



ALFRED-WEBER-INSTITUT FÜR WIRTSCHAFTSWISSENSCHAFTEN
BERGHEIMER STR. 58, 69115 HEIDELBERG, TEL. 06221/54-2941
REDAKTION: FREYA SCHADT, EMAIL: NEWSLETTER@AWI.UNI-HEIDELBERG.DE

Upcoming Seminars

Monday, 2.12.2019

HKMetrics Seminar/Departmental Seminar

13.30-14.30
AWI 00.010

Julia Schaumburg, Vrije Universiteit Amsterdam
(invited by Christian Conrad)
"Time-varying vector autoregressive models with
structural dynamic factors"

Wednesday, 4.12.2019

Internal Seminar

12.15-13.15
AWI 00.010

Gaspare Tortorici
"International Migration Responses to the 1908
Messina-Reggio Calabria Earthquake"

HKMetrics-Seminar/Departmental Seminar

Julia Schaumburg

"Time-varying vector autoregressive models with structural dynamic factors"

This article introduces a general methodology to estimate vector autoregressive (VAR) models with time-varying coefficient matrices and conditionally heteroskedastic errors. The approach is based on combining a dynamic latent factor model for the VAR coefficient matrices with GARCH-type dynamics for the time-varying covariance of the error term. The estimation of the model can be easily performed by maximum likelihood given that the likelihood function is available in closed-form through a simple extension of the Kalman filter equations. The proposed approach is appealing since it is simple to implement and computationally fast compared to alternative Bayesian methods that are typically employed in the literature. A simulation study shows the reliability and robustness of the method against potential misspecifications of the volatility of the error term. The factor VAR is applied to model the relationship between inflation, industrial production and corporate bond spread, which describes the state of the financial market. The results show that there is time-variation in the linkage between economic and financial variables that is well described by a common factor. The impulse response analysis of financial shocks on economic output shows how financial shocks have different effects in crisis and non-crisis periods. These results are in line with previous findings in the literature.

Internal Seminar

Gaspare Tortorici

"International Migration Responses to the 1908 Messina-Reggio Calabria Earthquake"

On December 28, 1908 a magnitude 7.1 earthquake destroyed the twin cities of Messina and Reggio Calabria in southern Italy, killing as many as 120,000 people. At the time of this catastrophe, southern Italy was in the midst of an unparalleled episode of mass emigration in which over one percent of the population emigrated overseas each year. We study the effect of the earthquake on international migration. Using a novel dataset of annual emigration rates for every commune in Italy over the period 1905–1912, we find that the earthquake had at most a small and short-lived impact on emigration from affected communes, leading to a decline in emigration of about 8 percent in the first year after the tragedy followed by a quick recovery. This effect was considerably smaller than the impact of the Panic of 1907 in depressing migration. This negligible aggregate effect masks larger heterogeneous responses to the earthquake of communes with different labor market compositions. Areas with less employment in agricultural day labor and more employment in construction experienced greater emigration declines after the earthquake. But even these heterogeneous responses faded quickly and were small compared to the business cycle-induced fluctuations.

New Publications

Clive Bell and Abhiroop Mukhopadhyay, 'Income Guarantees and Borrowing in Risky Environments: Evidence from India's Rural Employment Guarantee Scheme', *Economica*, <https://doi.org/10.1111/ecca.12325>

New Working Papers

Clive Bell, Hans Gersbach and Evgenij Komarov, "Untimely Destruction: Pestilence, War and Accumulation in the Long Run", IZA DP No. 12680, September 2019.

Editorial deadline for issue 29/2019 of the newsletter:
Wednesday, December 4, 2019, 12 p.m.
newsletter@awi.uni-heidelberg.de