Downloaded from UvA-DARE, the institutional repository of the University of Amsterdam (UvA)
http://dare.uva.nl/document/59486

File ID	59486
Filename	Contents

SOURCE (OR PART OF THE FOLLOWING SOURCE):

Type	Dissertation
Title	Globalization, heterogeneity, and imperfect information
Author	D.P.J. Botman
Faculty	Faculty of Economics and Business
Year	2001
ISBN	90-517-0834-3

FULL BIBLIOGRAPHIC DETAILS:
http://dare.uva.nl/record/97994

Copyright

It is not permitted to download or to forward/distribute the text or part of it without the consent of the author(s) and/or copyright holder(s), other than for strictly personal, individual use.

UvA-DARE is a service provided by the library of the University of Amsterdam (http://dare.uva.nl)

Contents

1 Introduction and Outline **1**

1.1 Introduction and Motivation 1

1.2 Financial Integration 2

1.2.1 Short-Term Capital Flows to Emerging Markets 4

1.2.2 The Timing of Speculation and Capital Flight 7

1.3 Trade, Technology, and the Labor Market 11

1.3.1 Trade and the Labor Market 11

1.3.2 Technology and the Labor Market 14

1.4 Concluding Remarks 15

2 Patterns of Globalization **17**

2.1 Introduction 17

2.2 Financial Integration 17

2.2.1 Definitions and Data Sources 17

2.2.2 Trends and Regional Patterns 22

2.2.3 Sectoral Allocation of Total Debt 27

2.2.4 Volatility of Capital Flows and Vulnerability to Financial Crises . . 29

2.2.5 Concluding Remarks 32

2.3 Trade, Technology, and the Labor Market 33

2.3.1 Background 33

2.3.2 Trade versus Technology 36

2.3.3 Concluding Remarks 40

3 Short-Term Debt of Emerging Markets **43**

3.1 Introduction 43

3.2 Factors that Affect the Maturity Structure of External Bank Debt 46

3.3 The Empirical Evidence 51

3.3.1 The Explanatory variables 51

3.3.2 Regression Results 56
3.3.3 Additional Factors Affecting the Maturity of External Bank Debt . 59
3.4 The Cyclical Nature of Short-Term Capital Flows 60
3.4.1 Short-Term Debt: stabilizing or destabilizing? 60
3.4.2 Short-Term Capital Flows and Shocks 65
3.4.3 Risk Perception and Pro-Cyclicality 67
3.5 Conclusion 70

4 Coordination of Speculation 75
4.1 Introduction 75
4.2 The Discrete Time KFG Model 77
4.3 Coordination in the KFG Model 80
4.4 The General Case and Contagion 86
4.5 Concluding Remarks 88
4.6 Appendix 91

5 The Silence of the Lambs 95
5.1 Introduction 95
5.2 Location and Capital Flight 99
5.2.1 The Ingredients of the Model 99
5.2.2 Solving the Model 103
5.2.3 Conclusions when Local and Resident Investors Need Each Other . 106
5.3 Local Versus Foreign Players 108
5.4 The Role of Information Quality 110
5.5 Adding a Post-Crisis Tax on Resident Investors 112
5.6 Government Guarantees 114
5.7 Conclusion 115

6 Trade Liberalization and Labor Market Dynamics 119
6.1 Introduction 119
6.2 The Model in Steady State 124
6.3 Trade Liberalization and Employment 132
6.3.1 The Effects of Trade Liberalization in Sector x 133
6.3.2 The Effects of Trade Liberalization in Sector z 136
6.4 Some Illustrative Simulations 138
6.5 Expanding the Liberalization Package 142
6.6 Concluding Remarks 145

6.7 Appendix 146
6.7.1 Derivative of q_t^x and q_{t+1}^x with respect to p_t^f 147
6.7.2 Derivative of q_t^z and q_{t+1}^z with respect to p_t^f 148

7 From Solow Residual to Solow Paradox **153**
7.1 Introduction 153
7.2 Employment, Wages, and Profits 157
7.3 Investment by Workers 159
7.4 Productive New Technologies 161
7.5 Unproductive New Technologies 162
7.6 The Consequences for Employment 165
7.7 Conclusion 169

References **170**

Samenvatting (Summary in Dutch) **182**