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ABSTRACTS

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Division of Human Capital Creates Surplus Wealth

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The results of an experimental abstraction of economic development for 79 countries resulting from their proximity to the highest form of capitalist economic adaptation, democracy and rule of law is reported. A structural contribution uses a least squares regression format to isolate and measure marginal effects of institutions on per capita real gross domestic product adjusted for purchasing power parity. Instead of focusing on natural resources, poor nations can improve their economic positions along a continuum by rearranging the institutional cultural priorities of capitalism, democracy and rule of law that promote trade and entrepreneurial development within their societal borders.

IMF, Democracy and Economic Development

NIKOLAOS ALEXANDROS PSOFOGIORGOS & THEODORE METAXAS

In this article, we are going to analyze all the aspects around the connection between IMF Democracy and Economic Development. When IMF gives large loans in a country, its need to protect its capital, leads in a mitigation of the passion with which the conditions are imposed. The impact of an IMF loan is marginally significant negative variable to democracy, according to some studies. On the other hand, by using the statistical procedure called “matching” method, we are going to have more credible estimates of the impact of the IMF on democracy. In this procedure, Jasjeet Sekhon’s genetic matching routine is used to generate balanced subsamples for both of outcome variables each treated case is paired with a control case via one-to-one nearest neighbor matching with replacement. Each case is matched on all of the confounding covariates. The result is the fact that IMF programs are associated with increases in the level of democracy. Also, countries that spend more time under the IMF lending programs experience big improvements in the level of democracy. The available theoretical and empirical observations show convincingly that the negotiation process allows governments borrowers to maintain some influence on the IMF program content and therefore on the redistributive impact of these programs. When there are low levels of competition, as in authoritarian regimes, political leaders have an incentive to use their monopoly power and the deficient in public services, whereas in democracies, where there is competition in politics, leaders operate as regulated monopolies, providing most public services in an effort to maintain the edge over their opponents. Finally, the effect

of IMF involvement on crisis depends on the state of the economy. Despite the limitations in the extent of the article, we are going to include as much data as possible in order to create a spherical view about the connection between IMF, democracy and economic development.

Brexit Decision Effects on European Derivatives Markets: A Sectoral Analysis

NIKOLAOS A. KYRIAZIS & EMMANOUIL M.L. ECONOMOU

This paper examines the Brexit's referendum impacts on quotes of different sectors in the European derivatives market by employing a Vector Autoregression (VAR) approach for detecting bi-directional effects. During nine months after the affirmative decision about the United Kingdom (UK) leaving the European Union (EU), the primary importance British FTSE100 index is found to have influenced the prices of the highly representative of European futures markets Eurostoxx600 index and its components in a positive and statistically significant manner. Interestingly, Automobiles & Parts, Banks, Basic Resources, Construction & Materials, Oil & Gas, as well as Industrial Goods & Services are the futures sectors mostly affected by volatility in the British stock market. We argue that the Brexit decision effects mainly act through main secondary production sectors of the European economy, whereas reverse effects rely most on financial and banking services, telecommunications, as well as industrial and automobile goods.

Social Accounting Matrix Multipliers for Greece

CHARALAMPOS ECONOMIDIS & PAULIN MEMA

The aim of this paper is to calculate Social Accounting Matrix (SAM) multipliers for Greece for the year 2010. The SAM provides the so-called "direct effect", "indirect effect" and "closed loop" multipliers. The SAM sectors are divided into three categories, namely the industries of production, the remuneration of factors of production and the various kinds of income. The "direct effect" multiplier has a significant effect on the first and third categories. The "indirect effect" multiplier has a significant effect on the second and third categories while the "closed loop" multiplier has significant effects on the first second and third categories. Finally, the global multiplier has a greater effect than those of the "closed loop", "indirect effect" and "direct effect" multipliers combined.