

Business & Economic Article Links (December 2014)

1.

Title: [Crisis and belief: confirmation bias and the behavioral political economy of recession](#)

Authors: Runst, Petrik

Source: Constitutional Political Economy; Dec 2014, Vol. 25, Issue 4, Pp 376-392

Abstract: The link between crisis and permanent increases in public spending has been investigated from the perspective of interest groups, bureaucratic growth, etc., while a demand perspective, i.e. the question of changing voter preferences, has been ignored. Survey data suggests that individuals become temporarily more in favor of government intervention in the aftermath of an economic crisis. The relationship is tested by an experiment in which salience of economic crisis generates favorable attitudes toward intervention for crisis related and unrelated topics.

Note: DOI: 10.1007/s10602-014-9167-x

Database: *SpringerLink*

2.

Title: [Mergers & acquisitions research: A bibliometric study of top strategy and international business journals, 1980–2010](#)

Authors: Ferreira, Manuel Portugal, et al

Source: Journal of Business Research; Dec 2014, Vol. 67 Issue 12, Pp. 2550-2558.

Abstract: Mergers and acquisitions (M&As) are important modes through which firms carry out their domestic and international strategies and have been noted as the CEOs favorite strategy. As a significant field of study, M&A-research has accumulated substantial knowledge. This bibliometric study examines the extant strategy and international business literature on M&As. Methodologically, we examined a sample of 334 articles published in sixteen leading management/business journals, during a 31 year period — from 1980 to 2010. The results provide a global perspective of the field, identifying the works that have had the greater impact, the intellectual interconnections among authors and works, the main research traditions, or themes, delved upon on M&A-related research. Structural and longitudinal analyses reveal the changes in the intellectual structure of the field over time. A discussion on the accumulated knowledge and future research avenues concludes this paper. [ABSTRACT FROM AUTHOR]

Note: DOI: 10.1016/j.jbusres.2014.03.015

Database: *Business Source Complete*

3.

Title: [Money Creation and the Shadow Banking System](#)

Authors: Sunderam, Adi

Source: Review of Financial Studies; 2014. Advance Access. First published online: November 13, 2014

Abstract: It is widely argued that shadow banking grew rapidly before the recent financial crisis because of rising demand for "money-like" claims. This paper assesses a key premise of this argument: that investors actually treated short-term debt issued by shadow banks as a money-like claim. I present a model where the financial sector and the central bank jointly respond to demand for money-like claims. The model generates predictions about the prices and quantities of Treasury bills, central bank reserves, and shadow bank debt. These

predictions are borne out in the data, suggesting investors did treat shadow bank debt as money-like.

Note: DOI: 10.1093/rfs/hhu083

Database: *Oxford Journals*

4.

Title: [Demand and distribution in integrated economies](#)

Authors: Rezai, Armon

Source: Cambridge Journal of Economics; 2014. Advance Access. First published online: November 30, 2014

Abstract: Aggregate demand is influenced by the functional distribution of income of an economy and that of its trading partner. The relationship between income distribution and output is analysed in a short-run, two-country neo-Kaleckian model. The effects of devaluation and redistribution are discussed in detail. Trade and redistribution within one country interact and output increases or decreases with changes in either depending on the specific distributional and exchange rate movements. The Marshall–Lerner condition is shown to be equivalent to the assumption of expansionary devaluation. If devaluation increases output, national redistribution policy towards wage earners is also more likely to be expansionary.

Note: DOI: 10.1093/cje/beu060

Database: *Oxford Journals*

5.

Title: [Unpaid work and conformity: why care?](#)

Authors: Giusta, Marina Della and Jewell, Sarah

Source: Cambridge Journal of Economics; 2014. Advance Access. First published online: December 2, 2014

Abstract: We study the supply of unpaid eldercare (in particular caring for parents) in the UK, focusing on both the division of care and caring tasks by gender and the effect of conformity to social norms in relation to caring. We then investigate the effect of the amount of care on the well-being of caregivers and whether agreeing with the care norm enhances their well-being. Our results suggest that the eldercare reform neglects important aspects underlying the distribution of care hours and care tasks between caregivers and may potentially worsen intrahousehold inequality in earnings and well-being, in particular, between men and women.

Note: DOI: 10.1093/cje/beu061

Database: *Oxford Journals*

6.

Title: [Social- and self-image concerns in fair-trade consumption](#)

Authors: Teyssier, Sabrina, Etilé, Fabrice and Combris, Pierre

Source: European Review of Agricultural Economics; 2014. Advance Access. First published online: December 4, 2014

Abstract: Social interactions may alter the purchase of fair-trade food products by triggering social- or self-image concerns. We identify these concerns by eliciting the willingness-to-pay (WTP) premium for fair-trade vs. non-fair-trade chocolate of subjects under various conditions. We find that both social- and self-image matter: (i) subjects' WTP premium for fair-trade is higher when their decisions are made public; and (ii) subjects revise this premium upward (downward) when their expectations about the premium of

others increase (decrease). However, there are significant asymmetries. Making decisions public decreases the WTP for non-fair-trade chocolate rather than increases the WTP for fair-trade chocolate. Downward revisions of the premium are larger and more frequent than upward revisions.

Note: DOI: 10.1093/erae/jbu036

Database: *Oxford Journals*

7.

Title: [Structural change and economic development: is Brazil catching up or falling behind?](#)

Authors: André Nassif, Carmem Feijó and Eliane Araújo

Source: Cambridge Journal of Economics; 2014. Advance Access. First published online: November 12, 2014

Abstract: We present a Kaldor–Thirlwall theoretical and empirical framework on the basic driving forces of the behaviour of productivity and economic development in the long run. By calculating the so-called Thirlwall equation, the main contribution of our research is to examine whether Brazil has been catching up or falling behind. We show some empirical evidence based on both descriptive statistics and econometric regressions for Brazil between 1970 and 2010. Some important indicators of descriptive statistics reveal that Brazil has entered into a process of early deindustrialisation. In addition, since our econometric estimates also show that there was a dramatic increase in the income elasticity of demand for imports between 1980–98 and 1999–2010 (from 1.97 to 3.36) and a small decrease in the income elasticity for exports during the same periods (from 1.36 to 1.33), we conclude that Brazil not only has already embarked on a trajectory of falling behind relative to the world economy and the international economic frontier, but also that it might show, in the absence of appropriate policies, lower growth rates in the long run. However, if the opposite occurs, it would face major long-term external constraints to growth.

Note: DOI: 10.1093/cje/beu052

Database: *Oxford Journals*

8.

Title: [Capital's humpback bridge: 'financialisation' and the rate of turnover in Marx's economic theory](#)

Authors: Passarella, Marco Veronese and Baron, Hervé

Source: Cambridge Journal of Economics; 2014. Advance Access. First published online: November 12, 2014

Abstract: The article aims to shed light on the role played by the 'rate of turnover' of capital in Marx's economic theory. Oddly enough, such a concept has been neglected by most of Marx's scholars and exegetes, as is demonstrated by the small number of scientific works dealing with it. Yet the rate of turnover is a key category in Marxian analysis, because it enables Marx to address the impact of the improvement in finance and other unproductive industries on the capitalist process of creation (and realisation) of surplus value. The evidence from the new philological edition of Marx and Engel's writings (*MEGA*²) further strengthens this insight. The main goal of the article is threefold: first, to bridge the gap in the literature dealing with volume Two of *Capital*; second, to provide a re-definition of several Marxian concepts in the light of the role played by the rate of turnover of capital; third, to analyse the effect of the developments in the banking and finance industry on the turnover rate and thereby on the general rate of profit.

Note: DOI: 10.1093/cje/beu058

Database: *Oxford Journals*

9.

Title: [New Labour and work-time regulation: a Marxian analysis of the UK economy](#)

Authors: Bruce Philp, Gary Slater and Daniel Wheatley

Source: Cambridge Journal of Economics; 2014. Advance Access. First published online: November 16, 2014

Abstract: This article examines the impact of work-time regulation, introduced by the UK's New Labour governments (1997–2010). In doing so, we return to Marx's hypotheses regarding the length of the working day. These include the arguments that class conflict over the length of the working day is inherently distributional in a surplus-value sense and that workers often display a preference for reduced hours even with a proportionate reduction in pay. Our quantitative Marxist methodology provides a way of assessing the pattern of surplus value before and during the period of office of the New Labour governments and the distributional effects of regulation. The impact of such regulations on workers' preferences are examined through an investigation of British Household Panel Survey data. Although many have been sceptical concerning the record of the last Labour governments, policies such as the Working Time Regulations (1998) and the Work-Life Balance Campaign (2000) are found to have been noteworthy innovations in the labour market. This is all the more important given recent moves by the successor government to weaken work-time regulation. Our results suggest the impact of these policy initiatives was broadly favourable, though the effect on men and women was different.

Note: DOI: 10.1093/cje/beu057

Database: *Oxford Journals*

10.

Title: [Parallel enforcement of rate rigging: lessons to be learned from LIBOR](#)

Authors: Huizing, Pieter J. F.

Source: Journal of Antitrust Enforcement; 2014. Advance Access. First published online: November 3, 2014

Abstract: The manipulation of interest rate benchmarks such as the London Interbank Offered Rate and the Euro Interbank Offered Rate triggered enforcement actions by a multitude of competition authorities, anti-fraud agencies, and financial market regulators. While the authorities involved have closely cooperated in investigating the matter, little inter-agency coordination can be witnessed with respect to the prosecution and punishment of the committed offences. Instead of avoiding jurisdictional overlap, each authority sanctioned the worldwide collusion between the banks without applying any clear delimitation and generally without taking into account fines imposed for the same conduct elsewhere. In these kinds of cross-border and multi-agency cases, maintaining such isolated views creates concerns of double prosecution and excessive punishment. In view of the increasingly crowded international enforcement environment, guiding principles must be developed to coordinate the exercise of prosecutorial discretion from a global perspective and to ensure overall proportionality of sanctions.

Note: DOI: 10.1093/jaenfo/jnu009

Database: *Oxford Journals*

11.

Title: [Affiliates and parent employment through foreign direct investment: a study case of substitutability or complementarity](#)

Authors: Imbriani, Cesare, Pittiglio, Rosanna and Reganati, Filippo

Source: International Economics and Economic Policy; Dec 2014, Vol. 11, Issue 4, Pp 619-638

Abstract: How does outward foreign direct investment (FDI) affect employment of multinationals in the home country? Does the impact of outward investment differ among manufacturing and service sectors? Using data on Italian MNEs, this paper examines the impact of Italian outward FDI on local employment between 1998 and 2006. In particular, we investigate the relationship existing between employment in the parent company and employment in foreign affiliates by distinguishing according to host-country location and sector of activity. The results suggest that the effects of Italian outward FDI on domestic employment differ according to the sector and the country of destination. In the manufacturing sector, a weak but significant relationship of labour substitutability is found for Italian MNEs producing low-technology products in foreign affiliates localized in high-wage countries. On the other hand, a significant North–south complementarity relationship in labour demands appears in the High and Medium-high- technology sectors. In the service sector, we find strong complementarity between employment in the parent firm and employment in foreign affiliates: in particular, this regards Italian MNEs producing knowledge-intensive services both in Western affiliates and CEEC locations. These results are robust when we control for endogeneity of output and parent wages.

Note: DOI: 10.1007/s10368-014-0295-6

Database: *SpringerLink*

12.

Title: [Learning through foreign market participation: the relative benefits of exporting, importing, and foreign direct investment](#)

Authors: Almodóvar, Paloma, Saiz-Briones, Javier and Silverman, Brian S.

Source: The Journal of Technology Transfer; Dec 2014, Vol. 39, Issue 6, Pp 915-944

Abstract: A growing literature explores the degree to which firms learn from exporting. Although this literature finds that firms that export subsequently enjoy enhanced innovative performance, there has been little research that compares the effect of exporting to that of alternative internationalization activities. In this paper, we extend the literature to explore theoretically the differential effects of a firm's exporting, foreign direct investment, and importing activity on its innovative outcomes. We test the resulting hypotheses using a sample of Spanish manufacturing firms from 2000 to 2008. We find that (1) learning associated with exporting is more pronounced than that associated with a firm's FDI activities, (2) exporting and FDI operate as substitutes in their effect on a firm's learning, and (3) although importing is positively associated with learning as manifested in new product introductions, it is not associated with learning as manifested in patenting activity.

Note: DOI: 10.1007/s10961-013-9324-9

Database: *SpringerLink*

13.

Title: [Terrorism and counterterrorism: an overview](#)

Authors: [Todd Sandler](#)

Source: Oxford Economic Papers; Advance Access published online: November 5, 2014

Abstract: This introduction sets the stage for the articles collected in this special issue of *Oxford Economic Papers*. It begins by introducing essential concepts including domestic terrorism, transnational terrorism, defensive actions, proactive countermeasures, and guerrilla warfare. Three terrorist event databases, used by seven of the articles, are briefly introduced. These data sets are then used to display some stylized facts about domestic and transnational terrorism during the past four decades. Next, some essential strategic

distinctions are drawn between defensive and proactive measures in the case of transnational terrorism when multiple countries are confronted by a common terrorist group. These strategic concerns vanish for domestic terrorism as a central government is able to internalize potential externalities. Finally, the key findings of the articles in the special issue are highlighted in two tables.

Note: OPEN ACCESS. DOI: 10.1093/oep/gpu039

Database: *Oxford Journals*

14.

Title: [Economic growth and terrorism: domestic, international, and suicide](#)

Authors: Choi, Seung-Whan

Source: Oxford Economic Papers; Advance Access published online: November 5, 2014

Abstract: This study evaluates the controversial issue of whether economic growth exerts a dampening effect on terrorism. Unlike previous studies, it conceptualizes economic growth into two sectors (agricultural and industrial) and categorizes terrorism into three forms (domestic, international, and suicide). It offers a modified theory of hard targets, where richer industrial, but not richer agricultural, countries are more likely to attract suicide attacks. A cross-national, time-series data analysis of 127 countries for 1970–2007 shows evidence that when countries enjoy high levels of industrial growth, they are less disposed to domestic and international terrorist events, but are more likely to experience suicide attacks. These findings indicate that economic growth is not a cure-all solution for terrorism because it may be associated in some instances with more terrorist incidents. Nonetheless, healthy economic conditions are, without doubt, beneficial to the war on terrorism because the majority of suicide attacks occur in only a few countries.

Note: DOI: 10.1093/oep/gpu036

Database: *Oxford Journals*

15.

Title: [Oppressive governments, dependence on the USA, and anti-American terrorism](#)

Authors: Gries, Thomas, Meierrieks, Daniel and Redlin, Margarete

Source: Oxford Economic Papers; 2014. Advance Access. First published online: November 16, 2014

Abstract: We study the nexus between US economic and military aid, human rights conditions, and the emergence of anti-American transnational terrorism in aid-receiving countries. Using data from 126 countries for the period 1984–2008, we show that a combination of local repression and military or economic dependence on the USA results in more anti-American terrorism. This relationship only breaks down at high levels of dependence. There is no evidence that the USA is made any safer by providing foreign assistance, even if this assistance is substantial or is channeled to highly oppressive regimes which might be less restricted in terms of their instruments of fighting terrorism. Our findings also hold true when we account for the potential endogeneity of US aid and human rights conditions to anti-American terrorism.

Note: DOI: 10.1093/oep/gpu038

Database: *Oxford Journals*

16.

Title: [International terrorism as a trade impediment?](#)

Authors: Peter Egger and Martin Gassebner

Source: Oxford Economic Papers; 2014. Advance Access. First published online: November 18, 2014

Abstract: This article uses monthly data on bilateral trade in conjunction with monthly data on terrorism events and associated fatalities to shed light on the impact of terrorism on trade. Employing a structural model of trade, we provide evidence that, if at all, international terrorism displays effects on bilateral and multilateral trade only in the medium run (more than one and a half years after an attack/incident). The pure short-run impact of international terror on trade appears very small, if not negligible.

Note: DOI: 10.1093/oep/gpu037

Database: *Oxford Journals*

17.

Title: [Does globalization mitigate the adverse effects of terrorism on growth?](#)

Authors: Younas, Javed

Source: Oxford Economic Papers; 2014. Advance Access. First published online: November 10, 2014

Abstract: This study identifies the damaging influence wielded by terrorism on the economy. It investigates whether international openness limits the negative consequences of terrorism on economic growth. The analysis is focused on 120 developing countries over the period 1976–2008. The positive interaction effect of terrorism and globalization suggests that the latter ameliorates the adverse impact of the former on growth. I also identify the critical values of the globalization index where the negative effects of both domestic and transnational terrorism are offset by the positive impact of openness; this, however, happens at a significantly high level of openness. The findings are robust to using the disaggregated measure of globalization and some individual indicators of economic openness. The result helps explain why the growth consequences of terrorism vary across nations and hold important policy implications.

Note: DOI: 10.1093/oep/gpu040

Database: *Oxford Journals*

18.

Title: [Socially efficient detection of terror plots](#)

Authors: Kaplan, Edward H.

Source: Oxford Economic Papers; Advance Access published online: October 29, 2014, 1-12

Abstract: How many good guys are needed to find the bad guys? To answer this question, a staffing model is developed to determine the number of agents required to detect a specified fraction of terror attacks assuming that the hazard functions governing attack and plot detection are proportional. Given estimates of the benefit of preventing a terror attack and the cost of counterterror agents, the staffing model can be employed to determine both the socially efficient terror plot detection level and the implied number of counterterror agents. A game-theoretic version of the model emerges if strategic terrorists select their attack rate presuming that the state will respond optimally. Numerical examples are presented to illustrate potential applications using empirical estimates of the benefit of preventing attacks and the cost of counterterror agents.

Note: DOI: 10.1093/oep/gpu034

Database: *Oxford Journals*

19.

Title: [The changing structure of competition enforcement in the UK: the Competition Appeal Tribunal between present challenges and an uncertain future](#)

Authors: Andreangeli, Arianna

Source: Journal of Antitrust Enforcement; 2014. Advance Access. First published online: November 3, 2014

Abstract: This article seeks to analyse the role and function of the Competition Appeal Tribunal (CAT) in the face of the current debate arising from the proposals for reform tabled by the UK Government and concerning both the Tribunal's powers to hear competition damages claims and its jurisdiction in respect of the scrutiny of competition decisions. In respect to the former, it will be argued that the reforms being tabled and potentially affecting its powers to hear actions for damages under section 47A and B of the Competition Act 1998 should be welcomed as a means of facilitating access to justice on the part of the victims of competition infringements. Although concerns remain as to the practicalities of these actions, including the availability of funding, these proposals remain consistent with the Government's commitment to endowing would-be competition plaintiffs with an effective remedy to obtain relief from their injuries. As regards the latter, the article will submit that the outright abolition of the 'on the merits' review, while being easier to justify in respect of 'regulatory appeals', may lead to a 'disproportionate' inroad in the right to a fair trial and to a fair procedure enjoyed by the addressees of competition infringement decisions.

Note: DOI: 10.1093/jaenfo/jnu010

Database: *Oxford Journals*

20.

Title: [The Effects of Experience on Preferences: Theory and Empirics for Environmental Public Goods](#)

Authors: Czajkowski, Mikołaj, Hanley, Nick and LaRiviere, Jacob

Source: American Journal of Agricultural Economics; 2014. Advance Access. First published online: October 29, 2014

Abstract: This article develops a choice model for environmental public goods, which allows for consumers to learn about their preferences through consumption experiences. We develop a theoretical model of Bayesian updating, perform comparative statics over the model, and show how the theoretical model can be consistently incorporated into a reduced form econometric model. Our main findings are that in a random utility model (RUM) discrete choice model, a subject's scale should increase and the variability of scale should decrease with experience if subjects are Bayesians. We then estimate the model using field data regarding preferences for one particular public good, water quality. We find strong evidence that additional experience increases scale, thereby making consumer preferences more predictable from the econometrician's perspective. We find supportive but less convincing evidence that experience decreases the variability of scale across subjects.

Note: DOI: 10.1093/ajae/aau087

Database: *Oxford Journals*

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