

CORRIGENDUM TO "Systemic crisis and growth revisited: Has the global financial crisis marked a new era?" *Economics Letters* 170 (2018): 50-54.

Sven Steinkamp¹ and Frank Westermann²

February, 2020

In our 2018 paper on systemic crisis and growth (Steinkamp and Westermann, 2018), we have discovered two errors that we would like to correct: (i) a typographical error in Table 2 as the sample period is 1967-2006 and 1967-2016, not 1961-2000 and 1961-2010. That is, we used the four (and, respectively, five) most recently available decades. (ii) For the initial GDP control variable, we did not take logs and used the current periods' first observation rather than the previous periods' last observation. We apologize for the inconvenience this caused to those trying to replicate our results.

These errors have the following implications for our findings. Regarding Table 1: in the updated sample from 1961-2010 the coefficient on skewness is statistically significant, i.e. it confirms the original finding in Rancière et al. (2008). However, the coefficient is still much smaller when compared to the period 1961-2000. Regarding Table 2: The specific sample given at the top of the table yields insignificant results.

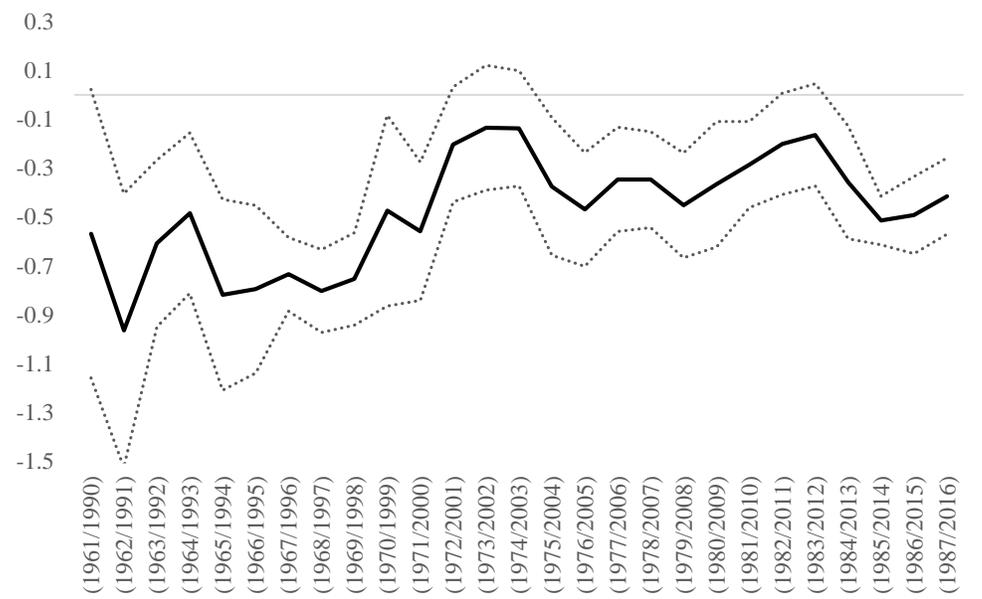
To illustrate that the main empirical result we claim, i.e. the continued statistical significance of the skewness effect for MEC×LIB-countries, is nevertheless representative of the true underlying relationship between the variables, please consider the rolling estimation below, where all mistakes are corrected and that is independent of a specific (arbitrarily chosen) sample. Figure 1 shows that in the set of liberalized MECs, the effect of skewness on growth is negative and statistically significant in most sample periods, including the latest one. This finding – qualitatively the same as reported in the abstract – helps to reconcile the more limited evidence found when updating Rancière et al. (2008) by one decade, as well as the reversal of the India-Thailand comparison, with the theoretical model.

To facilitate further research on this topic, we have made a replication file (i.e. data file and Stata-code) available online at <http://www.wipo.uos.de/sst>.

¹ Sven Steinkamp (corresponding author), Institute of Empirical Economic Research, Osnabrück University, D-49069 Osnabrück, Germany, E-mail: sven.steinkamp@uni-osnabrueck.de.

² Frank Westermann, Institute of Empirical Economic Research, Osnabrück University, D-49069 Osnabrück, Germany; E-mail: frank.westermann@uni-osnabrueck.de.

Figure 1: Rolling total coefficient



Notes: The solid line reports the rolling point estimate of the total skewness effect for countries with a moderate degree of enforceability problems (MECs) and liberalized financial markets (LIB), i.e. $(\gamma_1 + \gamma_{2a})$. The dashed lines represent the 95% confidence interval (1.96σ) around the coefficients. Coefficients are estimated based on the specification of Table 2 in rolling 3×10 -year nonoverlapping windows, starting in 1961-1987 and ending in 1990-2016. The number of observations ranges between 79 and 139. Data sources: See Appendix A of Steinkamp and Westermann (2018).

References

- Steinkamp, Sven, and Frank Westermann. "Systemic crisis and growth revisited: Has the global financial crisis marked a new era?" *Economics Letters* 170 (2018): 50-54. DOI: 10.1016/j.econlet.2018.05.032
- Rancière, Romain, Aaron Tornell, and Frank Westermann. "Systemic crises and growth." *The Quarterly Journal of Economics* 123.1 (2008): 359-406. DOI: 10.1162/qjec.2008.123.1.359