

Report on the 14th Carroll Round Conference

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The Carroll Round Conference was an incredible eye-opening experience. The aim of the Carroll Round is to foster the exchange of ideas among undergraduates that come from top universities around the globe and are interested in economics research. The people I met there are exceptional students with a strong drive for economics and passionate enthusiasm for research. Many of them are looking forward to do a PhD while others are planning to work at institutions such as the Fed, WTO, IMF, World Bank as well as leading consulting and financial firms. I truly had an unforgettable time. The following is a summary of my days there.



The 14th Carroll Round Group

Thursday, April 16th

In the early morning of April 16th, I flew from Birmingham Airport to Dublin and then from Dublin to Washington DC with also the other participant from Warwick, Raees Chowdhury. I spent most of the time on the flights reading the participants' papers, especially the one by Chenbo Fang on the cost benefit analysis of collective action clauses in sovereign bond contracts since I was the discussant of his paper (I had to briefly summarise and comment on his paper after his presentation as a way to kick off the discussion). When we arrived in Washington DC, thanks to the accurate directions emailed by the organizers, we did not have much problem in reaching the hotel. I really have to say that also every other single detail of the Conference had been perfectly organized by the Committee. That first night was very enjoyable and I got to know most of the Committee and the participants, the majority of which came from US universities. After dinner, we met with Dean Kaneda, the Dean of the School of Foreign Service at Georgetown. He is an enthusiastic supporter of the Carroll Round Project and, in his speech, he contagiously conveyed to us his view of the Carroll Round as the breeding ground for future global leaders.

Friday, April 17th

Presentations by the participants started at 9:00 am and the range of topics was very vast: network effects in the Chinese culture, micro-credit in Bangladesh, fiscal multipliers in a financially globalized world, the effect of FDI spillovers on internet diffusion, HIV prevalence in Africa (which won best paper), preferential trade agreements and international conflict, topics in environmental economics and many others. The only thing I regret is that there were always two overlapping sessions of presentations so that you had to choose which one to attend. For this reason, I could not attend Raees' presentation, as he was presenting in the other session contemporaneous to mine.

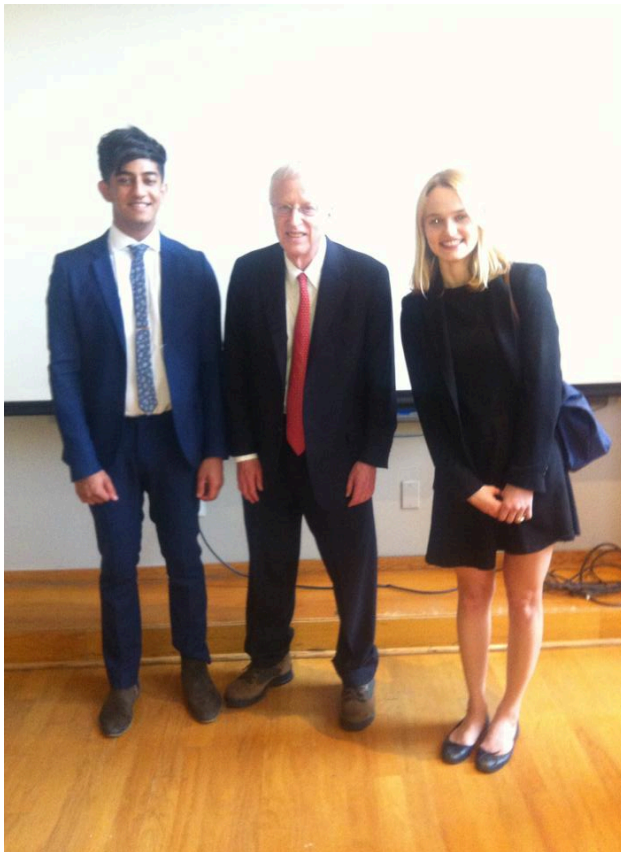
I was lucky to present in the first session on the first day so that I could relax for the rest of the Conference. My presentation was well received and the chair of the session, Professor Robert Cumby, came personally to congratulate me. I felt indeed very gratified and was ready to enjoy the rest of the conference. Just to give a brief idea, my

dissertation was about the interplay between bank lending and bank capital in Europe. When I had to choose my RAE topic, I remember that I really wanted to do something on the relationship between monetary policy and the real economy, given the significant impact that the financial crisis has had on most advanced economies. Hence, as I started to read some literature, I realized that there was a fascinating research puzzle that could be a potential motivation for my research. While the theoretical models of the transmission mechanism of monetary policy assert that higher capital should increase bank lending, the prudential regulatory policies in Europe aimed at increasing bank capital requirements are leading to a credit crunch. In my research, I investigate around the issue and, using a panel of European banks from 2004 to 2013, I find that the positive cycle between capital and lending is impaired and higher capital tends to dampen bank lending. The empirical results lend support to a countercyclical financial regulation highlighting a mutually reinforcing feedback between the financial system and the real economy.

In the afternoon, after Thai food and a group photo, we had the second round of presentations and a policy simulation lab organised by the Carroll Round Committee. The lab was a novel introduction to the Conference and turned out to be a very entertaining activity as we were divided into specific groups each with a special role and we had to interact in a real-life case of a dam construction in India. I was in the group representing the World Bank while the other groups were the farmers, the politicians and the NGOs. Afterwards, we went to a drink reception on a terrace on top of Potomac River. We also had dinner there and listen to the first keynote speaker, Dr. Rajiv Shah, who has been the administrator of the United States Agency for International Development (USAID). His speech on aid was very thought-provoking and Dr. Shah explained how aid could help people without countries becoming dependent on it. Dr. Shah has had a truly inspiring career starting off as secretary of agriculture for research, education and economics and also working for the Bill & Melinda Gates Foundation. During the dinner, as I was seated next to Professor Cumby and his wife together with other students and Dr. Shah himself, the conversation at the table turned out to be particularly engaging and captivating.

Saturday, April 18th

On the second day, I attended presentations on a range of diverse topics including economic transparency and domestic investment, a DGSE model for income inequality and growth, trade liberalization and deforestation and global current account imbalances. However, I must say that the real highlight of the second day was the keynote speech by the Nobel Prize-winning economist George Akerlof. The title of the speech was “Phishing for Phools” and, in his speech, Professor Akerlof challenged the goodness of the market by showing how it could harm us by systematically exploiting our psychological weaknesses through manipulation. Akerlof conveyed his message with several stories to illustrate how phishing affected everyone: we pay too much for gym membership and cars, drug companies market pharmaceutical that are not really effective, people spend their money up to the limit and then worry about next month’s bills. After the speech, I went with Raees to talk to Akerlof and Raees was eager to let him know that his RAE tutor was Dr. Robert Akerlof, George Akerlof’s son! Surprisingly enough, George Akerlof already knew about Raees and was very happy to meet him!



With Raees and George Akerlof

Final Comments

I will always remember the 14th Carroll Round as one of the greatest opportunity I ever had at Warwick. The overall experience has been overwhelmingly rewarding. The organisation of the Conference was impressive and I am confident I will remain in contact with a lot of participants. I would really like to thank my supervisor, Dr Alexander Karalis Isaac, for putting me forward for the Carroll Round and Dr. Gianna Boero for endorsing my application.