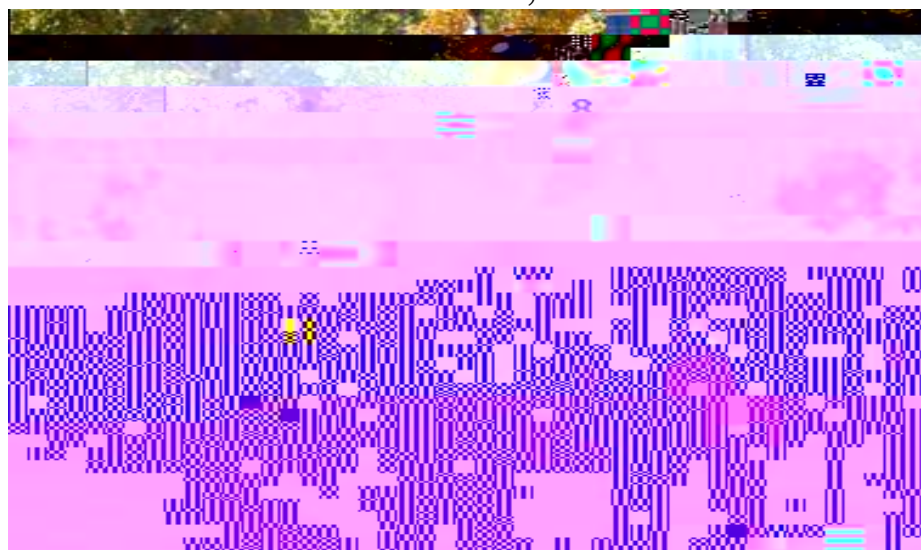




MAER-Net Colloquium

Hendrix College

October 1-2, 2010



Thursday, September 30, 2010 {Participants arrive}

1800-2000—**Opening Reception** (Murphy House, Hendrix campus)

1930-2100—Public Lecture: Chris Doucouliagos: “International Transfers and Economic Growth.”
(Mills Center, Room A, Hendrix campus)

Friday, October 1, 2010

0830-0845 **Welcome Address – Robert Entzminger**, Provost of Hendrix College
(Mills Library, Mills Center)

0845-1015
Plenary Session I, (Mills Library, Mills Center) (Chair: Tom Stanley)

Ingram Olkin— MMM: Multivariate Models in Meta-Analysis

Henri de Groot, Masagus Ridhwan, Peter Nijkamp & Piet Rietveld —The Impact of Monetary Policy on Economic Activity: Evidence from a meta-analysis

1015-1030 **Break**

1030-1215
Plenary Session II, (Mills Library, Mills Center) (Chair: Raymond Florax)

Robert Johnston & Luz Londono-Diaz— Bayesian and Classical MA for Benefit Transfer of Coral Reef Values with Heterogeneous Resources and Research Methods

John Loomis — What Can Meta Analysis Tell Us about Hypothetical Bias of Stated Preference Valuation Studies?

Randall Rosenberger & T.D. Stanley —Price Elasticities of Recreation Demand: Meta-analysis and tests of publication bias

1215-1315 **Lunch**

1315-1445
Concurrent Session I-A, (Mills Library, Mills Center) (Chair: Martin Pladam)

Geoff Pugh & Igor Velickovsky — Constraints on Exchange Rate Flexibility in Transition Economies: A meta-regression analysis of exchange rate pass-through

Eric Gabin—Forensic of Aid Effectiveness: A Bayesian meta-analysis of the conditional aid effectiveness literature

Kun Wang & Greg Shailer — Disentangling Ownership Concentration and Firm Performance in Emerging Markets

Saturday, October 2, 2010

0830-0845 **Tom Stanley— Guidelines for the Systematic Reviews of Econometrics?**

0845-1015

Saturday, October 2, 2010- cont.

Concurrent Session II-B, (Murphy House, Hendrix campus) (Chair: Ingram Olkin)

Meng-Jia Wu—Synthesizing Education Production

ABSTRACTS

Plenary Session I

What Can Meta Analysis Tell Us about Hypothetical Bias in Stated Preference Valuation?

John Loomis, Colorado State University, USA

Hypothetical bias arises in stated preference valuation studies (e.g., contingent valuation) when respondents report a willingness to pay (WTP) that exceeds what experiments indicate is the actual amount that people are willing to pay using their own money. While this bias is not found in all stated preference surveys, hypothetical WTP typically exceeds the actual value by a factor of two to three. Unfortunately, there is no widely accepted general theory of respondent behavior that explains hypothetical bias. Therefore, we review the current hypotheses about the causes this overstatement of WTP as well as two meta-analyses of hypothetical bias. Meta-regression analysis (MRA) can be used to calculate calibration factors, tailored to adjust WTP to the specific valuation circumstances. The resulting 'calibration function' is more accurate than any simple across-the-board correction based on aggregate averages.

Publication Selection of Recreation Demand Price Elasticity: A Meta-Analysis

Randall S. Rosenberger, Oregon State University, USA

T. D. Stanley, Hendrix College, USA

A meta-regression analysis (MRA) of own-price elasticity of recreation demand estimates in the U.S. shows significant publication selection bias based on simple and multivariate MRA tests. While the simple average of past reported research results exhibits nearly a unitary elasticity (-0.997), this average estimate is likely to be several times too elastic. Our results are based on nearly 600 estimates of own-price elasticity drawn from the recreation demand literature. There is a high degree of heterogeneity in the recreation demand literature. We confirm Smith and Kaoru's (1990) general conclusions that researcher modeling decisions and assumptions, along with theoretical expectations, do indeed matter. However, a multivariate MRA, which captures variations in elasticity estimated due to their standard errors and weights the data according to these standard errors, reveals that many of the moderator variables change in sign and/or significance.

Concurrent Session I-A (Mills Library)—1315-1445 Friday October 1

Constraints on Exchange Rate Flexibility in Transition Economies:

a Meta-Regression Analysis of Exchange Rate Pass-Through

Igor Velickovsky, National Bank of the Republic of Macedonia

Geoff Pugh, Staffordshire University, UK

This article uses Meta-Regression Analysis (MRA) to investigate exchange rate pass-through to domestic prices, highlighting differences between transition and developed economies. A total of 23 studies yielded 575 coefficients measuring exchange rate pass-through to import prices and consumer prices for 23 developed and 12 transition economies. The MRA results confirm the finding of many particular analyses that exchange rate pass-through is less than complete. In addition, exchange rate pass-through is higher to import prices than to consumer prices; and exchange rate pass-through is higher in the long run than in the short run. Regarding transition and developed economies, MRA suggests that there is no statistically significant difference in exchange rate pass-through to import prices. Yet, exchange rate pass-through to consumer prices is significantly and substantially higher in transition than in developed economies. This finding is consistent with the caution of many monetary authorities in transition economies regarding exchange rate flexibility.

Forensic of Aid Effectiveness: A Bayesian Meta-analysis of conditional aid effectiveness

Kilama Eric Gabin, Université d'Auvergne, France

Development aid is meant to contribute to the economic development of poor countries. This is certainly a very noble and desirable purpose. However, some authors think that the correlation between the share of development aid and economic growth is essentially zero. The zero correlation result is highly undesirable, and many have also found it implausible and search for a model that tells a “nicer” story. The amount, magnitudes and variability of the data for aid and growth driven by this challenge generated an aid effectiveness literature of almost 100 papers. The present paper is a Bayesian meta-analysis of a part of the AEL. It goes beyond the publication bias in the conditional aid effectiveness literature to find empirical evidence of aid effectiveness and gives useful comment for future research in the aid effectiveness literature.

Trade impact of EU preferential policies: A meta-analysis of the literature

Maria Cipollina, University of Molise, Italy

Filomena Pietrovito, University of Molise, Italy

It is generally asserted that preferential trade agreements (PTAs) positively affect the trade growth between countries or group of countries involved. The aim of this paper is to use a Meta-analysis approach in order to provide a survey of a range of estimated coefficients of the impact of EU PTAs highlighted in the literature using gravity equations. In our analysis, we distinguish between papers using dummy variables and papers using quantitative indicators to measure EU preferences. We provide pooled estimates, obtained from fixed and random effects models of the PTAs' effect size on EU imports: the hypothesis that there is no effect of PTAs on trade is robustly rejected at standard significance levels. The information collected on each estimate allows us to test the sensitivity of the results to alternative specifications and differences in the control variables considered, as well as the impact of the publication selection process. Finally, we adopt a probit specification that investigates the factors influencing whether the estimated effects are positive and significantly different from zero.

The Effect of FDI on Growth and Investment in Low Income Countries:

A meta-regression analysis

Randolph Bruno; University College London, UK

Nauro Campos; Brunel University, UK

The conventional wisdom is that low income countries tend to receive less foreign direct investment than they should and that the little FDI they receive has limited impact because it is concentrated in the natural resources sector. The objective of this paper is to take stock of the aggregate as well as firm level evidence on FDI in low income countries and use it to confront, re-assess and gauge such preconceptions by carrying out a comprehensive meta-regression analysis exercise. Our paper tries to offer three main contributions: (1) it focuses on both the micro and macro evidence; (2) it exploits a much higher number of "data-points" with respect to previous meta-analyses investigations on FDI in developing countries; and (3), as a consequence, we are able to exploit a much wider set of explanatory variables and controls. In our preliminary results, we were able to explain more than 60% of the t-statistics variability, our preferred dependent

Plenary Session IV, (Mills Library)— 845-1015 Saturday October 2

Cities and Growth: A Meta-Analysis

Henri de Groot, VU University, The Netherlands

Jacques Poot, University of Waikato, New Zealand

Martijn Smit, VU University, The Netherlands

Globally, the proportion of the population living in cities continues to grow and sprawling cities remain the engines of regional economic transformation. In the globally-connected knowledge-driven economy, the relevance of agglomeration forces that rely on proximity continues to increase, paradoxically despite declining real costs of information, communication and transportation. This paper revisits the central part of this virtuous circle, namely the Marshall-Arrow-Romer externalities (specialisation), Jacobs externalitie

Meta-Regression Analysis and the Big Firm Premium

David Hay, University of Auckland, New Zealand

This paper examines the Big firm premium paid to major audit firms. Whether the small group of very large audit firms (currently the 'Big 4') can charge a fee premium to their clients has been examined in many research papers over thirty years, with mixed results and some controversy. Francis (2004, 352) states "on average, the Big firm premium has been around 20%." Several

Unions, R&D Investment and Technology Adoption: A Meta-Analysis

Hristos Doucouliagos, Deakin University, Australia

Patrice Laroche, University of Nancy, France

Prior meta-analyses have explored the effects of unions on profits, productivity, and physical capital formation. This paper extends this line of research by exploring the effects of unions on investment in intangible capital. Economic theory is ambiguous regarding the effects of labor unions and there is no consensus between empirical studies on the impact of unions on innovation. Drawing upon both econometric and case studies, we show in this paper that it is indeed possible to draw robust conclusions regarding the effects of unions on intangible capital: Unions depress investment in intangible assets in the US but have had no effect elsewhere. We also present a partial meta-analysis of the effects of firm size, physical capital and industry concentration on intangible investments and compare these to the effects of unions.

Top Management Team Diversity: A systematic review

Fabian Homberg, University of Zurich, Switzerland

Empirical research investigating the impact of top management team diversity on executives' decision making has produced inconclusive results. On the one hand there is evidence that diversity improves decision quality due to a larger amount of information that is considered. On the other hand research has found evidence that diversity leads to an increase in the time needed to take decisions. In order to synthesize more generalizable results from this body of literature a meta-analysis is conducted. It focuses on studies investigating top management team diversity and its impact on the quality of executives' decision making as reflected in corporate performance. The analysis contributes to the literature by theoretically discussing and empirically examining the effects of top management team diversity on corporate performance.

Concurrent Session II-B, (Murphy House) — 1315-1445 Saturday October 2

Synthesizing Education Production Functions: The application of factored likelihood function

Meng-Jia Wu, Loyola University, USA

The education production function (EPF) is a regression-like model that demonstrates the relationship between school resources and student achievement while controlling for student or family background characteristics. One major problem regarding synthesizing EPFs that has been ignored in the previous meta-analyses is that these regression models are different in terms of the predictors included. Some models are larger (contain more predictors) than others. When it comes to interpreting the relationship of interest (school inputs and student achievement), the magnitude of the focal relationship is not comparable because the models are not “parallel” and different variables were partialled out. The current study links the scenario of having unparalleled models in the EPF literature to the issue of missing data.

Publication Bias in Feldstein and Horioka literature: A meta-analysis for OECD countries

Yannick Bineau, University Lille, France

This study is a quantitative review of the literature on the Feldstein and Horioka (1980) paradox. I adopt meta-analysis, a methodology still not frequently used in international economics, to build a sample of 112 studies published between 1980 and December 2009. The sample concentrates on the correlation between national savings and investment rates for OECD countries, containing 1032 different saving-retention coefficient values. This sample shows a reduction in the saving-retention coefficient over a long horizon. A publication bias is found in this literature, and I attempt to correct it. Econometric methodologies have a large effect on the saving-investment correlation coefficient. Thus, a broad understanding of the saving-retention relation requires special care and flexibility in accounting for the bias associated with unavoidable methodological choice.

Concurrent Session III-A, (Mills Library) — 1500-1600 Saturday October 2

The Reports of the Value of Life Have Been Greatly Exaggerated

Hristos Doucouliagos, Deakin University, Australia

T.D. Stanley, Hendrix College, USA

Margaret Giles, Edith Cowan University, Australia

The magnitude of the value of a statistical life (VSL) is critical to the evaluation of many public health and safety initiatives. To date, the large and rigorous VSL research literature has not explicitly accommodated publication selectivity bias (*i.e.*, the reduced probability that insignificant or negative values of a statistical life are reported or published). This study demonstrates that doing so is essential. For studies that employ hedonic wage equations to estimate VSL, correction for selection bias reduces the average value of a statistical life by seventy to eighty percent. Our meta-regression analysis also identifies several sources for the wide heterogeneity found among reported VSL estimates.

Addressing Dependency in the Sportfishing Valuation Literature: Implications for meta-regression analysis and in-sample benefit

Arvin Vista, Oregon State University, USA

Randall Rosenberger, Oregon State University, USA

The sportfishing literature contains about 140 papers with estimates of the access value for fishing in the United States and Canada. This paper examines the implications of addressing dependency in the sportfishing valuation literature using meta-regression analysis (MRA) and the corresponding benefit-transfer (BT) performance. Meta-analysis is applied to various treatments of data dependency in the sportfishing metadata. Results show that the model fit is best achieved when the MRA is based on weighting the 'all-set' or using the 'average-set.' The weighted 'all-set' model resulted in the highest number of significant variables among the models estimated. Changing the underlying structure of the metadata changes the magnitude and sign of the estimated parameters of the fishing environment variables. Results of in-sample BT using a ja

Concurrent Session III-B, (Murphy House) — 1500-1600 Saturday October 2

The Impact of Immigration on International Trade: A meta-analysis

Murat Genc, University of Otago, New Zealand

Masood Gheasi, VU University Amsterdam, The Netherlands

Peter Nijkamp, VU University Amsterdam, The Netherlands

Jacques Poot, University of Waikato, New Zealand

The rapid growth in the foreign-born population in many high and middle income countries in recent decades has prompted considerable research on the socio-economic impacts of immigration.