

Essays on international financial integration

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PROPOSITIONS
ACCOMPANYING THE DISSERTATION

**ESSAYS ON
INTERNATIONAL FINANCIAL INTEGRATION**

BY
ROBERT VERMEULEN

1. When investors consider only correlations to capture stock market dependence, they fail to recognize the asymmetric effects of trade and financial integration on these dependencies. This is especially costly in situations when markets jointly crash.
(Chapter 2)
2. Even though it seems natural to diversify away stronger from equities that jointly crash than from equities that jointly boom, the data suggest that international investors do exactly the opposite.
(Chapter 3)
3. Compared to exchange rate movements, changes in domestic stock and housing prices have a much larger impact on the trade balance of the United Kingdom and United States, thereby providing an important explanation of observed trade imbalances.
(Chapter 4)
4. Migrant remittances have an important positive impact on their origin country's financial openness policy.
(Chapter 5)
5. Instead of achieving a global balance between financial markets and the real economy, the current economic and financial crisis suggests that both interact using a lever.
6. The differences between academic researchers and salesmen are blurring, both market and sell their products to potential customers. Quite often with significant adjustments and improvements.
7. Allowing a PhD student to defend his thesis in two universities increases the set of attainable utility curves. Whether a higher utility is achieved is not trivial as it depends on a suitable combination of PhD student, supervisors and universities. The author is happy that he has been able to reach a higher utility curve.
8. Budget advice for governments: "We don't have a [ten] trillion-dollar debt because we haven't taxed enough; we have a [ten] trillion-dollar debt because we spend too much."
(Ronald Reagan)
9. When a government asks its voters to answer with "yes" or "no" in a referendum and translate the voter's answer in either "majority yes" or "even though the majority says no, it is better for them to say yes and that is what we will do", one may question the usefulness of referendums, at least in the Netherlands.
10. "Success is not the key to happiness. Happiness is the key to success. If you love what you are doing, you will be successful."
(Albert Schweitzer)