Rim from the US Naval Academy presented her research on in-group biases and discrimination within police departments. She examined how officers' racial biases toward their coworkers impact promotions and departmental rewards.

Other speakers focused on different aspects of discrimination in the labor economy. The World Bank's Forhad Shilpi discussed her research on gender biases in education in rural China and India. She uncovered that parental biases, school environment, and labor discrimination all have a major impact on educational outcomes for girls.

More speakers included:

- Joshua Montes (Federal Reserve)
- Kevin Rinz (Census Bureau)
- Thomas Hegland (Agency for Healthcare Research and Quality)
- Alessandra Fenizia (GWU)
- Andrew Zeitlin (Georgetown University)
- Kate Ambler (International Food Policy Research Institute)
- Breno Braga (Urban Institute)

Additionally, the conference featured a number of poster presenters who showcased their work during our lunch break. We are glad to have had the opportunity to bring together so many talented labor economists from across DC, and we look forward to partaking in WALES again next year. We would especially like to thank IIEP affiliate [Professor Bryan Stuart](#) for his organization of the conference.

Other Recent Events

Intervention Without Empire: The Ethics of Foreign Influence in a Neo-Colonial World

With [Dr. Lucia Rafanelli](#)

Monday, February 3rd

Our enlightening discussion with Dr. Rafanelli, one of our new affiliates at the IIEP, focused on the question of how countries can promote justice abroad without reinforcing colonial legacies and power hierarchies in the international system. This question is incredibly pertinent today, as we have continuously seen states marginalize and exploit the Global South under the guise of espousing justice. We delved into Dr. Rafanelli's extensive work in the ethics of foreign intervention to uncover how states might reform this practice.

Dean's Seminar on African Economies:

["Colonial Origins and Fertility:
Can the Market Overcome History?"](#)

Tuesday, February 4th

Professor Roland Pongou from the University of Ottawa joined us to discuss his research on African economies. His work uses the lens of colonial reproductive laws and fertility behavior in Africa to answer the question, "Can market incentives overcome the long-term impact of historical institutions?" The model he developed shows that well-designed incentives can be successful in deviating outcomes from historical determinism.

Principles for Managing Climate Fragility in Development: A View from Japan

This month, we co-hosted a seminar on Dr. Mikio Ishiwatari's research on Climate Fragility Risks (CFRs) with the Elliott School's [M.A. in International Affairs Program](#), and the [Center for Climate and Security](#). This seminar focused on the increasing impacts of climate change on natural and human systems, and the lessons we can learn about addressing this challenge from case studies in Asia.

E-Commerce at the WTO: What's Going On?

Monday, March 30th

Victor do Prado, Director of the Council and Trade Negotiations Committee at the WTO joined us for our first webinar with the [Digital Trade and Data Governance Hub](#) and the [Computer and Communications Industry Association](#). Mr. do Prado's remarks covered the history, status and future of the talks, including the e-commerce moratorium.

Faculty Research

Human Capital Accumulation at Work: Estimates for the World and Implications for Development

Remi Jedwab, Asif Islam, Paul Romer, and Robert Samaniego

In this paper, researchers study wage-experience profiles and obtain measures of returns to potential work experience using data from about 24 million individuals in 1,084 household surveys and census samples across 145 countries. They show that returns to work experience are strongly correlated with economic development - workers in developed countries appear to accumulate twice more human capital at work than workers in developing countries. Additionally, they use a simple accounting framework to find that the contribution of work experience to human capital accumulation and economic development might be as important as the contribution of education itself.

Read the full paper [here](#).

The Financial Center Leverage Cycle: Does it Spread Around the World?

Graciela Laura Kaminsky, Leandro Medina, Shiyi Wang

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idiosyncratic factors. In contrast to previous findings, which mostly use data from the 2000s, they find that booms and busts in capital flows are mainly explained by regional factors and not the global factor. Moreover, their estimations indicate that regional capital flows are driven by supply shocks. Interestingly, they find that the leverage in the financial center has a time-varying behavior, with a movement away from lending to the emerging periphery in the 1970s to the 1990s towards lending to the advanced periphery in the 2000s.

Read the full paper [here](#).

Mismatch in Online Job Search

Tara M. Sinclair and Martha E. Gimbel

Labor market mismatch is an important measure of the health of the economy but is notoriously hard to measure since it requires information on both employer needs and job seeker characteristics. In this paper, Sinclair and Gimbel use data from a large online job search website which has detailed information on both sides of the labor market. Mismatch is measured as the dissimilarity between the distribution of job seekers across a set of predefined categories and the distribution of job vacancies across the same categories. They find that title-level mismatch is substantial, with about 33% of the labor force needing to change job titles for the US to have zero mismatch in 2019, but that it declined from 40% in 2014 as the labor market has tightened. Furthermore, over the same time period, the mix of job opportunities has shifted substantially, but in a way that has made the overall distribution of jobs more similar to the distribution of job seekers. They interpret this finding as evidence that mismatch between job seekers and employers eased due to jobs coming back in the slow recovery after the Great Recession.

Read the full paper [here](#).

In the News

In February and March, our faculty and visiting scholars were published and quoted in the news regularly.

Some of the highlights include:

- "[How Post-Brexit Britain Can Promote Better Trade and Development in Africa](#)," by Kimberly Ann Elliott

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- ["Examining the Black-white wealth gap,"](#) by Jay Shambaugh, Kriston McIntosh, Emily Moss, and Ryan Nunn
- Kimberly Ann Elliott, mentioned in ["Why Trump's acquittal will damage US foreign policy"](#)
- Tara Sinclair, mentioned in ["Trump touts "Blue Collar Boom" as economy adds 225,000 new jobs"](#)
- Remi Jedwab, mentioned in ["Why Ghana is Africa's Top Candidate for an Economic Leap"](#)
- Cheng Huang, mentioned in ["International society calls for strengthened solidarity in fight against novel coronavirus epidemic"](#)
- Danny Leipziger, mentioned in ["Bubu Policy Alone Cannot Drive Industrialization - Researcher"](#)
- ["New Asian Drama: Inequality hurts anti-poverty efforts,"](#) by Ajay Chhibber
- Remi Jedwab, mentioned in ["Countries can still get rich from manufacturing"](#)
- David Szakonyi, mentioned in ["Russia's Vladimir Putin just got one step closer to being president for life"](#)

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