

Welcome to the 3rd International Conference in Hawaii! Yes, this is the 3rd One!!

It is our great honor to have "The 3rd Annual International Conference on Applied Econometrics in Hawaii", in close cooperation with strong research universities around the Pacific Rim. Since its inauguration in 2015, this conference has been very successful and almost entered a stable phase, although the world economy has now been experiencing strong turbulences. The Brexit is still shaking not only the EU area but also most of the other countries, because they will all have to prepare for the shocks and uncertainties. The new US administration has also been a source of uncertainties in the world economy. We believe, nevertheless, that innovations. new science and technologies, and the global cooperation deeply rooted in human wisdom will conquer all the challenges ahead. Applied econometrics, in the broad sense of the term, will surely perform a crucial role in the process. We thank all the distinguished participants and excellent staff for their contributions for this conference and believe that this leads to the future research collaborations for years to come. Tamoton h



Participants

Kobe University



Shigeyuki HAMORI

PhD: Duke University Financial Econometrics, Applied Time Series Analysis



Isao KAMATA

PhD: University of Michigan International Trade



Tomoko KINUGASA

PhD: University of Hawai'i at Mānoa Population and Agricultural Economics



Tomomi MIYAZAKI

PhD: Hitotsubashi University Public Economics, Applied Econometrics, Macroeconomics



Kaiji MOTEGI

PhD: University of North Carolina at Chapel Hill Econometrics, Time Series Analysis, Applied Macroeconomics



Tamotsu NAKAMURA

PhD: Kobe University Macroeconomics

Keynote Speaker



University of Hawai'i at Mānoa

Denise KONAN

PhD: University of Colorado International Trade, Energy

Nanyang Technological University



Joseph Dennis ALBAPhD: University of Houston



Yohanes Eko RIYANTO

International Macroeconomics

PhD: Catholic University of Louvain (Belgium) Experimental and Behavioral Economics, Applied Microeconomics, Corporate Finance, and Industrial Organization

National Taiwan University



Chun-Ting CHENPhD: The Penn State University
Microeconomics



Sun Tak KIM

PhD: University of Pittsburgh Political Economy, Experimental Economics, Microeconomic Theory

University of Hawai'i at Mānoa



Teresa MOLINA

PhD: University of Southern California Economics (Development, Health)



Nori TARUI

PhD: University of Minnesota Environmental and Resource Economics, Energy Economics

Xiamen University



Haifeng XU

PhD: Kobe University Economic Statistics, Mathematical Statistics

Program

September 9

18:30-20:30

Welcome Dinner at Kohnotori

Speaker: Shigeyuki HAMORI, Kobe University

September 10

6:30-8:20

Continental Breakfast at Plantation Café, Ala Moana Hotel

8:50-9:00

Registration at Carnation Room (2nd Floor), Ala Moana Hotel

9:00-9:15

Opening Remarks

Speaker: Tamotsu NAKAMURA, Kobe University

Session 1

Chair: Shigeyuki HAMORI, Kobe University

9:15-10:00

Presentation 1

"Testing for Weak Form Efficiency of Stock Markets"

Speaker: **Kaiji MOTEGI**, Kobe University Discussant: **Haifeng XU**, Xiamen University

10:00-10:15

Coffee Break

10:15-10:30

Opening Remarks for Keynote Speech

Speaker: Tomoko KINUGASA, Kobe University

10:30-11:30

Keynote Speech

"Assessing Variability of Photovoltaic Load Supply in Hawai'i"

Speaker: Denise KONAN, University of Hawai'i at Mānoa

11:30-13:00

Lunch

Session 2

Chair: Tomomi MIYAZAKI, Kobe University

13:00-13:45

Presentation 2

"What Goes Around Comes Around: Export-Enhancing Effects of Import-Tariff Reductions"

Speaker: Nori TARUI, University of Hawai'i at Manoa

Discussant: Isao KAMATA, Kobe University

13:45-14:30

Presentation 3

"Interdependence between Oil and East Asian Stock Markets: Evidence from Wavelet Coherence Analysis"

Speaker: Shigeyuki HAMORI, Kobe University

Discussant: Nori TARUI, University of Hawai'i at Mānoa

14:30-15:00

Coffee Break

Session 3

Chair: Isao KAMATA, Kobe University

15:00-15:45

Presentation 4

"Can Partisan News Shift Political Preference and Voting Behavior? An Experimental Evidence from Taiwan's General Elections 2016"

Speaker: **Sun Tak KIM**, National Taiwan University

Discussant: Yohanes Eko RIYANTO, Nanyang Technological University

15:45-16:30

Presentation 5

"Organ Donation Decisions under Different Allocation Rules: Theory and Experiment"

Speaker: Yohanes Eko RIYANTO, Nanyang Technological University

Discussant: Sun Tak KIM, National Taiwan University

September 11

6:30-8:20 Continental Breakfast at Plantation Café,

Ala Moana Hotel

8:50-9:00 Registration at Plumeria Room (2nd Floor),

Ala Moana Hotel

Session 4

Chair: Kaiji MOTEGI, Kobe University

9:00-9:45

Presentation 6

"Public Investment and Stock Prices: Cross-Industry Evidence from Japan"

Speaker: **Tomomi MIYAZAKI**, Kobe University Discussant: **Shigeyuki HAMORI**, Kobe University

Session 5

Chair: Shigeyuki HAMORI, Kobe University

9:45-10:30

Presentation 7

"The Financial Crisis and Contagion: Evidence from Chinese and Global Stock Markets"

Speaker: **Haifeng XU**, Xiamen University Discussant: **Kaiji MOTEGI**, Kobe University

10:30-10:50

Coffee Break

Session 6

Chair: Tomoko KINUGASA, Kobe University

10:50-11:35

Presentation 8

"Can RTA Labor Provisions Prevent the Deterioration of Domestic Labor Standards?: the Cases of Statutory Minimum Wages and Employment Protection Regulations"

Speaker: Isao KAMATA, Kobe University

Discussant: Chun-Ting CHEN, National Taiwan University

11:35-13:00

Lunch

13:00-13:45

Presentation 9

"Coordination in Social Networks: Communication by Actions"

Speaker: Chun-Ting CHEN, National Taiwan University

Discussant: Tamotsu NAKAMURA, Kobe University

Session 7

Chair: Tamotsu NAKAMURA, Kobe University

13:45-14:30

Presentation 10

"Does Wage-Inflation Targeting Complement Foreign Exchange Intervention? An Evaluation of a Multi-Target, Two-Instrument Monetary Policy Framework"

Speaker: Joseph Dennis ALBA, Nanyang Technological University

Discussant: Teresa MOLINA, University of Hawai'i at Mānoa

14:30-15:00

Coffee Break

15:00-15:45

Presentation 11

"Pollution, Ability, and Gender-Specific Investment Responses to Shocks"

Speaker: Teresa MOLINA, University of Hawai'i at Mānoa

Discussant: Joseph Dennis ALBA, Nanyang Technological University

15:45-16:00

Closing Remarks

Speaker: Tomoko KINUGASA, Kobe University

18:30-20:30

Closing Dinner at Beijing Restaurant

Speaker: Tomomi MIYAZAKI, Kobe University

Closing Remarks: **Tamotsu NAKAMURA**, Kobe University

Abstract

Presentation 1

"Testing for Weak Form Efficiency of Stock Markets" Kaiji MOTEGI, Kobe University

Weak form efficiency of stock markets is tested predominantly under an independence or martingale difference assumption. Since these properties rule out weak dependence that may exist in stock returns, it is of interest to test whether returns are white noise. We perform multiple white noise tests assisted by Shao's (2011) dependent wild bootstrap. We reveal that, in rolling windows, the block structure inscribes an artificial periodicity in bootstrapped confidence bands. We eliminate the periodicity by randomizing a block size. In crisis periods, returns of FTSE and S&P have negative autocorrelations that are large enough to reject the white noise hypothesis.

Keynote Speech

"Assessing Variability of Photovoltaic Load Supply in Hawai'i" Denise KONAN, University of Hawai'i at Mānoa

Since 2010, the installed capacity of solar photovoltaic (PV) penetration in Hawai'i has soared due to exceedingly high electricity rates, generous installation tax credits, and net energy metering. The inherent variability of solar resources and changes in customer behavior impose increasing volatility at the circuit level, which poses challenges with grid stability. This study uses a rich and unique proprietary data set to assess the interrelated effects of weather and socio-economic factors on power system operations to maintain a balance between load and supply of solar photovoltaic at the system level.

Presentation 2

"What Goes Around Comes Around: Export-Enhancing Effects of Import-Tariff Reductions" Nori TARUI, University of Hawai'i at Mānoa

In international trade, transportation involves a round trip where the transport firm commits to capacity sufficient to serve shipping in both directions. Trade theory indicates that, with market power, firms in the transport sector adjust their freight rates strategically when trading countries change their tariff rates; and hence reducing import tariffs by a country may increase not only its import but also its export. By using data on tariff, freight rates and trade across approximately 150 countries in 2003-2007, we find evidence that supports these predictions. This finding indicates an extra impact of import tariff reduction on exports through a channel that is unforeseen in the literature.

Presentation 3

"Interdependence between Oil and East Asian Stock Markets: Evidence from Wavelet Coherence Analysis" Shigeyuki HAMORI, Kobe University

This paper examines the interdependence and causality relationship between oil and East Asian stock returns from 1992 to 2015 and provides a fresh perspective on portfolio diversification benefits using wavelet coherence analysis. We find that oil prices and the East Asian stock market move in phase, and oil prices lead to stock returns in the long run. We provide evidence that oil can reduce the risk in the short run, and the degree of risk reduction of oil-stock portfolios decreases over the long term. This study provides information that can guide investors in diversification efforts while investing in oil and East Asian stock markets.

Presentation 4

"Can Partisan News Shift Political Preference and Voting Behavior?
An Experimental Evidence from Taiwan's General Elections 2016"
Sun Tak KIM, National Taiwan University

We conduct a quasi-field experiment to investigate the effects of news media on 2016 Taiwanese Presidential and Legislative elections. Subjects are divided into 4 groups and provided with distinct partisan news articles (conservative, liberal, new third-party and control). After reading their assigned articles, subjects join multiple experimental sessions in which they are asked to solve quiz questions based on those articles and are rewarded according to their quiz scores. We measure the effects of partisan news by taking surveys about the subjects' real voting decisions at the elections as well as about their initial political preferences (before the experiment). We find that the liberal news articles have significantly increased the support for the presidential candidate of the same ideology by reinforcing the existing preferences. The articles about the third-parties also have significant impacts on subjects' learning and support for these new parties.

Presentation 5

"Organ Donation Decisions under Different Allocation Rules:
Theory and Experiment"
Yohanes Eko RIYANTO, Nanyang Technological University

A major source of transplanted organs around the world is from deceased donors. A well-designed organ allocation rule helps to moderate the scarcity of organs by improving efficiencies in allocation as well as by providing stronger incentives for donation. We study the incentives to register as a deceased organ donor under different organ allocation rules in both theory and laboratory. The organ waiting lists may prioritize registered organ donors and/or agents with high value in organ allocation. We consistently find that the dual-incentive allocation rules that take advantage of both donor status and value in organ allocation have negative impacts on both the donor registration rates and the aggregate welfare as compared to the simple donor priority rule. The dual-incentive rules distort the incentives of low value agents the most especially when the aggregate organ supply-demand ratio is low.

Presentation 6

"Public Investment and Stock Prices: Cross-Industry Evidence from Japan" Tomomi MIYAZAKI, Kobe University

The Japanese government has aggressively implemented infrastructure investment among some developed countries. The government has also employed stock price targeting since the 1990s. Incidentally, both positive and negative can be considered as the effects of public infrastructure investment on stock prices. First, on the theory behind the positive effect, Belo and Yu (2013)'s theoretical model is assumed. Belo and Yu (2013) specify the public capital as an input in the firms' production technology within the framework of the neoclassical model of investment (q-theory), and thus it affect the productivity of the private inputs through the positive externality. Second, we also assume the negative effects as in the case of private firm's investment rate and future stock returns. If our empirical evidence shows that public investment in Japan raises stock prices, it may have important implications for the revitalization of stock market as well as infrastructure improvement. However, to our knowledge, little previous works have examined whether or not public investment increases stock prices in Japan.

The objective of this research is to examine whether public investment has positive or negative impact on stock prices in Japan using the 23 sectoral panel data for the periods from 1983: Q1 to 2008: Q4. To perform empirical investigation, we estimate the impulse response function using local projection method.

Presentation 7

"The Financial Crisis and Contagion: Evidence from Chinese and Global Stock Markets" Haifeng XU, Xiamen University

In this paper, we investigate the contagion between Chinese and global stock markets indexes (including emerging and developed markets), in terms of both returns and volatility, with particular attention to the effect of the US subprime crisis and the European debt crisis. We try to detect the contagious path from daily closing price data over thirteen years (June 2003–May 2016), divided into four subsamples periods. Following related empirical studies, we conduct comparative analyses of the four subsample periods to evaluate how financial crises affects stock market integration. The evidence suggests that (i) linkages in terms of both stock returns and volatility spillover effects substantially increased during the US subprime crisis period, then drastically disappeared during the European debt crisis period; (ii) the major global markets are all interrelated with Chinese market in the US subprime crisis period but not in European debt crisis period; (iii) the stock markets have, in general, been more integrated after the crises than before the crises; (iv) the correlations between Chinese and global markets are lower compared with correlations between Chinese and developed markets before the crisis and increase during US subprime crisis.

Presentation 8

"Can RTA Labor Provisions Prevent the Deterioration of Domestic Labor Standards?: the Cases of Statutory Minimum Wages and Employment Protection Regulations"

Isao KAMATA, Kobe University

This study addresses the question of whether labor clauses in RTAs are effective to prevent the domestic labor standards in RTA signatory countries from deterioration. Empirical analyses are conducted for two measures of labor standards: statutory minimum wages and the strictness of employment protection. The impacts of RTAs with and without labor clauses and the importance of the RTA partners in a country's trade are estimated using data on minimum wages and employment protection for a wide variety of countries for multiple years. The results show that labor-clausenoninclusive RTAs with more and/or larger trading partners are associated with lower statutory minimum wages, while such association is not found for labor-clause-inclusive RTAs. Furthermore, estimation with separate samples in terms of the income groups of RTA partners clarifies that the estimation results are chiefly driven by middle-income countries that sign RTAs with high-income partners. This may indicate that signing RTAs with more and/or larger high-income trading partners would create to the governments of middle-income countries that have comparative advantage over the high-income partners in labor-intensive sectors a downward policy pressure on minimum wages, while that negative policy impacts on minimum wages in middle-income countries could be alleviated if the RTAs contain labor clauses. This result is also an interesting contrast with the result in the author's preceding study (Kamata, 2016) in which no systematic relationship is found between trade concentration with RTA partners and actual labor earnings regardless of whether or not the RTAs have labor provisions. On the other hand, no evidence is found for the impacts of RTAs with or without labor clauses on the strictness of employment protection.



Presentation 9

"Coordination in Social Networks: Communication by Actions" Chun-Ting CHEN, National Taiwan University

This paper studies a collective action problem in a setting of discounted repeated coordination games in which players know their neighbors' inclination to participate as well as monitor their neighbors' past actions. I define strong connectedness to characterize those states in which, for every two players who incline to participate, there is a path consisting of players with the same inclination to connect them. Given that the networks are fixed, finite, connected, commonly known, undirected and without cycles, I show that if the priors have full support on the strong connectedness states, there is a (weak) sequential equilibrium in which the ex-post efficient outcome repeats after a finite time T in the path when discount factor is sufficiently high. This equilibrium is constructive and does not depend on public or private signals other than players' actions.

Presentation 10

"Does Wage-Inflation Targeting Complement Foreign Exchange Intervention? An Evaluation of a Multi-Target, Two-Instrument Monetary Policy Framework" Joseph Dennis ALBA, Nanyang Technological University

We assess the inclusion of wage inflation as an intermediate target of an emerging central bank using a dynamic stochastic general equilibrium model with sticky wages and prices calibrated for the South Korean economy. The model includes wage inflation as an additional target jointly with domestic price inflation and the output gap in a Taylor type interest rate rule operating with a sterilized foreign exchange (FX) intervention rule. Our results show a complementary relationship between wage inflation targeting and price inflation targeting. That is, by supplementing price inflation targeting with wage inflation targeting, welfare improves for cases with and without sterilized FX intervention. When intervention is in place, wage inflation targeting has the added advantage of reducing the volatilities of nominal exchange rate and foreign exchange reserves thereby promoting a more sustainable conduct of FX intervention.

Presentation 11

"Pollution, Ability, and Gender-Specific Investment Responses to Shocks" Teresa MOLINA, University of Hawai'i at Mānoa

The long-term effects of early-life health shocks on later-life human capital are well-documented, but the reasons why men and women often respond differently to these shocks are less well-studied. Using data from Mexico, I show that exposure to pollution in the second trimester of gestation leads to significantly lower cognitive ability in adulthood for both men and women. For women only, however, this shock to cognitive ability also leads to lower high school completion and income. I identify two labor market features that explain why men do not adjust their schooling decisions as much as women do: (1) men sort into blue-collar occupations at higher rates, and (2) schooling and ability are more substitutable in blue-collar occupations than in white-collar occupations. I verify the lower degree of complementarity in blue-collar jobs by structurally estimating the wage parameters for each occupation type, using a dynamic discrete choice model of education and occupational choice.

Staff Member

Assistant Staff in Kobe University

Office Staff Participant

Megumi ARAKI Naoko YAMASAKI

Operations Staff Miyu HAGIWARA

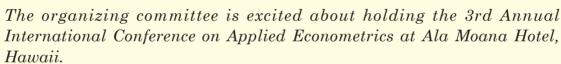
Tomoko SHIBATA

It is a great pleasure for us to be part of the organizing committee for the 3rd Annual International Conference in Hawaii.

We will give our best to support this conference in every way we can.



Message from Organizing Committee



It is our great honor to welcome such highly recognized speakers in pioneering research to the conference. Your support helps us offer outstanding opportunities for professional and personal development, education and networking. Thank you for considering our request and for offering your warm support to make this conference the best it can be.

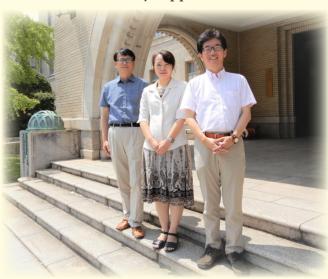
We would like to express our sincere gratitude to our sponsor, Shizen Research Institute, Ltd. and Integrated Research Center of Kobe University. Also, we are deeply grateful to Ms. Eastman, the Asian Services Manager at Ala Moana Hotel, for her immeasurable amount of support.

Best regards, Tomoko Shibata Assistant staff member

2017 Organizing Committee

Professor Tomoko KINUGASA Professor Tamotsu NAKAMURA Professor Shigeyuki HAMORI

Megumi ARAKI, Miyu HAGIWARA, Tomoko SHIBATA, Naoko YAMASAKI Assistant staff members



Venue Ala Moana Hotel

Address:

ALA MOANA HOTEL 410 Atkinson Drive Honolulu, Hawaii 96814 TEL: (+1) 808-955-4811 FAX: (+1) 808-944-6839

HP: http://www.alamoanahotelhonolulu.com/

Ala Moana Hotel, Honolulu's landmark hotel, is situated between the Hawaii Convention Center and the Ala Moana Shopping Center where over 300 stores and dining discoveries await. It features contemporary guest rooms with splendid views of the ocean and the Honolulu city skyline. The conference will take place on September 10 at Carnation Room (2nd Floor) and on September 11 at Plumeria Room (2nd Floor). A buffet-style breakfast will be offered at Plantation Café (1st Floor).



Ala Moana Hotel



Plantation Café

HOKU

Honolulu Office of Kobe University

HOKU (Honolulu Office of Kobe University) is the Hawaii-based office of Kobe University. We held the opening ceremony of this office last year on June 30.

HOKU was established based upon the aim of promoting international collaboration between Kobe University and universities and research institutes in both the Americas and the pan-Pacific region across the full range of academic fields.

It is an office (one room) located in the educational facility called JAIMS, which is located on a six-acre campus in the Honolulu suburb of Hawaii Kai and can be reached in an approximately 20-minute drive from the downtown business area of Waikiki. JAIMS is a two-story, air-conditioned building that provides an aesthetically pleasing and well-equipped learning place.

HOKU can accommodate approximately 15 persons and is equipped with a big monitor and a white board. Kobe University can use this room for various events, such as small conferences or seminars.



HOKU



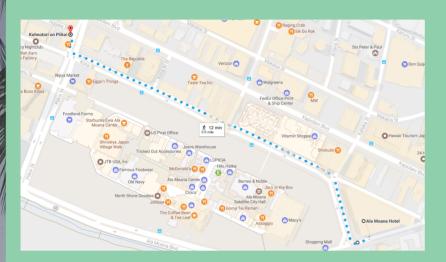
JAIMS



Opening Ceremony at HOKU

Welcome Dinner

that offers Japanese foods that use Hawaiian fresh fish and chicken.



♦ STORE INFORMATION **♦**

Kohnotori on Piikoi

Address: 514 Piikoi Street, Honolulu, Hawaii BUSINESS HOUSE TEL: 808-592-8500 Hours: PM5:00 ∼ AM0:00



Kohnotori

From Ala Moana Hotel 🎊





Turn left at the 1st corner and go straight on Kona St





💃 Turn right at Piikoi St 🥠 You can find Kohnotori on your left

Closing Dinner



\diamondsuit STORE INFORMATION \diamondsuit

Beijing Chinese Seafood Restaurant

Address: 3rd Floor, Royal Hawaiian Center, 2301Kalakaua Ave. C311-C, Honolulu, HI TEL: 808-971-8833

Hours: (Sun-Fri) AM11:30~PM9:45 PM 5:00~PM9:45 (Sat)

HP: www.beijinghawaii.com





Beijing Restaurant

Hawaii Guide



A Ala Moana Center



Ala Moana Center is one of the largest shopping malls in Hawaii, with over 300 shops in an open ceiling space. This mall is very popular among local people and tourists.

Access: 3 min walk from Ala Moana Hotel

B Waikiki Beach Walk



Waikiki Beach Walk is located on beautiful Lewers Street in the city center. It has over 40 shops, including nice restaurants and Hawaiian shops.

Access: See below

C Ala Moana Beach Park



Ala Moana Beach Park has a calm and beautiful white-sand beach, stretching about 1 km. It has some free facilities like free tennis courts and BBQ, so it attracts a lot of families with children on weekends.

Access: 5 min walk from Ala Moana Hotel

D Ward Centers

Ward Centers is an entertainment complex with 22 nice restaurants, 125 shops, a 16-screen cinema complex, and a big gaming center

Access: 15 min walk from Ala Moana Hotel

Wal-Mart

Wal-Mart is a 24 hour discount shop. It sells houseware, toys, and souveniors.

Access: 10 min walk from Ala Moana Hotel

Nordstrom

Nordstrom is a popular department store, and it has the latest fashionable shops for adults and children.

Access: 5 min walk from Ala Moana Hotel

How to access between Ala Moana to Waikiki



The Bus (Line: 8,19,20,23,42)

Fare: \$2.5 Time: 15 min

Line 8 runs every 15 min.



Waikiki Trolley (Pink Line)

Fare: \$2.0 Time: 30 min

It runs every 10 min.



Taxi

Fare: Approximately \$10.0

Time: 10 min



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