

The IER Seminar in Empirical Economics

We would like to invite you to the **Empirical Seminar** series organized by the Institute of Economic Research, Slovak Academy of Sciences, Šancová 56 that will be held online. The seminar will take place on **June 7th, 2021 at 14:00**.

The speaker will be **prof. Dr. Ing. Menbere Workie Tiruneh, PhD.** (Institute of Economic Research, Slovak Academy of Sciences, Slovakia).

The topic of the seminar is: ***Do Remittances Trigger the Dutch Disease? A Panel Cointegration***

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Abstract

In this paper we investigate the impact of financial inflows in the form of remittances on the dynamics of real exchange rate using a sample of 134 developing and emerging economies (EMDEs) over the years 1980-2019. Using the heterogeneous panel cointegration approach, we find that remittances exert a long-term pressure on the real appreciation of the domestic currency. Consequently, we find evidence that remittances might contribute to triggering the phenomenon of the Dutch disease. We also find evidence for heterogeneity in the effects of remittances on the real exchange rate over the long-term: having floating exchange rate, higher level of economic freedom and higher financial development reduces the long-run appreciation of the real exchange rate due to the remittance inflows and thus, the risk of the Dutch disease arising from the remittances inflows.

The seminar will be co-chaired by Mária Širaňová.