

## **ANALYTICAL SUMMARY**

Isabel ÁLVAREZ and Celia TORRECILLAS

“Determinant Factors of Outward FDI: A Process of Cumulative Capabilities”

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The internationalization process of firms through foreign direct investment (FDI) responds to an individual decision, and for that reason much of the analysis on this has been done at the microeconomic level, revealing that the presence of certain ownership advantages would justify the emergence of Multinational Enterprises (MNEs). The country level constraints have been mostly considered in studies covering the decisions related to FDI locations. However, there is still little evidence of the outward FDI determinants at the aggregate level; this is precisely the focus of this paper. The recent emergence of multinational firms in developing countries makes even more interesting the analysis of these factors and how they relate to ownership advantages explaining outward FDI. Our analysis uses a sample integrated by 48 countries, including both developed and developing economies. Results show that a set of macroeconomic factors affect the cumulative process of capabilities accumulation that derives into outward investments, but this set of factors differs between the two groups of countries studied.

Pablo AGUIRRE and Nuria ALONSO

“Iceland: Financial Regulation and Reduction in the Price of the Public Debt after the Banking Collapse in 2008”

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The banking system in Iceland was on the verge of total collapse in 2008 and that was the starting point of a huge economic crisis. Since then, public debt has increased remarkably due to both the partial rescue of banks and the financing of the public deficit that the crisis has produced. However, as time went on, the cost of the public debt has become increasingly lower for the Gov-

ernment. This paper argues that one of the most important factors to explain this phenomenon is Government intervention in financial markets, through the establishment of strong capital outflows regulation and the partial nationalization of the banking sector.

Juan Gabriel BRIDA, Bibiana LANZILOTTA, Juan Sebastián PEREYRA and Fiorella PIZZOLON

“The Tourism-led Growth Hypothesis: A Comparative Study for the MERCOSUR Countries”

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The aim of this paper is to provide evidence for the tourism-led-growth hypothesis for the four countries of MERCOSUR regional trade block, analyzing differences and similarities from a comparative perspective. In particular, the study empirically explores whether tourism activity leads –on the long run– to economic growth, or, alternatively, whether economic expansion drives tourism growth, or indeed a bi-directional relationship exists between the two variables. To this end, cointegration analysis, exogeneity and causality tests are applied to quarterly data for the period 1990 - 2011. The findings show the existence of a cointegrating relationship between each real per capita GDP and tourism. Even though the evidence supports the tourism-led growth hypothesis for all the countries, the elasticity of real per capita GDP with respect to tourism activity differs between them. The long run equations estimated (Vector Error Correction models) show that the higher elasticity corresponds to the smaller countries, Paraguay and Uruguay (both nearly 0.4). On the contrary, the smaller elasticity corresponds to the mayor economy of the regional block, Brazil (about 0.10). The elasticity for Argentina is around 0.30. In almost all the countries, the exogeneity and causality analysis do not allow rejecting the hypothesis that tourism activity drives economic growth unidirectionally. The exception is Uruguay, where the relationship found is bidirectional.

José Luis CENDEJAS BUENO, Sonia DE LUCAS SANTOS, María Jesús DELGADO RODRÍGUEZ and Inmaculada ALVAREZ AYUSO

“Convergence and Cyclical Amplitude of the Business Cycle: A Proposal of Analysis and International Evidence”

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This paper presents a proposal to empirically analyze the relationship between the cyclical amplitude and real convergence in countries that share a common cycle. Our proposal is based on the estimation of regression models in order to explore the influence of the business cycle in the path of convergence of each of the economies analyzed. To do this, we use the information on the cyclical stability as a determining variable of convergence that will allow to extract con-

clusions about the relationship studied. The proposal is applied to a sample of developed countries for which there is previous evidence about his participation in the international business cycle during the period 1950-2006.

Juan Pablo MATEO and Alberto GARZÓN

“Crisis: Possibility or Necessity? The Heterodox Economy and the Great Recession”

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This article analyzes the explanations of the actual economic crisis carried by authors of different heterodox currents of thought, such as [neo]Marxist, post Keynesian and radical and (neo) Marxist. The purpose is to clarify, within the heterodox analysis, the existence of a theory of *possibility* or *necessity* for the crisis, since it constitutes an important element of the character and reach of the economic theory of the capitalist dynamic. For that, it characterizes a group of explanations from the role of finance, the income distribution (and the demand), the economic policy (neoliberal), the (over)production and the profit rate evolution. It concludes that, despite exceptions, the heterodox currents support the conception of the crisis as a mere possibility.

José VILLAVERDE and Adolfo MAZA

“To What Extent Do Regional Disparities Depend on the Measure and Indicator Employed? A Reference to the EU”

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The reduction of EU regional disparities in development levels is a key goal in the European Commission’s policy agenda, but there are at least two debatable points that have captured the attention of academics and policy-makers: how to measure disparities between regions and the practical meaning of the word *development*. This paper attempts to contribute to this debate by shedding some light on these two points. First, as different measures have been proposed to evaluate the evolution of (regional) disparities, the report attempts to verify whether all of them roughly convey similar information. Second, given that different (single and composite) indicators, other than the traditional per capita GDP, have been proposed to represent the term development, the paper wants to see whether the conclusions drawn from the use of these single and composite indicators are generally similar to those from the per capita GDP. Regarding inequality measures, the results tended to show that all of them convey more or less the same information, namely, a common time pattern leading to a significant reduction of regional disparities in EU27 during the period 1995-2007. With respect to the development indicators, the results tend to support the conclusion that regional variations in development, whatever indicator is employed, are closely related to variations in per capita GDP.

Juan Antonio CERÓN CRUZ  
“Fiscal Multipliers: A Review of the Empirical Literature”  
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This paper reviews the recent investigations aimed to quantifying the economic impact of discretionary fiscal policy, what is known as fiscal multipliers. Specially, we stress the methodological topics and use several perspectives to assess the outcomes. Covered works show a wide variety of estimations, depending mostly on the hypothesis used and the conditions of each country. On the other hand, we find a set of plausible conditions that provide positive effects of discretionary fiscal policy on private components of aggregate demand.