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ECONOMETRIC MODELING: MACROECONOMICS eJOURNAL**Convergence among inflation, growth, and exchange rate: North African evidence**

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This paper examines the convergence dynamics of inflation, economic development, and exchange rates in six North African countries-Algeria, Egypt, Libya, Mauritania, Morocco, and Tunisiafrom 1980 to 2024. The analysis uses a unique econometric approach, including panel unit root tests, multivariate convergence and stability models, and Dumitrescu-Hurlin panel causality tests, to determine whether these variables have converged over time. The results show that while some variables have converged statistically significant but diverse convergence tendencies, with better synchronization in Morocco, Tunisia, Algeria, and Libya, while Egypt and Mauritania continue to diverge. Notably, the analysis finds strong bidirectional causality between inflation, exchange rates, and economic growth, underscoring inflation's critical role in regional macroeconomic interactions. Conversely, the weak causal relationship between exchange rates and growth highlights structural impediments to effective monetary transmission. These findings have significant implications for policy coordination, inflation targeting, and regional monetary integration, particularly in the context of a possible North African monetary union. The paper suggests specific convergence tactics and structural reforms to improve macroeconomic alignment and integration throughout the area.

The Effect of Google Trends and Social Media Variables on Stock Market Return and Volatility in MENA Countries

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This chapter tries to investigate the effects of Google trends and social media variables as a source of big data on stock market price and return volatility in the Middle East and North Africa (MENA) countries. This has been conducted using daily, weekly, and monthly data from 12 stock market indices (Bahrain,

Evolution of Economic thought in Ukraine: From Regional Development to Crisis Cash Management in Wartime (2004 - 2025)

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This article presents the author's perspective on the evolution of economic thought in Ukraine from 2004 to 2025. Beginning with theoretical research on regional development, free economic zones, and investment potential, the author's professional journey progressed toward practical crisis cash management at the level of national banking infrastructure. Drawing on personal experience at PrivatBank and cooperation with the National Bank of Ukraine (NBU), the paper explores how the state's economic strategy has adapted to war, financial crises, and the need for decentralization. Special attention is paid to the NBU's delegated model of transferring certain central bank functions to commercial banks, the associated operational risks, the role of institutional trust, and practical tools for preserving the resilience of the monetary system.

The impact of public expenditure on private investment in agriculture: Crowding in or crowding out? Evidence from Azerbaijan

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This paper aims to conduct an empirical enquiry into determining the impact of public expenditure on private investment in agriculture to discover as to whether the former casts a crowding-in or crowding-out effect on the latter, simultaneously controlling for the oil-related factors which are oil price and oil production in the case of Azerbaijan. The Autoregressive Distributed Lag Bounds Testing (ARDLB) approach has been applied to examine the relationship between oil prices and oil production from 2000-Q1-2017-Q4. The results confirm that public expenditure exerts its influence on private investment in agriculture in the long-run, demonstrating both strong statistical and economic significance. The empirical findings obtained herein are beneficial for the policy-making purposes, and the meagreness of the related literature concerning Azerbaijan makes us deduce that further empirical research should be implemented.

How foreign aid affects institutional quality and economic development

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This study investigates the impact of foreign aid on institutional quality and economic development in recipient countries. The purpose of the research is to understand whether and how foreign aid contributes to strengthen institutional quality and economic development. Using a mixed-method approach, the study combines crosscountry panel data analysis with qualitative case studies over the past two decades. Key findings indicate that while foreign aid can improve economic development by providing critical resources, its effectiveness largely depends on the pre-existing institutional framework. Aid tends to enhance institutional quality when aligned with governance reforms and accountability mechanisms, whereas poorly targeted aid may reinforce corruption and weaken institutional capacity. The results underscore the importance of designing aid programs that support institutional strengthening alongside economic objectives.

Taylor Rule, Structural Shocks, Inequality Dynamics in an Imperfect Competition-Sticky Price Model

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Using an imperfect competitive model with sticky prices first introduced by Rotemberg (RES, 1996), this paper analyzes how structural parameters influence wealth and income inequality and other economic variables differently depending on whether the Taylor rule is active or passive. In order for differences in Taylor rules to have significantly different impacts on inequality, nominal variables such as prices and inflation rates must gradually approach their respective steady-state values through the transition. Given the Taylor rule and employment-shock shocks in the US and UK in the periods 1979-1990 and 1992-2003, theoretical conclusions may be useful for comparing changes in income inequality during those periods.

Understanding Emerging Market Business Cycles

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We document important differences between developed and emerging market economies relating to international relative prices and quantities. In emerging economies, imports are more volatile than exports, the terms of trade is less volatile, and net exports are strongly countercyclical. Moreover, the terms of trade is acyclical or weakly countercyclical, while it is procyclical in developed countries. We compare three mechanisms which could account for the empirical evidence: trend productivity shocks, interest-rate shocks in the presence of financial frictions, and informality. We find that trend productivity shocks are necessary to replicate the observed behavior of the open-economy variables.

Wages in High-Tech Industries and Common Prosperity in China: Aggregate and Distribution Perspective

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This paper aims to explore the impact of high wages in high-tech industries on income inequality in China. The research results indicate that the high wages in high-tech industries do indeed improve wealth level but exacerbate inter-regional inequality in China. These conclusions have passed robustness tests and validations of endogeneity issues. In the heterogeneity tests, the paper finds that high wages in high-tech industries have a significant positive effect on income gaps across different regions, although there are differences in significance. Further mechanism analysis reveals that the high wages in high-tech industries mainly increase the total amount of wealth and exacerbate overall income inequality in China through spatial spillover effects.

Desindustrialização: definições, tipos, causas, consequências e evidências do Brasil e do mundo

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Many developing countries, such as Brazil, face a process of premature deindustrialization—that is, they transition to the service sector without completing industrialization or consolidating a national innovation system. This chapter provides a comprehensive overview of the theory of deindustrialization, including its types, causes, and consequences. It also analyzes empirical evidence of this phenomenon on a global scale, with a specific focus on Brazil. Finally, the chapter presents empirical evidence of deindustrialization across twelve manufacturing sectors and two categories of technological intensity over the past five decades. The empirical evidence confirms severe deindustrialization in Brazil, as measured by GDP (at current or constant prices) and employment over the past four decades, with harmful effects on the national innovation system by strongly affecting the most technology-intensive sectors.

Original Sin Redux: Global Financial Cycle and Local Currency Sovereign Bonds in Emerging Market Economies

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I empirically examine how global financial cycle (GFC) affects local currency sovereign bonds (LCSBs) and foreign holdings in 21 emerging market economies (EMEs) from 2008-2023. A one-standard-deviation GFC tightening reduces outstanding LCSBs by 0.047% and foreign holdings by 0.105%, via valuation, net financing, and investment effects. These results suggest that tightening GFC drive the "original sin redux" in EMEs. Moreover, monetary policy independence, especially under flexible exchange rates, buffers the GFC's impacts. The results provide new evidences on the trilemma hypothesis.

The Art of Asking and Borrowing in Decentralized Finance (Houhai Chen)

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Imagine being able to lend and earn interest without ever having to talk to a bank. That's the vision of Decentralized Finance (DeFi), a fast-growing area of finance that is built on blockchain and smart contracts. This paper discusses looking for high returns like Aave, Compound, and MakerDAO work, and why clients from ordinary savers looking for high returns to institutions seeking clout are joining. We delve into the technology behind smart contracts, how they deal with risk using DeFi is not just a tech story—it's social too. It has the potential to disrupt traditional finance, open access in underserved communities, and put a strain on global regulatory systems. But challenges of scalability, security, and restricting usage to certain users are still present. This paper also explores the potential of DeFi to revolutionize asset classes studies. This paper further applies resilience theory to discover how DeFi responds to economic shocks compared to traditional banks. By doing so, it fills a key research gap in terms of the long-term economic contribution of DeFi. We offer policy proposals like undercollateralized lending programs and single point regulation, and argue that DeFi, if properly constructed, can support goals like decent work and economic growth (UN SDG 8). There needs to be future work on what drives take-up and how DeFi could scale across blockchains and geographies to realize its potential.

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