

Business & Economic article Links (August 2013)

1.

Title: [A new theoretical analysis of deindustrialisation](#)

Authors: Tregenna, Fiona

Source: Cambridge Journal of Economics; 2013, Advance Access, First published online: July 16, 2013

Abstract: The analysis of deindustrialisation has been led by heterodox economists, especially those in the structuralist and Kaldorian traditions, based on a conception of sectoral specificity and the role of manufacturing in growth. Sectors are not the units of Marxian economic analysis, but thinking through the meaning of sectors in Marxian terms allows for an analysis of the meaning and implications of a change in sectoral structure. Deindustrialisation is the sectoral shift that has been most prominent in recent decades and which is likely to have significant implications for the future of capitalism. This article develops an original Marxian theorisation of deindustrialisation. This conceptualisation includes a distinction between two forms of deindustrialisation. As well as taking into account changes in sectoral structure, the proposed typology considers whether such changes are associated with a shift between those activities that produce surplus value and those that do not or only a shift in the composition of surplus-value-producing activities. The distinction between different forms of deindustrialisation allows for an arguably richer analysis of this phenomenon than in more narrowly sector-based approaches.

Note: doi: 10.1093/cje/bet029

Database: *Oxford Journals Online*

2.

Title: [Foreign direct investment, aid, and terrorism](#)

Authors: Bandyopadhyay, Subhayu, Sandler, Todd and Younas, Javed

Source: Oxford Economic Papers; 2013, Advance Access, First published online: July 31, 2013

Abstract: This paper constructs a theoretical model to investigate the relationship between the two major forms of terrorism and foreign direct investment (FDI). We analyze with various estimators how these relationships are affected by foreign aid flows by focusing on 78 developing countries for 1984–2008. Both types of terrorism are found to depress FDI. Aggregate aid mitigates the negative consequences of domestic and transnational terrorism, but this aid appears more robust in ameliorating the adverse effect of domestic terrorism. However, when aid is subdivided, bilateral aid is effective in reducing the adverse effects of transnational terrorism on FDI, whereas multilateral aid is effective in curbing the adverse effects of domestic terrorism on FDI. For transnational terrorism, there is evidence in the literature that donor countries earmark some bilateral aid to counterterrorism. Aid's ability to curb the risk to FDI from terrorism is important because FDI is an important engine of development.

Note: doi: 10.1093/oep/gpt026

Database: *Oxford Journals Online*

3.

Title: [The European Union's Emissions Trading System](#)

Authors: Vlachou, Andriana

Source: Cambridge Journal of Economics; 2013, Advance Access, First published online: July 19, 2013

Abstract: This paper investigates the European Union's Emissions Trading System (EU ETS), which is often presented as the cornerstone of the EU's strategy for fighting climate change. The paper analyses the basic design of the scheme, its workings during the first trading period (2005–07), the adjustments made for the second trading period (2008–12) and its performance during the years 2008 and 2009. It also discusses the European Commission's (EC) proposal to revise the EU ETS for the period 2013–20 and the agreement reached. The paper offers a critical assessment of the EU ETS from a value-theoretic and class-based standpoint, challenging mainstream accounts. Following the consultation and co-decision processes that preceded the adoption of the EU ETS Directive and its amendment, one reaches the conclusion that the EU ETS has *become* the flagship of the European climate change programme because it is more conducive to the dominant EU industrial capitals that compete with non-EU capitals under strenuous international market conditions. The limited environmental effectiveness, the windfall profits and distributional injustice that characterise the scheme from its start are pitfalls generated from the embeddedness of the scheme in the EU capitalist economies.

Note: doi: 10.1093/cje/bet028

Database: *Oxford Journals Online*

4.

Title: [On the new economic philosophy of crisis management in the European Union](#)

Authors: Csaba, L.

Source: Society and Economy; August 2013, Vol. 35, Issue 2, Pp. 121-139.

Abstract: This essay attempts to go beyond presenting the bits and pieces of still ongoing crisis management in the EU. Instead it attempts at finding the 'red thread' behind a series of politically improvised decisions. Our fundamental research question asks whether basic economic lessons learned in the 1970s are still valid. Namely, that a crises emanating from either structural or regulatory weaknesses cannot and should not be remedied by demand management. Our second research question is the following: Can lacking internal commitment and conviction in any member state be replaced or substituted by external pressure or formalized procedures and sanctions? Under those angles we analyze the project on establishing a fiscal and banking union in the EU, as approved by the Council in December 2012. [PUBLICATION ABSTRACT]

Note: doi:http://dx.doi.org/10.1556/SocEc.35.2013.2.1

Database: *ABI/INFORM Complete*

5.

Title: [Europe's Basket Case](#)

Authors: Kakissis, Joanna

Source: Foreign Policy; July/August 2013, Issue 201, Pp. 84-87, 7.

Abstract: This spring, a few hundred public school teachers gathered outside the Greek Parliament building in central Athens to do something Greeks have been doing for the last three years: protest austerity measures. They shouted chants against corrupt politicians, clueless eurozone leaders, and greedy bankers. Loudspeakers blared 40-year-old protest music from the resistance against the 1967-1974 military junta. The unemployment rate is now 27%, a record; for Greek workers under age 25, it's more than 60%. Tens of thousands of businesses have closed. The number of suicides has doubled in three years. Nearly a quarter of Greeks say they can't afford food. Last year, it seemed that Greece was headed for sure democratic meltdown. Many declared the country a failed state, citing not only the very visible pain of austerity on Greeks but violent anti-austerity protests and a political system at an utter impasse. The unemployed often complain bitterly about those in the civil service, who, until recently, could never be fired.

Database: *ABI/INFORM Complete*

6.

Title: [Employee Downsizing of the Banking Sector in Portugal: A Case Study](#)

Authors: Gandolfi, Franco

Source: Journal of Modern Accounting & Auditing; August 2013, Vol. 9 Issue 8, Pp. 1105-1118.

Abstract: Downsizing as a systematic reduction of employees is frequently utilized in order to increase productivity, efficiency, profitability, and competitiveness of firms. As a strategy of choice for many firms around the world, downsizing produces far-reaching financial, organizational, and social consequences. Despite the large body of literature, there is inconclusive evidence as to whether downsizing is effective and whether it generates the widely anticipated financial benefits. An in-depth review of the literature suggests that most downsized organizations have failed to yield economic benefits. This case study examined whether Portugal's eight largest banks realized their financial objectives upon the execution of downsizing activities during their recent 2008-2010 endeavors. Financial performance was measured through employee efficiency, profitability, and asset quality. Six hypotheses were defined using six different financial ratios which were deemed as integral tools for measuring financial performance of deposit-accepting banks. The secondary data were analyzed within a defined framework of two distinct phases: pre- and post-downsizing phases. A key statistical tool, the paired sample t-test, was applied to determine whether there were statistically significant differences in the ratios between the two timeframes. The analysis demonstrated that there were statistically significant differences between the pre- and post-downsizing ratios of loans per employee and deposits per employee. In contrast, no statistically significant difference was found in return on assets (ROA), return on equity (ROE), loans to assets, and non-performing loans to loans ratios. On the basis of this analysis, the study has concluded that downsized large Portuguese banks have

largely failed to achieve their projected financial objectives. [ABSTRACT FROM AUTHOR]

Database: *Business Source Complete*

7.

Title: [A New Angle on Rules versus Standards](#)

Authors: Friedman, Ezra and Wickelgren, Abraham L.

Source: American Law and Economics Review; 2013. First published online: August 5, 2013.

Abstract: The debate over standards versus rules has traditionally been framed as a trade-off between the certainty and lower administrative costs of rules versus standards' flexibility to consider case-specific information. We argue that even if judges have no ability to directly assess case-specific information, using standards creates a sorting effect that favors ex-post efficient decisions. When judges are not bound by rules, their decision is more likely to be sensitive to the quality of legal representation. In the absence of externalities, the party that desires the ex-post efficient decision has the most to gain, and, thus, a greater incentive to invest in high-quality representation. While the higher litigation costs under standards can easily outweigh the increased likelihood of an efficient decision, bargaining in the shadow of standards can preserve their sorting benefit while ameliorating the increase in legal costs.

Note: doi: 10.1093/aler/aht013

Database: *Oxford Journals Online*

8.

Title: [The Human Values Index: conceptual foundations and evidence from Brazil](#)

Authors: Comim, Flavio and Amaral, Pedro V.

Source: Cambridge Journal of Economics; 2013, Advance Access, First published online: July 16, 2013

Abstract: The dominance of the 'growth fetish' ideology has much contributed to lure societies into believing that people's value judgements are unnecessary for a better life and social justice. The theme 'human values' became the central research topic for the United Nations Development Programme Human Development Report team in Brazil after the promotion of a nationwide consultation to choose the focus of its 2009/10 report. A new index, named the Human Values Index (HVI), was created to tackle the issue of human values as part of development strategies. The main objective of this paper is to introduce this index, showing its features and properties. The HVI is built on an understanding that development is not a value-neutral concept and that from a human development perspective, welfare indicators should be qualitatively closer to human values focusing on statistics that can be useful to ordinary citizens, with the hope that in their hands the HVI might become a useful tool in promoting public reasoning and social justice.

Note: doi: 10.1093/cje/bet019

Database: *Oxford Journals Online*

9.

Title: [A political economy of intangibles reporting: the case of Japan](#)

Authors: Girella, Laura and Zambon, Stefano

Source: Journal of Intellectual Capital; 2013, Vol. 14 Issue 3, Pp. 451-470

Abstract: Purpose - The paper aims to explore the economic, political and social premises according to which some governmental agencies have decided to promote IC reporting in their country. Firstly, it will examine the contextual premises and conditions that have encouraged (or inhibited) IC reporting. Secondly, it will investigate the way these premises and conditions interact in different ways, thus establishing (loosely) coupled relationships. Design/methodology/approach - The relationship between IC recommendation for corporate reporting and contextual linkages will be analysed from a political economy perspective, as proposed by Cooper and Sherer, and others, and as modified by the type of discursive analysis inspired by Burchell et al. Findings - In light of the relationship that the paper will establish between different discourses, IC will be understood not as a merely corporate neutral technique but as an economic and socially constructed phenomenon aimed at re-launching the growth of a country. In this way, it will be explored from both within - in terms of methods and their usefulness for its "supporters" - and also externally - in relation to how it is perceived and in turn communicated by politicians who are "delegates of different cognitive and social institutions", as Manninen said in 1996. Originality/value - A political economy analysis of IC reporting enables the opening up of the black box of IC reporting in relation to public policy, outlining a useful approach for practitioners and policy makers.

Database: *ABI/INFORM Complete*

10.

Title: [Powering Up Developing Countries through Integration?](#)

Authors: Auriol, Emmanuelle and Biancini, Sara

Source: World Bank Economic Review; 2013, Advance Access, First published online: July 21, 2013

Abstract: Power market integration is analyzed in a two-country model with nationally regulated firms and costly public funds. If the generation costs between the two countries are too similar, negative business stealing outweighs efficiency gains so that, subsequent to integration, welfare decreases in both regions. Integration is welfare enhancing when the cost difference between two regions is large enough. The benefits from export profits increase the total welfare in the exporting country, whereas the importing country benefits from a lower price. In this case, market integration also improves incentives to invest compared to autarky. The investment levels remain inefficient, however, especially for transportation facilities. Free riding reduces incentives to invest in these public-good components of the network, whereas business stealing tends to decrease the capacity to finance new investment.

Note: doi: 10.1093/wber/lht021

Database: *Oxford Journals Online*

11.

Title: [Non-linearities in the relationship of agricultural futures prices](#)

Authors: Beckmann, Joscha and Czudaj, Robert

Source: European Review of Agricultural Economics; 2013, Advance Access, First published online: July 15, 2013

Abstract: The movement of food prices remains a controversial issue owing to the intense rise in volatility that has been observed in recent years. Agricultural futures markets have experienced a similar pattern and simplistic linear models seem to be no longer reliable when analysing their functions. Against this background, this study contributes to the literature by adopting a non-linear smooth transition approach to examine the relationship between prices for first and second nearby futures contracts of seven agricultural commodities. Our main objective is to distinguish between contango and backwardation regimes when analysing the relationship between the futures spread and changes in the first nearby futures price. Our findings reveal that a linear framework neglects important dynamics, as futures prices adjust only under specific circumstances, and that the predictive power of the futures spread is much stronger during backwardation regimes.

Note: doi: 10.1093/erae/jbt015

Database: *Oxford Journals Online*

12.

Title: [Policy Barriers to International Trade in Services: Evidence from a New Database](#)

Authors: Borchert, Ingo, Gootiiz, Batshur and Mattoo, Aaditya

Source: World Bank Economic Review; 2013, Advance Access, First published online: July 14, 2013

Abstract: Surprisingly little is known about policies that affect international trade in services. Previous analyses have focused on policy commitments made by countries in international agreements, but in many cases, these commitments do not reflect actual policy. This paper describes a new initiative to collect comparable information on trade policies for services from 103 countries across a range of service sectors and relevant modes of service delivery. The resulting database reveals interesting policy patterns. Although public monopolies are now rare and few services markets are completely closed, we observe numerous "second-generation" restrictions on entry, ownership, and operations. Even in instances in which there is little explicit discrimination against foreign providers, market access is often unpredictable because the allocation of new licenses remains opaque and highly discretionary in many countries. Across regions, some of the fastest-growing countries in Asia and the oil-rich Gulf states have restrictive policies in services, whereas some of the poorest countries are remarkably open. Across sectors, professional and transportation services are among the most protected industries in both industrial and developing countries, whereas retail, telecommunications, and even finance tend to be more open.

Note: doi: 10.1093/wber/lht017

Database: *Oxford Journals Online*

13.

Title: [HOW CHINA TO U.S. FOREIGN EXCHANGE RATE RELATES TO U.S. INTEREST RATE AND BANK LOANS](#)

Authors: Van Hoa, Nguyen

Source: Global Journal of Business Research; 2013, Vol. 7 Issue 4, Pp. 101-108.

Abstract: This research investigates the interactions of U.S. interest rate, the different types of bank loans at all U.S. commercial banks, production activities and the foreign exchange rate between U.S. and China. This paper uses monthly data from 1981 to 2012 to show that some U.S. bank-loan-related macro-economic indicators are related to exchange rates between U.S. and China. The results demonstrate that U.S. short-term federal funds rate, U.S. manufacturing capacity utilization, and three types of banks loans at all U.S. commercial banks could be good predictors and determinants of the overall exchange rate between these two important international currencies. [PUBLICATION ABSTRACT]

Database: *ABI/INFORM Complete*

14.

Title: [Application of support vector machines on the basis of the first Hungarian bankruptcy model](#)

Authors: Virag, Miklós and Nyitrai, Tamás

Source: Society and Economy; August 2013, Vol. 35 Issue 2, Pp. 227-248.

Abstract: In our study we rely on a data mining procedure known as support vector machine (SVM) on the database of the first Hungarian bankruptcy model. The models constructed are then contrasted with the results of earlier bankruptcy models with the use of classification accuracy and the area under the ROC curve. In using the SVM technique, in addition to conventional kernel functions, we also examine the possibilities of applying the ANOVA kernel function and take a detailed look at data preparation tasks recommended in using the SVM method (handling of outliers). The results of the models assembled suggest that a significant improvement of classification accuracy can be achieved on the database of the first Hungarian bankruptcy model when using the SVM method as opposed to neural networks. [PUBLICATION ABSTRACT]

Note: <http://dx.doi.org/10.1556/SocEc.35.2013.2.6>

Database: *ABI/INFORM Complete*

15.

Title: [How to Solve the Global Poverty through the Earth Security Tax \(EST\) in Global Governance](#)

Authors: Chih-Yang, Chao, Hui-Chun, Wu and Ping-Teng, Liu

Source: International Journal of Business and Social Science; July 2013, Vol. 4 Issue 7, Pp. n/a.

Abstract: This study suggests a multi-layer design called earth security tax (EST) under the earth security capital (ESC). The earth security tax (EST) system suggested by the study further expands the whole idea to automatically trade benefits between least developed countries (LDCs) and developed countries (DCs), it also helps to upgrade the export contents in the LDC. The EST system also helps

economic development in the DC without changing forcefully their current trade conditions. As for the EST global governance suggested by this study links to market ingredients while dealing with the problem of global poverty. As this study may show, through the help of global governance, international associations such as IBRD are welcome invited to join the system without the necessity to impose any aid conditionality. After the project is accomplished, the system can be applied to deal with another highly homogeneous issue of subsidiaries. [PUBLICATION ABSTRACT]

Database: *ABI/INFORM Complete*

16.

Title: [DOES FOREIGN INVESTMENT WORSEN THE DOMESTIC STOCK MARKET DURING A FINANCIAL CRISIS? EVIDENCE FROM TAIWAN](#)

Authors: Hsu, Chun-Pin, Huang, Chin-Wen and Ntoko, Alfred

Source: International Journal of Business & Finance Research (IJBFR); 2013, Vol. 7 Issue 4, p1-12.

Abstract: Foreign portfolio investment is a major means by which emerging stock markets accumulate capital. However, the high mobility of foreign funds is a concern for local investors and policymakers in emerging countries because it may induce high stock price volatility. In this study, we utilized a risk-based approach to investigate whether the stocks most favored by foreign investors are riskier than those least favored by foreign investors. We distinguished our sample stocks into foreign most-favored and foreign least-favored groups and classified our data periods into a financial crisis period and an aftermath period. We then estimated the 1% VaRs and expected maximum losses through a GARCH-extreme value theory--copula methodology for the foreign most-favored and least-favored groups. The empirical results indicated that the foreign most-favored group had lower 1% VaRs than the foreign least-favored group during both the financial crisis and its aftermath. However, the foreign most-favored group had higher expected maximum losses than the foreign least-favored group. Thus, although stocks favored by foreign investors may not be riskier in general, investing in these stocks could still occasion disaster in an extreme event. [ABSTRACT FROM AUTHOR]

Database: *Business Source Complete*

17.

Title: [In the aftermath of the financial crisis: risk governance and the emergence of pre-emptive surveillance](#)

Authors: GLENN, JOHN

Source: Review of International Studies; *FirstView* Article, Pp. 1-20. Published online: 03 July 2013.

Abstract: This article examines the financial reforms that have been undertaken through two perspectives on risk: that of Beck's world risk society and an alternative Foucauldian approach. The former argues that, catastrophes such as the recent financial crisis will induce a political shift towards a cosmopolitan form of statehood. Yet, the lack of radical reform since the financial crisis would suggest otherwise. The article therefore argues that what we are witnessing is best understood in terms of reflexive governance in which the various rationalities of risk are reassessed and

strengthened in order to avoid a similar occurrence in the future. Moreover, in response to the uncertainty that surrounds such rare events, more intense forms of surveillance have been adopted with the objective of pre-empting any future crisis. Yet, for various reasons, the reforms remain rather limited and the new rationality of pre-emption is unlikely to prevent further crises from occurring in the future.

Note: DOI: <http://dx.doi.org/10.1017/S0260210513000132>

Database: *Cambridge Journals Online*

18.

Title: [Coalitions and Corporatism: The Slovenian Political Economy and the Crisis](#)

Authors: Feldmann, Magnus

Source: Government and Opposition; *FirstView* Article, Pp. 1-22. Published online: 09 July 2013

Abstract: Slovenia stands out as the only post-communist country to have established a corporatist system and centralized wage bargaining at the national level in the 1990s. This article analyses the emergence and sustainability of Slovenian corporatism as well as the ways in which it has shaped policymaking during the economic crisis. Drawing on recent advances in institutional analysis, this article develops a coalitional argument to account for the emergence of centralized wage bargaining in the 1990s and for decentralization in more recent years.

Note: DOI: <http://dx.doi.org/10.1017/gov.2013.22>

Database: *Cambridge Journals Online*

19.

Title: [Hand looms, power looms, and changing production organizations: the case of the Kiryū weaving district in early twentieth-century Japan](#)

Authors: Hashino, T. and Otsuka, K.

Source: The Economic History Review; August 2013, Volume 66, Issue 3, Pp. 785–804

Abstract: The Kiryū silk weaving district, located 200 kilometres north of Tokyo, has been one of the most advanced silk weaving districts since the Tokugawa period (1603–1868). In the 1870s, it was a pioneer in the export of silk products from Japan and the leading producer of traditional Japanese *kimono* and *obi* (sash belts) for domestic markets. This study finds that the developmental process of the Kiryū district from 1895 to 1930 can be divided into at least two phases, that is, one of gradual growth based on an inter-firm division of labour using hand looms and one of dynamic development based on the factory system using power looms. Weaving manufacturers-cum-contractors pioneered gradual growth by sub-contracting with rural village out-weavers and with a number of specialized, supporting firms in Kiryū town, and grew faster than factory production systems. New joint-stock firms played the role of genuine entrepreneurs by introducing power looms, thereby realizing significant economies of scale. During this new phase, the weaving manufacturers-cum-contractors survived and also introduced new production systems.

Note: doi: 10.1111/j.1468-0289.2012.00680.x

Database: *Wiley Online Journals*

20.

Title: [Searching for the Parallel Growth of Cities in China](#)

Authors: Chen, Zhihong, Fu, Shihe and Zhang, Dayong

Source: Urban Study; August 2013, Vol. 50 Issue 10, Pp. 2118-2135

Abstract: Based on the parallel growth implications of the four urban growth theories (endogenous growth theory, random growth theory, hybrid growth theory and locational fundamentals theory), this paper uses Chinese city size data from 1984 to 2006 and time-series econometric techniques to test for parallel growth. The results from various types of stationarity tests show that city growth is generally random. Conditioning on growth trend and structural change, certain groups of cities with common location-specific characteristics, such as a similar natural resource endowment or policy regime, grow parallel in the long run, suggesting that locational fundamentals may have a persistent impact on city growth.

Note: doi: 10.1177/0042098012470397

Database: *SAGE Journals Online*

**Selected by Ploenchan Akvanich, Research Support Services,
Chulalongkorn University**