

## Business & Economic Article Links (March 2015)

1.

**Title:** [Evidence on Policies to Increase the Development Impacts of International Migration](#)

**Author:** McKenzie, David and Yang, Dean

**Source:** World Bank Research Observer; 2015. Advance Access. First published online: January 20, 2015

**Abstract:** International migration offers individuals and their families the potential to experience immediate and large gains in their incomes and offers a number of other positive benefits to the sending communities and countries. However, there are also concerns about the potential costs of migration, including concerns about trafficking and human rights, a desire for remittances to be used more effectively, and concerns about a loss of externalities from skilled workers. As a result, there is increasing interest in policies that can enhance the development benefits of international migration and mitigate these potential costs. We provide a critical review of recent research on the effectiveness of these policies at three stages of the migration process: pre-departure, during migration, and directed towards possible return. The existing evidence base suggests some areas of policy success: bilateral migration agreements for countries whose workers have few other migration options, developing new savings and remittance products that allow migrants more control over how their money is used, and efforts to provide financial education to migrants and their families. Suggestive evidence, together with theory, offers support for a number of other policies, such as lowering the cost of remittances, reducing passport costs, offering dual citizenship, and removing exit barriers to migration. Research offers reasons to be cautious about some policies, including policies enforcing strong rights for migrants, such as high minimum wages. Nevertheless, we find the evidence base to be weak for many policies, with no reliable research on the impact of most return migration programs or whether countries should attempt to induce communal remitting through matching funds.

**Note:** doi: 10.1093/wbro/lkv001

**Database:** *Oxford Journals Online*

2.

**Title:** [Latin American Agriculture in a World of Trade Agreements](#)

**Author:** Josling, Tim, et al.

**Source:** American Journal of Agricultural Economics; 2015. Advance Access. First published online: January 27, 2015

**Abstract:** Latin American and Caribbean (LAC) countries are members of 29 distinct free trade agreements with other Latin American partners, and 44 such agreements exist between an LAC country and other countries. Among the LAC countries linked by an Free Trade Agreement (FTA), a large percentage of trade is already duty free though many trade barriers in agriculture persist. There is a significant difference in the trade patterns among the LAC countries. The Southern Cone countries, for example, have extensive agricultural exports to Asia and to the European Union (EU), and have few FTAs with regional countries. By contrast, countries in Central America and the Andean region have extensive trade agreements with each other, and have fewer exports outside the region. Meanwhile, other regions are negotiating ambitious mega-agreements, particularly the Trans Pacific Partnership (TPP) and the Trans-Atlantic Trade and Investment Partnership (T-TIP). These could have significant impacts on the region, including trade diversion and preference erosion in major import markets. Several possible avenues exist for Latin American countries to accomplish the following: counter the impact of a TPP and T-TIP on agricultural exports; strengthen existing bilateral trade agreements within the region; link existing multi-country

agreements such as Mercado Común del Sur (MERCOSUR) and the Pacific Alliance to North American Free Trade Agreement (NAFTA); consolidate the current trade agreements with the EU; or “sign on” to the TPP. This last option would be more attractive if China were to become a TPP participant. If China is not interested in joining the TPP, then for some countries a direct FTA with China could be contemplated.

**Note:** doi: 10.1093/ajae/aau116

**Database:** *Oxford Journals Online*

### 3.

**Title:** [Structural change, the real exchange rate and the balance of payments in Mexico, 1960–2012](#)

**Authors:** Ibarra, Carlos A. and Blecker, Robert A.

**Source:** Cambridge Journal of Economics; 2015. Advance Access. First published online: February 11, 2015

**Abstract:** This paper estimates a structural model of the balance of payments, with disaggregated exports (manufactures and other) and imports (final and intermediate), and a reduced-form model of the trade balance for the Mexican economy. The analysis identifies structural changes in the composition of Mexico’s trade and the parameters that affect it across five subperiods marked by statistical breakpoints. The results indicate that a tightening of the balance-of-payments constraint may account for the post-liberalisation slowdown in Mexico’s growth only during certain subperiods and that the impact of real exchange rate changes on the trade balance has diminished, most likely as a result of the increasing integration of export industries into global supply chains. The results also suggest an asymmetry, whereby a country cannot sustain growth above the rate consistent with balance-of-payments equilibrium, as expected, but it can grow persistently below that rate when other constraints are more binding.

**Note:** doi: 10.1093/cje/beu079

**Database:** *Oxford Journals Online*

### 4.

**Title:** [Linear Symmetric “Fat Taxes”: Evidence from Brazil](#)

**Author:** Leifert, Rodrigo M. and Lucinda, Claudio R.

**Source:** Applied Economics Perspectives and Policy; 2015. Advance Access. First published online: January 23, 2015

**Abstract:** According to the World Health Organization, the obesity epidemic is a threat. Brazil is not an exception, and the objective of this article is to analyze the effects of a “fat tax” there. For this purpose, the estimation of a demand system was carried out and policy simulations were performed using the estimated parameters. The simulation results indicate that to be successful, this “fat tax” must be combined with a subsidy on healthy food. Another contribution was the analysis of a linear symmetric revenue-neutral tax schedule with more pronounced changes to micronutrient intake at no net cost to the government.

**Note:** doi: 10.1093/aapp/ppu062

**Database:** *Oxford Journals Online*

### 5.

**Title:** [Incentives to Breach](#)

**Authors:** Wilkinson-Ryan, Tess

**Source:** American Law and Economics Review; 2015. Advance Access. First published online: February 19, 2015

**Abstract:** Empirical evidence and common sense tell us that most people are responsive to economic incentives as well as social and moral norms, and that these sets of incentives are often in tension. The tradeoffs between moral and financial preferences are particularly salient in much legal decision-making, especially in the private law context. This paper presents the methods and results of two new behavioral studies designed to elicit evidence for how people factor both monetary and non-monetary incentives in breach of contract. Participants in Study 1 played a Trust game modified to capture key features of a breach decision. Subjects were offered increasing payouts to break the deal they had made with an anonymous partner. 18.6% participants indicated willingness to break a deal for any amount of profit, and over a quarter (27.9%) were unwilling to breach even when offered \$24, almost triple the initial payout, with the remaining subjects identifying a break-point somewhere in between. Study 2 used hypothetical scenarios asking subjects to take the perspectives of buyers or sellers and to indicate how much profit or savings an alternate deal would have to offer in order for the subject to breach the original contract, and found a similar curve. The paper concludes with a discussion of how these methods and preliminary findings may be deployed for more fine-grained inquiries into when individuals do and do not choose a financially attractive breach about which they have moral reservations.

**Note:** doi: 10.1093/aler/ahu019

**Database:** *Oxford Journals Online*

6.

**Title:** [Household income uncertainties over three decades](#)

**Authors:** Feigenbaum, James and Lib, Geng

**Source:** Oxford Economic Papers; 2015. Advance Access. First published online: February 20, 2015

**Abstract:** We study the trend in household income uncertainty using a novel approach that measures income uncertainty at each future horizon as the variance of forecast errors without imposing specific parametric restrictions on the underlying income shocks. We document a widespread increase in household income uncertainty since the early 1970s that is both statistically and economically significant. For example, our measure of near-future uncertainty in total family non-capital income rose about 40% between 1971 and 2002. This rising uncertainty is likely due to the increase in variances of both persistent and transitory income shocks. A parsimoniously calibrated Aiyagari model is solved to illustrate how rising income uncertainty should have affected aggregate saving.

**Note:** doi: 10.1093/oep/gpv007

**Database:** *Oxford Journals Online*

7.

**Title:** [How do high-technology firms create value in international M&A? Integration, autonomy and cross-border contingencies](#)

**Authors:** Zhua, Hong, Xiab, Jun and Makinoc, Shige

**Source:** Journal of World Business. In Press, Corrected Proof. Available online 31 January 2015

**Abstract:** Managing acquired foreign firms often proves to be a challenging task for the acquiring firms. We propose that industry characteristics are very important to an acquiring firm's actions, suggesting the existence of systematic differences in post-acquisition value creation in different industries. Moreover, the effect of these distinct approaches to value creation is also contingent on the bilateral national relationships of institutional distance, language differences, and diplomatic relationships between the home and host countries of the acquiring and acquired firms. Our study of 847 related cross-border acquisitions in the

information technology industry in 27 home countries and 38 host countries provide support for these arguments. Specifically, we found that acquiring firms in service information technology industries where post-acquisition autonomy is more important in value creation outperform those in manufacturing industries where post-acquisition integration is preferred. Results also show institutional distance and language differences strengthen this relationship; in contrast, diplomatic relationships weaken the relationship.

**Note:** doi:10.1016/j.jwb.2015.01.001

**Database:** *ScienceDirect*

## 8.

**Title:** [Crossing the innovation threshold through mergers and acquisitions](#)

**Authors:** Cefis, Elena and Marsili, Orietta

**Source:** Research Policy; Apr 2015, Vol. 44, Issue 3, Pp.698-710.

**Abstract:** Firms are resorting more and more to mergers and acquisitions (M&A) to bridge the gap between where they are and where they would like to be in relation to innovation and performance. This paper investigates whether involvement in M&A triggers distinct patterns of innovative behaviour across firms, and whether this effect is conditional on firm size. The analysis combines data from four waves of the Community Innovation Survey (CIS) and the Business Register of Dutch manufacturing firms. We observe that M&As influence the probability that firms will begin innovation activities or persist with them, and these effects vary at different points in the firm size distribution. In particular, by using M&A firms are able to persist with the innovation efforts and output over time, and this effect is especially strong for large firms. For small firms, M&A help them to cross the 'innovation threshold', increasing the probability of the transition from a non-innovator to an active innovator. However, the M&A effect does not mitigate the tendency of small firms to be occasional innovators.

**Note:** doi:10.1016/j.respol.2014.10.010

**Database:** *ScienceDirect*

## 9.

**Title:** [Cross-border mergers and acquisitions by emerging market firms: A comparative investigation](#)

**Authors:** Denga, Ping and Yangb, Monica

**Source:** International Business Review; Feb 2015, Vol. 24, Issue 1, Pp 157–172

**Abstract:** This paper applies and extends resource dependence theory (RDT) to comparatively investigate major factors that determine the level of cross-border mergers and acquisitions (M&As) by emerging market firms (EMFs) in developed and developing markets. We argue that the resource dependence logic of M&As (or simply the M&A logic) provides a unique perspective in better understanding the internationalization of EMFs via cross-border M&As, but the explanation is bounded by institutional environment (i.e., government effectiveness) in a host nation. Our empirical results, based on a large panel data analysis of cross-border M&As by EMFs from nine emerging economies from 2000 to 2012, suggest that the intensity of EMFs to acquire vital resources for constraint absorption increases the likelihood of their cross-border M&As and the positive relationship is negatively moderated by host government effectiveness. On top of that, consistent with the predictions of resource dependence arguments, we found differences in the determinants of cross-border M&As by EMFs in developed and developing countries. Finally, host country factors attracting Chinese M&As are different from those attracting other emerging economies. Thus, generalization of Chinese M&A deals to other EMFs need to be cautious.

**Note:** doi:10.1016/j.ibusrev.2014.07.005

**Database: ScienceDirect**

**10.**

**Title:** [In medio stat virtus: coexistence policies for GM and non-GM production in spatial equilibrium](#)

**Authors:** Moschini, GianCarlo

**Source:** European Review of Agricultural Economics; 2015. Advance Access. First published online: February 16, 2015

**Abstract:** This article develops a spatial equilibrium model suitable to analyse the economic impacts of measures (such as isolation distances and buffer zones) meant to ensure coexistence between genetically modified (GM) and non-GM crops. We show that policies that put the cost of such measures exclusively on GM producers lead to a competitive equilibrium that is biased against GM products (relative to the welfare maximising allocation). Efficient allocation is restored if the cost of implementing coexistence measures is shared equally between adjacent GM and non-GM farms.

**Note:** doi: 10.1093/erae/jbu040

**Database: Oxford Journals Online**

**11.**

**Title:** [Conflicting identities and social pressure: effects on the long-run evolution of female labour supply](#)

**Authors:** Mannberg, Andrea and Sjögren, Tomas

**Source:** Oxford Economic Papers; 2015. Advance Access. First published online: February 6, 2015

**Abstract:** Drawing on psychological theories of social identity and cognitive dissonance, we develop a dynamic model for the evolution of female labour supply. We assume that agents, in addition to consumption and leisure, also derive utility from complying with social and personal norms such that deviations from norms induce psychological costs. An important contribution is that we allow for conflicting norms and we assume that the weight of these norms in the agent's utility is endogenous. We show that conflicting norm incentives may have long-run effects on labour supply: for example, the long-run effect of a wage increase on labour supply is reinforced if agents can adjust the weight attached to a given norm, and that women may be prevented from making a full transition from homemakers to breadwinners if such a transition make them outsiders in society.

**Note:** doi: 10.1093/oep/gpu055

**Database: Oxford Journals Online**

**12.**

**Title:** [Contradictions and misalignments in the EU approach towards the gender pay gap](#)

**Authors:** Peruzzi, Marco

**Source:** Cambridge Journal of Economics; Mar 2015. Vol. 39, Issue 2, Pp. 441-465. First published online: February 25, 2015

**Abstract:** The aim of this paper is to highlight the tensions within the EU's 'governance architecture' concerning pay equality. Specifically, after a preliminary outline of the theoretical discussion on the EU's new/old governance, the analysis focuses on two empirical fields. The first one enables an assessment of the contradictions between old and new governance in EU equal pay policy. This analysis highlights the inconsistencies between the architecture of the antidiscrimination framework, established following the EU's old governance-by-law approach, and the assessment of equal pay public policy measures in the

context of the EU's new governance-by-numbers approach. To this extent, the problems related to the political use of the unadjusted gender pay gap (GPG) indicator are pointed out. The second empirical field enables an assessment of the tensions within the EU's new governance system itself, specifically between the approach in the area of equal pay and in the area of economic policy, with specific regard to the participatory role of the social partners in tackling the GPG. If the role of the social partners is emphasised in several policy documents, the potentialities of their action are seriously jeopardised by the push for decentralisation of collective bargaining, aimed at anchoring wages to productivity, fostered by the EU's governance reforms responding to the crisis, in particular by the Euro Plus Pact and by the 'six-pack' regulations of 2011. As the paper finally remarks, both empirical fields of investigation confirm a narrowing down of pay equality in the context of an EU flexibility-centred and neoliberalist political perspective.

**Note:** This article appears in: Special Issue: Equal Pay as a Moving Target: International perspectives on forty-years of addressing the gender pay gap.

doi: 10.1093/cje/bev007

**Database:** *Oxford Journals Online*

### 13.

**Title:** [From wage regulation to wage gap: how wage-setting institutions and structures shape the gender wage gap across three industries in 24 European countries and Germany](#)

**Authors:** Schäfer, Andrea and Gottschall, Karin

**Source:** Cambridge Journal of Economics; Mar 2015. Vol. 39, Issue 2, Pp. 467-496. First published online: February 21, 2015

**Abstract:** Whilst a common and persisting feature of advanced market economies, the gender wage gap nevertheless varies across countries. Amongst the factors affecting this wage gap, industrial relations and industry differences still require further research. Using data from EU-SILC in 25 European countries, this article analyses how national wage-setting institutions impact wage differences between male and female full-time employees in three distinct industries. Complementing the country comparison is an in-depth study of the German case using data from the German Linked Employer-Employee Database, shedding light on the interaction of industry-specific wage-setting regulations and gender equity in living wages. Findings from the international comparison suggest a substantial gender wage gap for full-time employees across industries with specific country patterns. Country patterns seem to be due to the overall influence of trade unions and the relationship between pay bargaining strategies and specific minimum wage policies. The German case adds to these findings by analysing the impact of sectoral models of wage bargaining for industry-specific gender wage gaps, focussing on living wages for skilled full-time employees.

**Note:** This article appears in: Special Issue: Equal Pay as a Moving Target: International perspectives on forty-years of addressing the gender pay gap.

doi: 10.1093/cje/bev005

**Database:** *Oxford Journals Online*

### 14.

**Title:** [Equal pay by gender and by nationality: a comparative analysis of Switzerland's unequal equal pay policy regimes across time](#)

**Authors:** Erne, Roland and Imboden, Natalie

**Source:** Cambridge Journal of Economics; Mar 2015. Vol. 39, Issue 2, Pp. 655-674. First published online: February 17, 2015

**Abstract:** What explains the adoption of two different policies on equal pay by gender (EPG) and by nationality (EPN) in Switzerland? And why is the liberal, litigation-based, equal pay policy regime set up by the Gender Equality Act of 1996 much less effective than the neocorporatist ‘accompanying measures’ to the Bilateral European Union–Switzerland Agreement on Free Movement of Persons adopted in 1999 to ensure equal pay for workers of different national origins? The formation of two different policy regimes cannot be explained by different levels of political will. Equally, different ‘varieties of capitalism’ cannot explain the setup of the two different equal pay policy regimes within the very same country. Instead, our qualitative comparative analysis across time suggests that the differences can be best explained by a particular constellation of attributes, namely the use of different policy frames—i.e. ‘anti-discrimination’ in the EPG and ‘unfair competition’ in the EPN case—and the different setting of interest politics epitomised by the opposite stances adopted by Switzerland’s employer associations in the two cases.

**Note:** This article appears in: Special Issue: Equal Pay as a Moving Target: International perspectives on forty-years of addressing the gender pay gap.

doi: 10.1093/cje/bev003

**Database:** *Oxford Journals Online*

15.

**Title:** [Damages claims in the Spanish sugar cartel](#)

**Authors:** Marcos, Francisco

**Source:** Journal of Antitrust Enforcement; 2015. Advance Access. First published online: February 25, 2015

**Abstract:** Market conditions in the sugar industry are strongly affected by protectionist regulatory measures and interventions, leaving narrow room for business competition. Moreover, competition authorities worldwide have investigated and successfully prosecuted anticompetitive actions by sugar producers and refiners in this market. As an example of collusive behaviour in the sugar industry, this article looks at the Spanish sugar cartel uncovered and sanctioned by the Spanish competition authority. It then turns into the subsequent private enforcement actions that concluded successfully last year with a €5 million award in damages by the Supreme Court. Several lessons can be extracted from the Supreme Court’s decisions that will have an impact on future private claims for damages arising from competition law violations in Spain. They clarify the relevance and legal force of public enforcement decisions for private enforcement, how damages’ calculations should be done, and how expert forensic opinions on the matter should be assessed by the courts and, finally, they rule on the availability of the passing-on defence. In all, the Spanish Supreme Court dicta from its decisions in the sugar cartel case may well open the gateway for new private claims in the future.

**Note:** doi: 10.1093/jaenfo/jnv002

**Database:** *Oxford Journals Online*

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