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PEJ Meeting 2017

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## Book of Abstracts

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**Título**

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João Rebelo; Ana Marta Costa; José Vaz Caldas; Leonida Correia; Lina Gomes; Patrícia António; Patrícia Martins; Sofia Gouveia

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# Organization

## University of Trás-os-Montes e Alto Douro

The University of Trás-os-Montes e Alto Douro (UTAD) was established in 1986 in Vila Real, representing the culmination of a process for the installation of higher education in the interior North of Portugal, initiated in 1973 with the Polytechnic Institute of Vila Real, followed by, in 1979, the University Institute of Trás-os-Montes e Alto Douro. Currently, UTAD is organized into five university schools — School of Agrarian and Veterinarian Sciences (ECAV); School of Humanities and Social Sciences (ECHS); School of Sciences and technology (ECT); School of Environmental and Life Sciences (ECVA); and the School of Nursing in Vila Real (ESEnfVR). Also, it includes eight research centres, which are important for creation and diffusion of science, technology, innovation and culture: Animal and Veterinary Science Centre (CECAV); Centre of Studies and Research on Security and Defense of Trás-os-Montes e Alto Douro (CEISDTAD); Humanities Research Centre (CEL); Centre for Transdisciplinary Development Studies (CETRAD); Research Centre for Sport, Health and Human Development (CIDESD); Research Centre on Agri-Environmental and Biological Technologies (CITAB); Research Centre of Mathematics (CM) and the Chemistry Centre (CQ). All these teaching and research structures are based within a campus with 120 ha, housing a Botanical Garden of UTAD, one of the largest in Europe, with a collection that amounts to about 1000 plant species. The UTAD has had since its genesis a preponderant role in the production of knowledge within rural areas, and boosting regional development through a relevant and recognized presence in many areas of research, teaching and extension in the community.

## Centre for Transdisciplinary Development Studies

The Centre for Transdisciplinary Development Studies (CETRAD) is based at the UTAD in Vila Real, Northeast Portugal, and at the University Institute of Maia, on the Atlantic coast near the country's second largest city of Porto. The Centre is evaluated, validated and partly-financed by Portugal's Foundation for Science and Technology (FCT). It has over 60 researchers with Ph.D.s and is the only Portuguese research centre that focuses exclusively on rural, regional and local development. Some centres share its interests, but not its inter-disciplinarity. And others display its inter-disciplinarity, but address different concerns. Still others focus on more technical aspects without reference to key economic, socio-cultural, management and policy contexts that rural livelihoods are embedded, and form the main focus of the Centre's work. In collaboration with its networks of partner organizations, CETRAD focuses on these issues in an innovative manner, basing its approach upon core values of inter-, multi-and trans-disciplinarities, stakeholder participation, and beneficiary empowerment. The Centre has regional, national and increasingly

international visibility in its field, based on its proven expertise, extensive networking, high quality publications on priority issues and its design of practical solutions for development problems wherever they manifest themselves.

## The Portuguese Economic Journal

The Portuguese Economic Journal (PEJ) is a triannual peer-reviewed academic journal of economics. It is published by Springer on behalf of ISEG – Lisbon School of Economics & Management of *Universidade de Lisboa*. The journal was established in 2002. PEJ aims to publish high-quality theoretical, empirical, applied or policy-oriented research papers on any field in economics. The geographical reference in the name of the journal only means that the journal is an initiative of Portuguese scholars. PEJ is indexed in the Web of Science's Social Science Citation Index and Journal Citation Reports/Social Sciences Edition. It is also indexed in SCOPUS, EconLit, Google Scholar, EBSCO Discovery Service, CSA, ProQuest, Academic OneFile, Bibliography of Asian Studies, CSA Environmental Sciences, ECONIS, International Bibliography of the Social Sciences (IBSS), OCLC, Research Papers in Economics (RePEc), SCImago, Summon by ProQuest, amongst many other.

Since 2007, PEJ organises an annual meeting held at different Portuguese universities. Other sister initiatives of PEJ include the Portuguese Economic Network (an open-access society), the Portuguese Economy Research Report (a blog dedicated to research), and the YouTube channel that features PEJ Talks and PEJ resources.

# Committees

## Local Organizing Committee

***Chair***

João Rebelo (UTAD, CETRAD, Portugal)

***Members***

Ana Marta-Costa (UTAD, CETRAD, Portugal)
José Vaz Caldas (UTAD, CETRAD, Portugal)
Leonida Correia (UTAD, CETRAD, Portugal)
Lina Lourenço-Gomes (UTAD, CETRAD, Portugal)
Patrícia António (UTAD, CETRAD, Portugal)
Patrícia Martins (UTAD, CETRAD, Portugal)
Sofia Gouveia (UTAD, CETRAD, Portugal)

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Manuela Mourão (UTAD, CETRAD)

## Scientific Committee

***Chair***

Vasco Carvalho (University of Cambridge, UK)

***Members***

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Francisco Gomes (London Business School, UK)
Isabel Horta Correia (Banco de Portugal and Católica-Lisbon SBE, Portugal)
Joana Pais (ISEG of ULisboa, Portugal)
Joao Santos Silva (University of Surrey, UK)
Nuno Limão (University of Maryland, USA)
Paulo Guimarães (Banco de Portugal and Universidade do Porto, Portugal)
Pedro Vicente (NOVA SBE, Portugal)
Ricardo Reis (London School of Economics, UK)
Sílvia Gonçalves (Western University - Ontario, Canada)
Sofia Villas-Boas (University of California - Berkeley, USA)

# Keynote Speaker

**Sofia Villas-Boas**

Sofia Berto Villas-Boas is a Professor in the Department of Agricultural and Resource Economics at U. C. Berkeley. Born in Portugal in 1971 she received her Ph.D. in economics from U. C. Berkeley in 2002. Her research interests include industrial organization, consumer behavior, food Policy, and environmental regulation. Her recent empirical work has focused on the economics behind wholesale price discrimination banning legislation, contractual relationships along a vertical supply chain, and identifying the role of those contracts in explaining pass-through of cost shocks along the supply chain into retail prices that consumers face. Sofia has published in the top economic journals such as Review of Economic Studies, Management Science, Rand Journal of Economics, and the Journal of Environmental Economics and Management.

# Final Program

## JULY 7

| | |
|---|---|
| **09:00** | **Registration \| Complexo Laboratorial Building (entrance hall)** |
| **10:00 – 10:30** | **Welcome Session \| Complexo Laboratorial Building (auditorium B0.01)** |
| **10:30 – 12:30** | **Parallel Sessions I \| Complexo Laboratorial Building** |

### Industrial Organization I

**Room: 1.01** | Chair: Odd Rune Straume (U. Minho) | 10:30-12:30

***Measuring the Benefits and Costs of Intermediation in Vertical Relations***
Javier Donna (Ohio State University), Pedro Pereira (Autoridade da Concorrência), Tiago Pires (U. North Carolina), **André Trindade** (Getulio Vargas Foundation)

***Content Provision and Multi-Homing***
**Armando Jose Garcia Pires** (Norwegian School of Economics)

***Environmental Regulations, Firm Performance, and Local Economies: Evidence from China***
**Ellen Lin** (UC Berkeley)

***Competition and Physician Behaviour: Does the Competitive Environment Affect the Propensity to Issue Sickness Certificates?***
Kurt Brekke (Norwegian School of Economics), Tor Helge Holmås (Uni Research AS), Karin Monstad (Uni Reseach AS), **Odd Rune Straume** (U. Minho)

### Macro and Fiscal Policy

**Room: 1.04** | Chair: Pedro Brinca (NovaSBE) | 10:30-12:30

***Fiscal Devolution and Tax Competition: a Double-Edged Sword?***
**Luís Pinheiro de Matos** (Cardiff University)

***Fiscal Multipliers and Financial Crises***
**Miguel Faria-e-Castro** (Federal Reserve Bank of St. Louis)

***Finding a Local Fiscal Multiplier: Do Local Elections Matter?***
**Bruno Carvalho** (NovaSBE), Francesco Franco (UNL), Susana Peralta (UNL)

***Fiscal Consolidation and Income Inequality***
**Pedro Brinca** (NovaSBE), Miguel Ferreira (Nova SBE), Francesco Franco (UNL), Hans Holter (University of Oslo), Laurence Malafry (Stockholm University)

## Labor I

**Room: 1.13** | Chair: António Rua (Banco de Portugal) | 10:30-12:30

***Diverging Trends of Wage Inequality in Europe***
**João Pereira** (U. Évora), Aurora Galego (U. Évora)
***A Trap for Some, a Stepping Stone for Others: Low-Pay Duration and Transitions out of Low Pay among Young Labor Market Entrants***
**Hugo Castro Silva** (Instituto Superior Técnico, ULisboa), Francisco Lima (Instituto Superior Técnico, ULisboa)
***Wage Inequality between Permanent and Fixed-Term Contracts: A Firm-Level Analysis***
**Marta Silva** (Banco de Portugal), Luis Filipe Martins (ISCTE – IUL)
***Zooming the Ins and Outs of the U.S. Unemployment***
Pedro Portugal (Banco de Portugal), **António Rua** (Banco de Portugal)

## 12:30 – 14:00 Lunch | Panorâmico Restaurant

## 14:00 – 16:00 Parallel Sessions II | Complexo Laboratorial Building

## Microeconomics: Theory

**Room: 1.01** | Chair: Joana Resende (CEFUP, U. Porto) | 14:00-16:00

***Examining Proof of Existence of Utility Functions***
**Kazem Falahati** (Glasgow Caledonian University)
***Optimal Learning before Choice***
Tony Ke (MIT Sloan School of Management), **J. Miguel Villas-Boas** (University of California, Berkeley)
***Priority Pricing by a Durable Goods Monopolist***
**João Correia-da-Silva** (U. Porto)
***Personalized Pricing with Targeted Advertising: Who are the Winners?***
Rosa-Branca Esteves (U. Minho, NIPE), **Joana Resende** (CEFUP, U. Porto)

## Heterogeneous Firms

**Room: 1.14** | Chair: Luís F. Costa (ISEG – ULisboa & UECE) | 14:00-16:00

***Identifying Demand Shocks from Production Data***
**Carlos Santos** (Nova SBE)
***How to Allocate R&D Subsidies: do Financial Constraints Matter?***
**Carlos Carreira** (U. Coimbra), Filipe Silva (OECD)
***Heterogeneous Investment Dynamics of Manufacturing Firms***
Alexandros Fakos (ITAM), **Tiago Tavares** (CIE ITAM)
***How Do Firms React to Demand and Productivity Shocks? The Effects of Financial Strength on Price and Markup Responses***
Paulo Brito (ISEG – ULisboa & UECE), **Luís F. Costa** (ISEG – ULisboa & UECE), Cláudia Custódio (Imperial College Business School), Carlos Santos (Nova SBE)

## Macroeconomics I

**Room: 1.04** | Chair: Adriana Cornea-Madeira (University of York) | 14:00-15:30

***Can Trade Unions Increase Social Welfare? An R&D Model with Cash-in-Advance Constraints***
**António Neto** (University of Porto), Yuichi Furukawa (Chukyo University), Ana Paula Ribeiro (CEF.UP - FEP)
***Is the Skills Mismatch Important under Skill-Biased Technological Change and Imperfect Substitutability Between Immigrants and Natives?***
Susana Gabriel (U. Porto), **Pedro Gil** (U. Porto), Oscar Afonso (U. Porto)
***Wage Inflation and Unemployment under Heterogeneous Expectations with Evolutionary Learning***
**Adriana Cornea-Madeira** (University of York), João Madeira (University of York)

## Trade and International Economics

**Room: 1.13** | Chair: Sofia Gouveia (UTAD) | 14:00-16:00

***Exports Dynamics at the Product Level: A Gravity Model Applied to Douro Wine***
**Anthony Macedo** (UTAD), Sofia Gouveia (UTAD, CETRAD), Joao Rebelo (UTAD, CETRAD)
***Knowledge Flows and Dark Matter***
**João Ayres** (University of Minnesota)
***From Primary Commodities to Output Fluctuations***
**Daniela Costa** (University of Minnesota)
***Firm Characteristics and Export Behavior: Application to Portuguese Wine Firms***
Niaz Bashiri Behmiri (UTAD, CETRAD), João Rebelo (UTAD, CETRAD), **Sofia Gouveia** (UTAD, CETRAD), Patrícia António (UTAD, CETRAD)

**16:00 – 16:30 Coffee Break**

**20:00 – 23:30 Conference Dinner | DOC Rui Paula (Folgosa do Douro - Armamar)**

# JULY 8

**09:00 – 11:00 Parallel Sessions III | Complexo Laboratorial Building**

## Industrial Organization II

**Room: 1.01** | Chair: João Oliveira (Banco de Portugal) | 09:00-10:30

***The Effect of Public Appeals on Urban Residential Water Conservation: An Event Study Using Hourly Water Meter Data from San Francisco***
**Dina Gorenshteyn** (University of California, Berkeley)
***For Whom the Bell Tolls: The Effects of Tolls in an Uncongested Motorway on Road Safety***
Alfredo Pereira (College of William and Mary), Rui Marvão Pereira (College of William and Mary), **João Pereira dos Santos** (Nova SBE)
***Inefficiency Distribution of the European Banking System***
**João Oliveira** (Banco de Portugal)

## Macroeconomics II

**Room: 1.04** | Chair: Francesca Loria (European University Institute) | 09:00-11:00

***From Convergence to Divergence: Portuguese Demography and Economic Growth, 1500-1850***
**Nuno Palma** (University of Groningen), Jaime Reis (Instituto de Ciências Sociais, ULisboa)
***Why is Europe Falling Behind? Structural Transformation and Services' Productivity Differences between Europe and the U.S.***
Cesare Buiatti (University of Illinois), **João Duarte** (University of Cambridge), Luis Felipe Saenz (University of Illinois, Urbana-Champaign)
***A Tale of Two Sectors: Why is Misallocation Higher in Services than in Manufacturing?***
**Daniel Dias** (Board of Governors of the Federal Reserv.), Carlos Marques (Banco de Portugal), Christine Richmond (IMF)
***A New Keynesian Perspective on Total Factor Productivity via Production Networks***
Nicolas Castro Cienfuegos (University of Chicago), **Francesca Loria** (European University Institute)

## Education

**Room: 1.13** | Chair: Miguel Portela (U. Minho) | 09:00-11:00

***The Afternoon Effect: Differential Impacts on Student Performance in Maths and History***
**Velichka Dimitrova** (Royal Holloway, University of London)
***Class Composition and Student Achievement in Portugal***
**João Firmino** (Nova SBE), Luís Nunes (Nova SBE), Ana Reis (Nova SBE), Carmo Seabra (Nova SBE)
***Returns to Postgraduate Education in Portugal: Holding on to a Higher Ground?***
**André Almeida** (CIPES), Hugo Figueiredo (U. Aveiro), Miguel Portela (U. Minho), João Cerejeira (U. Minho), Carla Sá (U. Minho), Pedro Teixeira (U. Porto)
***Factors that Influence Student Achievement Gains and Performance Assessment of the Portuguese Public Schools***
Sandra Sousa (U. Minho), **Miguel Portela** (U. Minho), Carla Sá (U. Minho)

## Applied Economics

**Room: 1.14** | Chair: Pedro Portugal (Banco de Portugal) | 09:00-11:00

***Tax Evasion by Domestic and Multinational Portuguese Firms: A Bunching Analysis***
**Risa Pavia** (Université catholique de Louvain)

***Has the Sovereign Debt Crisis Changed the Cyclicality of Portuguese Remittances?***
Leonida Correia (UTAD, CETRAD), **Patrícia Martins** (UTAD, CETRAD)

***Turnover or Cash? Sharecropping in the US South***
**Guilherme de Oliveira** (University of Amsterdam)

***Going after the Addiction not the Addicted: The Impact of Drug Decriminalization in Portugal***
Ana Tavares, **Pedro Portugal** (Universidade Nova de Lisboa & Banco de Portugal), Sónia Félix (Universidade Nova de Lisboa & Banco de Portugal)

## 11:00 – 11:30 Coffee Break

## 11:30 – 12:30 Plenary Session | Geociências Building (auditorium)

***Reduced Form and Structural Approaches in Policy Analysis***

**Sofia Villas-Boas**
University of California, Berkeley

## 12:30 – 14:00 Lunch | Panorâmico Restaurant

## 14:00 – 16:00 Parallel Sessions IV | Complexo Laboratorial Building

## Quantitative Methods

**Room: 1.14** | Chair: Jan Kiviet (University of Amsterdam) | 14:00-15:30

***New CUSUM Based Ratio Tests for Parameter: Constancy: With Application to Variance Stability***
Uwe Hasslera (Goethe University Frankfurt), Mehdi Hosseinkouchack (Goethe University Frankfurt), **Paulo Rodrigues** (Banco de Portugal), Antonio Rubia (University of Alicante)

***Dynamic Vector Mode Regression***
Gordon Kemp (University of Essex), **Paulo Parente** (Instituto Universitário de Lisboa), João Santos Silva (University of Surrey)

***Microeconometric Dynamic Panel Data Methods: Model Specification and Selection Issues***
**Jan Kiviet** (University of Amsterdam)

## Experimental Economics

**Room: 1.01** | Chair: Miguel Fonseca (University of Exeter) | 14:00-16:00

***Institutional Endogeneity and Third-party Punishment in Social Dilemmas***
Isabel Marcin (University of Heidelberg), **Pedro Robalo** (Max Planck Institute for Research on Collective Goods), Franziska Tausch (Max Planck Institute for Research on Collective Goods)

***Voting as a War of Attrition***
Maksymilian Kwiek (University of Southampton), **Hélia Marreiros** (University of Southampton), Michael Vlassopoulos (University of Southampton)

***Endogenous Sanctioning Institutions and Migration Patterns: Experimental Evidence***
Gabriel Katz (University of Exeter), Ramon Cobo-Reyes (University of Exeter Business School), **Simone Meraglia** (University of Exeter)

***Line Up Deviators and Punish the First***
Jan Auerbach (University of Exeter), **Miguel Fonseca** (University of Exeter)

## Development and Political Economy

**Room: 1.13** | Chair: Francisco Veiga (U. Minho) | 14:00-16:00

***Measuring Political Rivalry and Estimating its Effect on Economic Growth***
**Elena Neves** (U. Minho), Francisco Veiga (U. Minho)
***Using Geopolitics to Identify Causal Effect of Aid on Growth***
**Sultan Mehmood** (Paris School of Economics/Paris-Dauphine)
***The Vicious Cycle of Political Extremism, Rent-Seeking and Economic Inequality***
**Carlos Pinto** (FEP)
***Term Limits and Voter Turnout***
**Francisco Veiga** (U. Minho), Linda Veiga (U. Minho)

## Macroeconomics III

**Room: 1.04** | Chair: Pedro Teles (Banco de Portugal & U. Católica) | 14:00-15:30

***Dynamic Effects of Consumption Tax Reforms with Consumer Durables***
**Qian Li** (Shanghai University of Finance and Economics)
***On the Design of a European Unemployment Insurance Mechanism***
Árpád Ábrahám (European University Institute), **João Brogueira de Sousa** (European University Institute), Ramon Marimon (European University Institute), Lukas Mayr (European University Institute)
***Optimal Capital Taxation Revisited***
V. V. Chari (U. Minnesota & Federal Reserve Bank of Minneapolis), Juan Pablo Nicolini (Federal Reserve Bank of Minneapolis, U. Di Tella & U. Autonoma de Barcelona), **Pedro Teles** (Banco de Portugal, U. Católica)

## 16:00 – 16:30 Coffee Break

## 16:30 – 18:30 Parallel Sessions V | Complexo Laboratorial Building

## Finance

**Room: 1.14** | Chair: Gonçalo Faria (Católica Porto Business School) | 16:30-18:30

***In Pursuit of Profit: The Likely Culprit of Tax Avoidance via Tax Havens***
**Linda Chen** (Washington State University), Debra L. Sanders (Washington State University), Yunshil Cha (Washington State University)
***Do the Types of Financial System, Corporate Governance System and Legal System of the Borrower's Country Influence the Interest Rate Spread of Syndicated Loans?***
**Nuno Moutinho** (Instituto Politécnico de Bragança), Carlos Alves (U. Porto), Francisco Vitorino Martins (U. Porto)
***Understanding Dynamic Conditional Correlations between Oil and Non-energy Commodity Markets***
**Niaz Bashiri Behmiri** (UTAD, CETRAD), Matteo Manera (University of Pavia), Marcella Nicolini (University of Pavia)
***Forecasting the Equity Risk Premium with Frequency-Decomposed Predictors***
**Gonçalo Faria** (Católica Porto Business School), Fabio Verona (Bank of Finland)

## Labor II

**Room: 1.13** | Chair: Fernando Martins (Banco de Portugal & ISEG - ULisboa), | 16:30-18:30

***Occupation-Skill Mismatch and Selection of Immigrants: Evidence from the Portuguese Labour Market***
**Tijan L. Bah** (NovaSBE)
***Why don't Wages Fall During Recessions? An Experimental Study***
Miguel Fonseca (University of Exeter), **João Madeira** (University of York)
***Job Security and Fertility Decision***
**Marta Lopes** (NovaSBE)
***Upward Nominal Wage Rigidity***
Paulo Guimarães (Banco de Portugal), **Fernando Martins** (Banco de Portugal & ISEG - ULisboa), Pedro Portugal (Banco de Portugal)

## Applied Microeconomics

**Room: 1.01** | Chair: Tiago Ribeiro (Indera - Estudos Económicos, Lda) | 16:30-18:30

***Over-Time Visitors' Preferences for a Cultural Landscape within Discrete Choice Experiments***
**Lina Lourenço-Gomes** (UTAD, CETRAD), Lígia Pinto (U. Minho), João Rebelo (UTAD, CETRAD)

***Setting Reserve Prices in English Auctions with Limited Commitment: An Empirical Assessment***
**Ricardo Gonçalves** (U. Católica)

***Good News and Bad News are Still News: Experimental Evidence on Belief Updating***
**Alexander Coutts** (Universidade Nova de Lisboa)

***Analysis of Consumer Preferences for Expert Opinion Using a Discrete Choice Experiment***
Armando Corsi (University of South Australia), Larry Lockshin (University of South Australia), Jordan Louviere (University of South Australia), Simone Mueller (University of South Australia), **Tiago Ribeiro** (Indera - Estudos Económicos, Lda)

## Macro and Monetary Policy

**Room: 1.04** | Chair: Sérgio Rebelo (Northwestern University) | 16:30-18:30

***Term Structure, Forecast Revision and the Information Channel of Monetary Policy***
**Donghai Zhang** (UPF)

***Non-Standard Monetary Policy Measures in EAGLE-FLI: Assessing the EAPP***
N. Bokan (European Central Bank), **Sandra Gomes** (Banco de Portugal), M. Pisani (Bank of Italy), J. Sousa (European Central Bank)

***The Effect of Firm Cash Holdings on Monetary Policy***
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# Over-Time Visitors' Preferences for a Cultural Landscape Within Discrete Choice Experiments

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This paper addresses the question of the stability of preferences over-time, an issue that seems to deserve increasing attention within the question of transferability of the results from nonmarket valuation techniques and, consequently, their reliability in supporting managerial decisions and policy evaluations, especially in times of fast and unpredictable changes. The paper includes a recent extension of the mixed (random parameters) logit model, the generalized mixed logit model, which accounts simultaneously for preference and scale unobserved heterogeneity, decomposing the latter to identify scale effects data specific. This model is applied to two data sets, that were collected in 2008 and 2013, of Portuguese visitors' preferences regarding the attributes worth preserving and, consequently, public attention of the Alto Douro Wine Region, a cultural landscape world heritage site. During the gap of time, Portugal was under an extreme economic crisis that could have changed the visitors' behaviour and their choices, which reinforces the need to analyse the stability of the preferences regarding cultural goods. The results suggest the presence of a structural change on preferences between the two periods. In this sense, the present DCE does not stand the test of time.

**Keywords:** Preferences stability, discrete choice experiments, cultural economics, test retest, generalised mixed logit model.

**JEL Classification:** D01, C25, Z1.

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