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Unveiling Economic Dynamics

Unconventional Monetary Policy

Highlights

Dhaka Stock Market's Response

Future of Nigeria's Oil-Dependent

Discovering Thoughts, Inventing Future

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Climate Change and the Future of Nigeria's Oil-Dependent Economy

By Ukeyima Adams

Abstract- The global shift towards sustainable energy sources, driven by international climate agreements and the imperative to reduce carbon emissions, presents significant challenges for oil-dependent economies like Nigeria. This paper examines the implications of climate change on Nigeria's economy, which relies heavily on oil exports for government revenue and foreign exchange earnings. The anticipated decline in global oil demand, resulting from the transition to renewable energy, threatens to exacerbate Nigeria's economic vulnerabilities, including reduced public spending capacity and increased unemployment in the oil sector. As global commitments to mitigate climate change intensify, Nigeria faces heightened risks from declining oil prices and potential international regulatory pressures, such as carbon taxes on fossil fuel imports. These dynamics underscore the urgency for Nigeria to diversify its economy beyond oil. The paper explores the potential of Nigeria's renewable energy resources-solar, wind, and hydropower-as viable alternatives to oil. By investing in renewable energy infrastructure, Nigeria can not only reduce its dependency on oil but also address its significant energy access challenges, thus fostering economic resilience.

Keywords: *climate change, nigeria, oil dependency, sustainable energy, economic diversification, renewable energy, global energy transition.*

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Ukeyima Adams

Abstract- The global shift towards sustainable energy sources, driven by international climate agreements and the imperative to reduce carbon emissions, presents significant challenges for oil-dependent economies like Nigeria. This paper examines the implications of climate change on Nigeria's economy, which relies heavily on oil exports for government revenue and foreign exchange earnings. The anticipated decline in global oil demand, resulting from the transition to renewable energy, threatens to exacerbate Nigeria's economic vulnerabilities, including reduced public spending capacity and increased unemployment in the oil sector. As global commitments to mitigate climate change intensify, Nigeria faces heightened risks from declining oil prices and potential international regulatory pressures, such as carbon taxes on fossil fuel imports. These dynamics underscore the urgency for Nigeria to diversify its economy beyond oil. The paper explores the potential of Nigeria's renewable energy resources-solar, wind, and hydropower-as viable alternatives to oil. By investing in renewable energy infrastructure, Nigeria can not only reduce its dependency on oil but also address its significant energy access challenges, thus fostering economic resilience. Moreover, diversification into other sectors, such as agriculture, manufacturing, and technology, is crucial for mitigating the socio-economic impacts of reduced oil revenues. The study concludes that a strategic shift towards a diversified and sustainable economic model is essential for Nigeria to navigate the challenges posed by the global energy transition. Failure to adapt could result in severe economic dislocation, while proactive diversification offers a pathway to long-term stability and growth in a low-carbon future. Thus, the future of Nigeria's economy in the context of climate change hinges on its ability to pivot from oil dependency to a more sustainable and diversified economic framework.

Keywords: climate change, nigeria, oil dependency, sustainable energy, economic diversification, renewable energy, global energy transition.

I. Introduction

In recent years, the global community has embarked on a significant transition towards sustainable energy sources, spurred by the urgent need to combat climate change. This shift is epitomized by international agreements such as the Paris Agreement, adopted in 2015, which seeks to limit global warming to well below 2°C above pre-industrial levels, with efforts to restrict it to 1.5°C (United Nations Framework Convention on Climate Change [UNFCCC], 2015). Central to achieving these goals is the reduction of carbon emissions, a major contributor to global warming, primarily driven by the burning of fossil fuels, including oil. Consequently, the demand for fossil fuels is anticipated to decline significantly in the coming decades, as countries and corporations increasingly prioritize renewable energy sources such as solar, wind, and hydropower (International Energy Agency [IEA], 2021).

For Nigeria, this global shift away from fossil fuels represents a substantial economic challenge. As one of the world's leading oil producers, Nigeria's economy is heavily dependent on oil exports, which account for over 90% of its foreign exchange earnings and approximately 60% of government revenues (World Bank, 2020). This reliance on oil has historically made Nigeria vulnerable to fluctuations in global oil prices, and the anticipated long-term decline in oil demand due to climate change policies could exacerbate these vulnerabilities. The potential economic repercussions are profound, with implications for government revenue, public spending, and the broader economic landscape.

The dependence of Nigeria's economy on oil exports is rooted in its historical development. Since the discovery of oil in the Niger Delta in the 1950s, oil has become the cornerstone of the Nigerian economy. The oil boom of the 1970s further entrenched this dependence, leading to a mono-economy where other sectors, such as agriculture and manufacturing, have remained underdeveloped (Falola & Genova, 2009). This has left Nigeria highly susceptible to the "resource curse," a phenomenon where countries rich in natural resources, particularly oil, often experience slower economic growth and development compared to resource-poor countries (Auty, 1993). The volatility of global oil prices has resulted in periods of economic boom and bust in Nigeria, with significant social and political consequences.

The global move towards sustainable energy sources, therefore, poses a dual challenge for Nigeria. On one hand, the country faces the risk of declining oil revenues, which could severely constrain government spending on essential services, infrastructure, and social programs. On the other hand, there is an urgent need for Nigeria to diversify its economy to reduce its reliance on oil and build resilience against the economic impacts of the global energy transition. This is particularly critical as the global demand for oil is projected to peak in the next decade and gradually decline as renewable energy technologies become more cost-competitive and widespread (IEA, 2021).

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The impact of climate change policies on global oil demand is already evident. Major economies, including the European Union, China, and the United States, have set ambitious targets for reducing carbon emissions and increasing the share of renewable energy in their energy mix (European Commission, 2020; National Development and Reform Commission [NDRC], 2021; U.S. Department of Energy [DOE], 2021). These policy shifts are likely to result in a structural decline in oil demand, particularly in sectors such as transportation and power generation, which are significant consumers of fossil fuels. For oil-exporting countries like Nigeria, this could lead to reduced export volumes and lower prices, further eroding government revenues.

Moreover, the global energy transition is expected to lead to increased regulatory pressures on the oil industry. As countries implement stricter environmental regulations, such as carbon pricing and emissions trading systems, the cost of producing and exporting oil is likely to rise. This could make Nigerian oil less competitive on the global market, particularly if other countries, including those in the Organization of the Petroleum Exporting Countries (OPEC), can produce oil more cheaply or with lower carbon intensity (IMF, 2021). In addition, there is a growing trend towards divestment from fossil fuels by major institutional investors, which could limit the availability of financing for oil-related projects in Nigeria (Ayling & Gunningham, 2017).

Given these challenges, it is imperative for Nigeria to pursue economic diversification. The development of the renewable energy sector presents a viable opportunity for Nigeria to reduce its dependence on oil and build a more resilient economy. Nigeria is endowed with abundant renewable energy resources, including solar, wind, and hydropower, which have the potential to meet a significant portion of the country's energy needs (Energy Commission of Nigeria, 2015). Investing in renewable energy infrastructure could not only help Nigeria transition to a low-carbon economy but also address the country's significant energy deficit, which remains a major impediment to economic development (Nigerian Electricity Regulatory Commission [NERC], 2022).

Furthermore, economic diversification should extend beyond the energy sector. Nigeria must invest in other non-oil sectors such as agriculture, manufacturing, and technology, which have the potential to drive economic growth and create jobs. The agricultural sector, in particular, offers significant opportunities for export diversification and rural development, given Nigeria's vast arable land and favorable climatic conditions (Central Bank of Nigeria [CBN], 2019). By pursuing a more diversified economic model, Nigeria can reduce its vulnerability to external shocks and build a more sustainable and inclusive economy.

The global shift towards sustainable energy sources driven by climate change mitigation efforts poses significant economic challenges for Nigeria's oil-dependent economy. The anticipated decline in global oil demand threatens to reduce government revenues, constrain public spending, and destabilize the broader economic landscape. To mitigate these risks, Nigeria must urgently pursue economic diversification, with a focus on developing the renewable energy sector and other non-oil sectors. This strategic shift is essential for Nigeria to navigate the challenges posed by the global energy transition and build a more resilient and sustainable economy for the future.

II. Global Shift towards Sustainable Energy

The global energy landscape is undergoing a profound transformation as countries strive to reduce their carbon emissions and transition to more sustainable energy sources. This shift is driven by the urgent need to address climate change and its associated impacts, which have been increasingly evident in recent years. Renewable energy sources such as wind, solar, and hydropower are at the forefront of this transformation, with the International Energy Agency (IEA) projecting that they will account for nearly 90% of the global power capacity increase by 2030 (IEA, 2021). This transition is not only a response to the environmental challenges posed by climate change but also a strategic move to secure energy independence and foster economic growth through the development of new energy industries.

One of the most significant drivers of this global shift is the Paris Agreement, an international treaty adopted in 2015 by 197 countries with the goal of limiting global warming to well below 2°C, with an aspirational target of 1.5°C above pre-industrial levels (United Nations Framework Convention on Climate Change [UNFCCC], 2015). The Paris Agreement has catalyzed widespread policy changes, encouraging countries to adopt more aggressive carbon reduction targets and accelerate the deployment of renewable energy technologies. For example, the European Union has committed to reducing greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels, with renewable energy playing a crucial role in achieving this target (European Commission, 2020).

The policy initiatives, advancements in technology and declining costs have made renewable energy sources increasingly competitive with fossil fuels. The cost of solar photovoltaic (PV) electricity has decreased by 89% between 2010 and 2020, making it one of the cheapest sources of new electricity generation in many regions of the world (International Renewable Energy Agency [IRENA], 2021). Similarly, the cost of onshore wind power has fallen by about 70%

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over the same period, further contributing to the rapid growth of renewable energy capacity (IRENA, 2021). These technological advancements have made it possible for countries to scale up their renewable energy capacity rapidly, thereby reducing their reliance on fossil fuels. The global shift towards renewable energy is not limited to developed countries; emerging economies are also increasingly investing in sustainable energy infrastructure. China, the world's largest emitter of greenhouse gases, has become a global leader in renewable energy deployment. In 2020, China accounted for almost 50% of the global renewable power capacity additions, with significant investments in solar and wind energy (National Development and Reform Commission [NDRC], 2021). India's renewable energy sector is also expanding rapidly, driven by ambitious government targets and favorable investment conditions. By 2022, India had installed more than 100 GW of renewable energy capacity, positioning itself as one of the world's largest renewable energy markets (Ministry of New and Renewable Energy [MNRE], 2022).

Despite the global momentum towards renewable energy, the shift away from fossil fuels poses significant challenges for countries that are heavily dependent on oil exports, such as Nigeria. For Nigeria, where oil exports account for more than 90% of its foreign exchange earnings and about 60% of government revenues, the declining demand for fossil fuels represents a severe economic threat (World Bank, 2020). The anticipated long-term decline in oil demand due to climate change policies could exacerbate Nigeria's vulnerability to fluctuations in global oil prices, which have historically led to economic instability and social unrest in the country.

The global energy transition also presents an existential challenge to Nigeria's oil industry, which has been the backbone of its economy for decades. As international markets increasingly favor low-carbon energy sources, Nigeria risks being left behind if it does not diversify its economy and invest in renewable energy. For instance, the Nigerian oil and gas sector has already faced challenges due to the divestment from fossil fuels by major international oil companies, which are redirecting their investments towards renewable energy projects (Ayling & Gunningham, 2017). This trend is likely to continue as global efforts to reduce carbon emissions intensify, making it imperative for Nigeria to adapt to the changing energy landscape.

To mitigate the economic risks associated with the declining demand for oil, Nigeria must accelerate its efforts to diversify its economy and invest in renewable energy. The country is endowed with significant renewable energy resources, including solar, wind, and hydropower, which remain largely untapped (Energy Commission of Nigeria, 2015). By developing its renewable energy sector, Nigeria can create new economic opportunities, reduce its dependency on oil, and contribute to global efforts to combat climate change.

The global shift towards sustainable energy is reshaping the energy landscape, driven by the need to reduce carbon emissions and mitigate the impacts of climate change. This transition is characterized by the rapid growth of renewable energy sources, supported by international agreements such as the Paris Agreement and technological advancements that have made renewable energy more cost-competitive. For oil-dependent countries like Nigeria, this global trend poses significant economic challenges, necessitating a strategic shift towards economic diversification and investment in renewable energy. By embracing this transition, Nigeria can secure a more sustainable and resilient economic future.

III. Few Countries with a Global Shift towards Sustainable Energy

The global shift towards sustainable energy has seen significant advancements in various countries, driven by a combination of policy initiatives, technological advancements, and economic imperatives. Several nations have emerged as leaders in this transition, demonstrating the viability and benefits of shifting away from fossil fuels towards renewable energy sources. Here are a few examples:

1. *Germany*

Germany is often regarded as a pioneer in the global shift towards sustainable energy. Through its Energiewende (energy transition) policy, Germany has committed to phasing out nuclear power and significantly reducing its reliance on fossil fuels. The country aims to achieve 80% of its electricity consumption from renewable sources by 2050, with ambitious intermediate targets set along the way (Federal Ministry for Economic Affairs and Energy, 2021). Germany's renewable energy sector, particularly wind and solar power, has grown rapidly, and in 2020, renewable sources accounted for over 45% of the country's electricity generation (Fraunhofer Institute, 2021). The success of Germany's energy transition is supported by strong policy frameworks, substantial investments in renewable infrastructure, and public support for green energy initiatives.

2. *China*

China, the world's largest emitter of greenhouse gases, has become a global leader in renewable energy deployment. Recognizing the environmental and economic challenges posed by its heavy reliance on coal, China has made significant investments in renewable energy, particularly in wind and solar power. As of 2020, China accounted for nearly half of the world's new renewable power capacity, and it continues to dominate global manufacturing of solar panels and wind turbines (International Energy Agency [IEA], 2021).

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China's 14th Five-Year Plan, adopted in 2021, emphasizes the expansion of renewable energy as a key component of its strategy to achieve carbon neutrality by 2060 (National Development and Reform Commission [NDRC], 2021). This plan includes targets for increasing the share of non-fossil fuels in primary energy consumption to around 25% by 2030.

3. *Denmark*

Denmark is another leading example of a country successfully transitioning to sustainable energy. Denmark has set ambitious goals to become a net-zero emitter by 2050, with interim targets to reduce greenhouse gas emissions by 70% by 2030 compared to 1990 levels (Danish Energy Agency, 2020). The country is a global leader in wind energy, with wind power accounting for almost 50% of its electricity production in 2020 (Danish Energy Agency, 2021). Denmark's success in wind energy is the result of decades of strategic investments, supportive policies, and innovation in the wind turbine industry. The country is also investing in energy storage and grid modernization to accommodate the high penetration of renewable energy.

4. *India*

India has made significant strides in its renewable energy sector, driven by the need to address its growing energy demand while reducing its reliance on coal. The Indian government has set a target of achieving 175 GW of renewable energy capacity by 2022 and 450 GW by 2030, with solar power being the largest contributor (Ministry of New and Renewable Energy [MNRE], 2022). India's solar energy sector has grown rapidly, with the country now having one of the world's largest solar power capacities. The government's initiatives, such as the International Solar Alliance, aim to promote solar energy deployment not only in India but also in other countries with similar solar potential. Additionally, India is investing in wind energy, hydropower, and bioenergy to diversify its renewable energy mix.

5. *United States*

The United States has seen significant growth in its renewable energy sector, particularly in recent years. The Biden administration has made climate change a top priority, with plans to achieve a carbon-free electricity sector by 2035 and net-zero emissions by 2050 (White House, 2021). The U.S. has seen substantial investments in wind and solar energy, which now account for a growing share of the country's electricity generation. In 2020, renewable energy sources accounted for 20% of U.S. electricity generation, with wind and solar being the fastest-growing segments (U.S. Energy Information Administration [EIA], 2021). Federal and state policies, coupled with declining costs of renewable energy technologies, have driven this growth. The U.S. is also investing in energy storage, electric vehicles, and grid modernization as part of its broader strategy to decarbonize the economy.

These examples illustrate the diverse approaches and successes of various countries in the global shift towards sustainable energy. Whether through ambitious policy initiatives, significant investments in renewable infrastructure, or technological innovation, these nations are leading the way in reducing carbon emissions and transitioning to a more sustainable energy future. As more countries commit to similar paths, the global energy landscape is expected to undergo a fundamental transformation, with renewable energy playing a central role in the world's energy systems.

IV. Africans View on Global Shift towards Sustainable Energy

The global shift towards sustainable energy is gaining momentum, and African countries are increasingly recognizing the need to transition from fossil fuels to renewable energy sources. This transition is driven by the continent's abundant renewable resources, the need to address energy poverty, and the desire to mitigate the impacts of climate change. While the approaches and commitments vary across the continent, several African countries have made significant strides in embracing the global energy transition.

1. *South Africa*

South Africa is one of the leading countries in Africa in terms of renewable energy adoption. The country has long been dependent on coal for its energy needs, with coal accounting for over 70% of its electricity generation (International Energy Agency [IEA], 2021). However, recognizing the environmental and health impacts of coal, South Africa has embarked on a Renewable Energy Independent Power Producer Procurement Programme (REIPPPP), which aims to diversify the energy mix by integrating renewable energy sources. Since its inception in 2011, the REIPPPP has attracted significant investments and has led to the installation of over 6 GW of renewable energy capacity, primarily from wind and solar projects (Department of Mineral Resources and Energy [DMRE], 2021). South Africa's commitment to expanding its renewable energy capacity is also reflected in its Integrated Resource Plan (IRP), which envisions increasing the share of renewables in the energy mix to 25% by 2030 (DMRE, 2019).

2. *Morocco*

Morocco is widely regarded as a leader in renewable energy development in Africa. The country has set ambitious targets to generate 52% of its electricity from renewable sources by 2030, with a focus on solar, wind, and hydropower (Agence Marocaine

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pour l'Énergie Durable [MASEN], 2020). Morocco's commitment to sustainable energy is exemplified by the Noor Ouarzazate Solar Complex, one of the world's largest concentrated solar power plants. The complex has a capacity of over 580 MW and is a key component of Morocco's strategy to reduce its dependence on fossil fuel imports and lower its carbon footprint (World Bank, 2019). Morocco's leadership in renewable energy has not only helped reduce greenhouse gas emissions but has also positioned the country as a hub for renewable energy innovation and investment in the region.

3. *Kenya*

Kenya has made significant progress in expanding its renewable energy capacity, particularly in geothermal and wind energy. The country is home to the largest geothermal power plant in Africa, the Olkaria Geothermal Complex, which has a capacity of over 700 MW (Geothermal Development Company [GDC], 2020). Geothermal energy accounts for approximately 50% of Kenya's electricity generation, making it a key pillar of the country's energy strategy. Additionally, Kenya has invested in wind energy, with the Lake Turkana Wind Power Project being the largest wind farm in Africa, boasting a capacity of 310 MW (African Development Bank, 2020). Kenya's commitment to renewable energy is driven by the need to provide affordable and reliable electricity to its population while reducing its reliance on imported fossil fuels.

4. *Ethiopia*

Ethiopia is another African country that has embraced the global shift towards sustainable energy. The country's energy strategy is centered around hydropower, which accounts for over 90% of its electricity generation (International Hydropower Association [IHA], 2021). Ethiopia has vast hydropower potential, and the construction of the Grand Ethiopian Renaissance Dam (GERD), which will have a capacity of over 6,000 MW, is a testament to the country's ambitions to become a major renewable energy producer in Africa. The GERD is expected to not only meet Ethiopia's growing energy demands but also enable the country to export electricity to neighboring countries, thereby boosting regional energy security (Ministry of Water, Irrigation and Energy, 2020). Ethiopia's focus on renewable energy is also reflected in its commitment to achieving carbon neutrality by 2030 as part of its Climate Resilient Green Economy (CRGE) strategy.

5. *Nigeria*

Nigeria, Africa's largest oil producer, is also recognizing the need to diversify its energy mix and reduce its dependence on fossil fuels. The Nigerian government has set a target to generate 30% of its electricity from renewable sources by 2030 (Federal Ministry of Power, 2020). This shift is motivated by the need to address energy poverty, reduce greenhouse gas emissions, and ensure energy security in the face of declining global oil demand. Nigeria has significant renewable energy potential, particularly in solar energy, given its abundant sunshine. The government has launched several initiatives, including the Nigeria Electrification Project (NEP), which aims to provide off-grid solar solutions to underserved communities (Rural Electrification Agency [REA], 2021). Despite these efforts, challenges such as inadequate infrastructure, policy inconsistencies, and financing constraints continue to hamper the rapid deployment of renewable energy in Nigeria.

The global shift towards sustainable energy is increasingly being embraced by African countries, each leveraging its unique renewable energy resources to reduce dependence on fossil fuels, address energy poverty, and mitigate the impacts of climate change. While the pace and scale of the transition vary across the continent, the growing commitment to renewable energy is evident in the policies, investments, and projects being implemented in countries like South Africa, Morocco, Kenya, Ethiopia, and Nigeria. These efforts are not only contributing to global climate goals but are also fostering economic development, energy security, and social well-being across Africa.

V. Economic Risks for Nigeria

The Nigerian economy's reliance on oil has long been a double-edged sword. While oil has driven economic growth, provided substantial government revenues, and funded numerous development projects, it also poses significant risks, particularly as the world increasingly shifts towards sustainable energy sources. This global transition away from fossil fuels presents a range of economic challenges for Nigeria, threatening the stability and sustainability of its oil-dependent economy. These challenges are particularly acute in the context of declining global oil demand, increasing regulatory pressures, and the potential for socio-economic disruptions.

1. *Declining Global Oil Demand and Its Impact on Government Revenues*

Nigeria's economic structure is heavily skewed towards the oil sector, with oil exports accounting for more than 90% of its foreign exchange earnings and around 60% of government revenues (World Bank, 2020). This dependency makes Nigeria highly vulnerable to fluctuations in global oil demand and prices. The global shift towards renewable energy, driven by climate change concerns and international agreements such as the Paris Agreement, is expected to lead to a sustained decline in the demand for oil. As countries adopt more stringent measures to reduce carbon emissions and transition to cleaner energy

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sources, the demand for oil is likely to decrease, resulting in lower oil prices.

The International Monetary Fund (IMF) has cautioned that oil-exporting countries like Nigeria are particularly at risk as the world moves away from fossil fuels (IMF, 2021). A prolonged decline in global oil demand would directly impact Nigeria's oil export revenues, leading to a significant reduction in government income. This, in turn, would limit the government's ability to fund essential services such as healthcare, education, and social welfare programs. Additionally, infrastructure projects that rely on oil revenues for funding could be delayed or abandoned, further stunting economic growth and development.

Moreover, the volatility of oil prices, exacerbated by the shift towards sustainable energy, could lead to fiscal instability. Nigeria's budget planning is often based on projected oil prices, and a sharp drop in prices can create substantial budget deficits. These deficits may force the government to increase borrowing, leading to a rise in public debt levels. The combination of reduced revenues and higher debt could undermine Nigeria's fiscal sustainability, making it increasingly difficult to finance development programs and maintain macroeconomic stability.

2. *Regulatory Pressures and Competitiveness of Nigerian Oil*

As the global community intensifies its efforts to combat climate change, there is a growing trend towards imposing stricter regulatory measures on carbon emissions. Countries that import oil, including those from Nigeria, may introduce or increase carbon taxes, tariffs, or other forms of regulation on fossil fuel imports. These measures are designed to discourage the use of high-carbon energy sources and promote the adoption of cleaner alternatives. For Nigeria, such regulatory pressures could reduce the competitiveness of its oil exports in the global market.

The introduction of carbon taxes or tariffs on Nigerian oil would effectively increase the cost of Nigerian crude for importers, making it less attractive compared to oil from other sources with lower carbon footprints or from regions with less stringent regulations. This could lead to a decline in Nigeria's market share, exacerbating the reduction in oil revenues. Furthermore, international financial institutions and investors are increasingly factoring in environmental, social, and governance (ESG) criteria when making investment decisions. This trend could result in reduced investment in Nigeria's oil sector, further weakening its global competitiveness (Bloomberg, 2021).

Domestically, Nigeria could also face regulatory challenges as the government may be pressured to implement policies that align with global climate commitments. This could include the introduction of carbon pricing mechanisms, stricter environmental regulations on oil production, and incentives for renewable energy investments. While these measures are necessary for addressing climate change, they could also increase operational costs for oil companies in Nigeria, leading to reduced profitability and potential job losses in the sector.

3. *Socio-Economic Implications of Declining Oil Revenues*

The economic risks associated with Nigeria's dependency on oil are not limited to fiscal challenges; they also have significant socio-economic implications. The oil sector is a major employer in Nigeria, directly and indirectly supporting millions of jobs. A decline in global oil demand and subsequent reduction in oil production could lead to widespread job losses in the sector. The Nigerian oil industry is already facing pressures from automation and efficiency improvements, and a further decline in demand could exacerbate these trends, leading to higher unemployment rates (National Bureau of Statistics, 2020).

Higher unemployment, particularly in regions that are heavily dependent on the oil industry, could lead to increased social unrest. The Niger Delta region, which is the heart of Nigeria's oil production, has historically been a hotspot for conflicts related to resource control and environmental degradation. A significant reduction in oil production and revenues could intensify these conflicts, as communities that rely on oil-related activities for their livelihoods face economic hardships. This could further destabilize the region and create additional security challenges for the government (International Crisis Group, 2021).

In addition to job losses, the broader Nigerian economy could suffer from the ripple effects of declining oil revenues. Oil revenues are a critical source of foreign exchange for Nigeria, and a reduction in these revenues could lead to currency depreciation and inflation. This would increase the cost of imports, including essential goods such as food and medicine, further straining the purchasing power of Nigerian households. The resulting economic hardship could exacerbate poverty levels and undermine efforts to achieve sustainable development goals.

4. *Diversification as a Mitigation Strategy*

Given the significant risks associated with continued reliance on oil, diversification of the Nigerian economy is widely regarded as a critical strategy for mitigating these risks. Diversification involves expanding the economic base to include other sectors such as agriculture, manufacturing, and services, thereby reducing dependence on oil revenues. The Nigerian government has acknowledged the importance of diversification and has introduced various policies aimed at promoting non-oil sectors, including the Economic Recovery and Growth Plan (ERGP) and the

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Nigeria Industrial Revolution Plan (NIRP) (Federal Ministry of Industry, Trade and Investment, 2020).

However, while these policies have had some success, progress has been slow, and the Nigerian economy remains heavily reliant on oil. Structural challenges, including inadequate infrastructure, policy inconsistencies, and limited access to finance, have impeded the growth of non-oil sectors. To effectively diversify the economy, Nigeria will need to address these challenges through comprehensive reforms that promote investment, enhance productivity, and improve the business environment. In addition to economic diversification, Nigeria must also embrace the global transition towards sustainable energy by investing in renewable energy sources. Nigeria has significant renewable energy potential, particularly in solar power, given its high levels of solar radiation. By developing its renewable energy sector, Nigeria can create new economic opportunities, reduce its carbon footprint, and enhance energy security. Furthermore, investing in renewable energy can help Nigeria attract green financing and position itself as a leader in the global clean energy transition.

The economic risks posed by Nigeria's dependence on oil are becoming increasingly evident as the global shift towards sustainable energy accelerates. The potential for declining global oil demand, coupled with increasing regulatory pressures and socio-economic challenges, underscores the urgent need for Nigeria to diversify its economy and reduce its reliance on oil revenues. While this transition will require significant effort and investment, it also presents an opportunity for Nigeria to build a more resilient and sustainable economy. By embracing renewable energy and fostering the growth of non-oil sectors, Nigeria can mitigate the risks associated with the global energy transition and secure a more prosperous future for its citizens.

VI. The need for Economic Diversification

The need for economic diversification in Nigeria has never been more urgent, particularly in light of the significant risks associated with the country's continued reliance on oil. The global shift towards sustainable energy, volatile oil prices, and the looming threat of reduced oil demand underscore the fragility of Nigeria's oil-dependent economy. Diversification is not just a strategic option but a necessity for ensuring long-term economic stability and growth. One of the most promising avenues for diversification is the development of Nigeria's renewable energy sector, which offers the dual benefits of reducing dependence on oil and addressing the country's substantial energy deficit.

1. *Economic Vulnerability and the Imperative for Diversification*

Nigeria's heavy reliance on oil exports has made its economy particularly vulnerable to external shocks. Fluctuations in global oil prices have historically had a profound impact on Nigeria's fiscal health, leading to periods of economic instability, inflation, and budgetary shortfalls (International Monetary Fund [IMF], 2021). The situation is exacerbated by the global push towards decarbonization, which threatens to erode demand for fossil fuels over the coming decades. As countries adopt cleaner energy sources and implement stricter carbon regulations, Nigeria's oil revenues are likely to decline, posing significant risks to government finances and the broader economy (World Bank, 2020).

Diversification, therefore, is essential to mitigate these risks. By expanding into non-oil sectors, Nigeria can reduce its susceptibility to global oil market volatility and create a more resilient economic structure. This shift would involve developing sectors such as agriculture, manufacturing, technology, and particularly renewable energy, all of which have the potential to generate significant income, create jobs, and drive sustainable development.

2. *Renewable Energy: A Promising Path for Diversification*

Nigeria is endowed with abundant renewable energy resources, including solar, wind, and hydropower, which remain largely untapped. Harnessing these resources presents a significant opportunity to diversify the economy and reduce the country's dependence on oil. The development of the renewable energy sector can create new revenue streams, attract foreign investment, and stimulate technological innovation, all of which are critical for economic diversification.

Solar energy, in particular, holds immense potential in Nigeria. The country receives an average of 6.2 hours of daily sunshine, making it one of the most solar-rich countries in the world (International Renewable Energy Agency [IRENA], 2021). Despite this, solar energy accounts for only a small fraction of Nigeria's electricity generation. By investing in large-scale solar projects and off-grid solar solutions, Nigeria can significantly expand its renewable energy capacity. This would not only reduce the reliance on oil but also help to address the country's chronic energy shortages.

Wind energy is another area with significant potential for development. Coastal areas in the southern part of Nigeria and certain regions in the north have favorable wind conditions for generating electricity. Investment in wind power infrastructure could provide an additional source of clean energy, contributing to the diversification of the energy mix and enhancing energy security.

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Hydropower, which already plays a role in Nigeria's energy landscape, can also be expanded. The country has several rivers with substantial hydropower potential, and developing these resources could increase the share of renewable energy in the national grid (Nigerian Electricity Regulatory Commission [NERC], 2022). Moreover, small and micro-hydro projects in rural areas could provide sustainable energy solutions to communities that are currently off the grid.

3. *Addressing the Energy Deficit*

One of the most pressing challenges facing Nigeria is its significant energy deficit. According to the Nigerian Electricity Regulatory Commission (NERC), about 40% of Nigeria's population lacks access to electricity, and the existing grid infrastructure is inadequate to meet the needs of the entire population (NERC, 2022). This energy deficit not only hampers economic growth but also exacerbates poverty and limits access to essential services such as healthcare and education.

Renewable energy has the potential to play a critical role in bridging this energy gap. Off-grid and mini-grid solar solutions, in particular, can provide electricity to remote and underserved areas where extending the national grid would be economically unfeasible. These solutions are also faster to deploy and can be tailored to meet the specific energy needs of different communities. By investing in renewable energy, Nigeria can expand access to electricity, improve quality of life, and support economic activities in rural areas.

Furthermore, the expansion of renewable energy can reduce Nigeria's reliance on expensive and polluting diesel generators, which are widely used across the country due to unreliable grid power. Transitioning to cleaner energy sources would not only reduce greenhouse gas emissions but also lower the cost of electricity for businesses and households, boosting productivity and economic growth.

4. *Attracting Investment and Creating Jobs*

The development of the renewable energy sector offers substantial opportunities for attracting investment and creating jobs. As global investors increasingly seek out green projects that align with environmental, social, and governance (ESG) criteria, Nigeria's renewable energy sector stands to benefit. The government can capitalize on this trend by creating an enabling environment for investment through favorable policies, incentives, and regulatory frameworks.

Moreover, the renewable energy sector has the potential to generate significant employment opportunities across various segments of the value chain, from manufacturing and installation to operation and maintenance. This is particularly important given Nigeria's high unemployment rate, especially among young people. By fostering the growth of the renewable energy industry, Nigeria can create jobs, reduce poverty, and promote inclusive economic growth.

5. *Enhancing Energy Security and Resilience*

Diversifying into renewable energy is also crucial for enhancing Nigeria's energy security and resilience. The country's over-reliance on oil and gas for power generation makes it vulnerable to supply disruptions, price volatility, and geopolitical risks. Renewable energy sources, by contrast, are abundant, domestic, and less susceptible to such risks. By developing a diverse and resilient energy mix that includes a significant share of renewables, Nigeria can reduce its dependence on imported fuels, stabilize energy prices, and ensure a more secure and sustainable energy supply.

6. *Government Initiatives and Policy Support*

Recognizing the importance of economic diversification, the Nigerian government has initiated several policies and programs to promote renewable energy development. The National Renewable Energy and Energy Efficiency Policy (NREEEP), for instance, sets out ambitious targets for increasing the share of renewables in the energy mix (Federal Ministry of Power, 2020). Additionally, the Nigerian Electrification Project (NEP) aims to provide off-grid solar power to millions of Nigerians, particularly in rural areas (Rural Electrification Agency [REA], 2021).

However, while these initiatives are a step in the right direction, more needs to be done to overcome the barriers to renewable energy development, including inadequate infrastructure, policy inconsistencies, and limited access to finance. To fully realize the potential of renewable energy as a driver of economic diversification, the government must strengthen its commitment to creating a supportive environment for investment, innovation, and sustainable development.

The need for economic diversification in Nigeria is clear, particularly in light of the risks associated with continued reliance on oil. Renewable energy offers a promising avenue for diversification, with the potential to reduce dependence on oil, address the country's significant energy deficit, attract investment, create jobs, and enhance energy security. By harnessing its abundant renewable resources and implementing supportive policies, Nigeria can build a more resilient and sustainable economy, better equipped to navigate the challenges of the global energy transition and secure a prosperous future for its citizens.

VII. Conclusion

The global transition towards sustainable energy, spurred by the urgent need to mitigate climate change, presents significant challenges for Nigeria's oil-dependent economy. As the demand for fossil fuels, particularly oil, is expected to decline, Nigeria faces the prospect of reduced government revenues, limited

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public spending, and broader economic instability. These challenges underscore the critical importance of diversifying the Nigerian economy away from its over-reliance on oil. Without decisive action, the country risks being left behind in the global energy transition, with severe consequences for its economic stability and development prospects.

VIII. Recommendations

To effectively navigate the global shift towards sustainable energy, Nigeria must adopt a multifaceted approach that prioritizes economic diversification, with a particular focus on developing its renewable energy sector.

Accelerate Investment in Renewable Energy: Nigeria is endowed with significant renewable energy resources, including solar, wind, and hydropower, which remain largely underutilized. The government should intensify efforts to attract both domestic and foreign investment in renewable energy projects. This can be achieved by offering incentives such as tax breaks, grants, and subsidies to renewable energy developers, as well as by streamlining regulatory processes to make it easier to invest in and deploy renewable energy technologies (International Renewable Energy Agency [IRENA], 2021).

Strengthen Policy and Regulatory Frameworks: A robust policy and regulatory environment is essential for fostering the growth of the renewable energy sector. Nigeria should review and update its National Renewable Energy and Energy Efficiency Policy (NREEEP) to set more ambitious targets for renewable energy adoption and to ensure that these targets are backed by clear, enforceable regulations (Federal Ministry of Power, 2020). Additionally, the government should implement measures to enhance the stability and transparency of the regulatory environment, thereby providing greater certainty for investors and reducing the risks associated with renewable energy projects.

Diversify into Non-Oil Sectors: Beyond renewable energy, Nigeria must also focus on developing other non-oil sectors such as agriculture, manufacturing, and technology. These sectors have the potential to generate significant economic growth, create jobs, and reduce the country's vulnerability to external shocks (World Bank, 2020). The government should promote value-added production in agriculture and manufacturing, support innovation and entrepreneurship in the technology sector, and enhance infrastructure to facilitate the growth of these industries.

Enhance Human Capital Development: A well-educated and skilled workforce is crucial for driving economic diversification and innovation. Nigeria should invest in education and vocational training programs that are aligned with the needs of the renewable energy sector and other emerging industries. This includes providing training in renewable energy technologies, engineering, and project management, as well as supporting research and development in clean energy solutions (National Bureau of Statistics, 2020). By building a strong talent base, Nigeria can better position itself to take advantage of new economic opportunities in the global energy transition.

Promote Public-Private Partnerships (PPPs): Public-private partnerships can play a vital role in financing and developing large-scale renewable energy projects and infrastructure. The Nigerian government should actively seek to partner with private sector entities, both domestic and international, to leverage their expertise, technology, and financial resources. By fostering collaboration between the public and private sectors, Nigeria can accelerate the deployment of renewable energy and other critical infrastructure projects (Rural Electrification Agency [REA], 2021).

Focus on Energy Access and Inclusion: Expanding access to electricity, particularly in rural and underserved areas, should be a key priority in Nigeria's energy diversification strategy. The government should support off-grid and mini-grid renewable energy solutions that can provide reliable and affordable electricity to communities that are not connected to the national grid. This will not only improve the quality of life for millions of Nigerians but also stimulate economic activity and development in rural areas (Nigerian Electricity Regulatory Commission [NERC], 2022).

The global shift towards sustainable energy represents both a challenge and an opportunity for Nigeria. While the decline in oil demand poses significant economic risks, it also presents a unique opportunity for Nigeria to transform its economy and build a more resilient and sustainable future. By investing in renewable energy, strengthening policy frameworks, diversifying into non-oil sectors, and enhancing human capital, Nigeria can mitigate the risks associated with its reliance on oil and position itself as a leader in the global energy transition. The time to act is now, as the decisions made today will shape Nigeria's economic trajectory for decades to come.

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Unveiling Economic Dynamics: Exploring the Dhaka Stock Market's Response to the 1996 Catastrophe

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Abstract- Bangladesh stock market has experienced a severe bubble in 1996 followed by a crash. This study has examined the relationships between the stock market and the economy during this catastrophe i.e. during bubble and meltdown stages of the market. Monthly time series data of six macroeconomic variables; industrial production index, interest rate, consumer price index, exchange rate, money supply and gold price, which might have impact on future dividends and/or the discount rate from the perspective of Bangladesh economy, have been considered to represent the state of economy. This study has used the macroeconomic version of the semi strong Efficient Market Hypothesis (EMH) and macro variable model of the Arbitrage Pricing Theory (APT) to investigate the aforesaid relationships using sophisticated econometric tools - such as Vector Autoregression, Johansen and Juselius Cointegration, and Autoregressive Distributed Lag (ARDL) model. The research findings indicate that during the bubble period, economic indices exhibit stronger explanatory power compared to the meltdown period.

Keywords: *macroeconomic indices, dhaka stock exchange (DSE), bangladesh, unit root tests, autoregressive distributed lag (ARDL) cointegration approach, stock market bubbles, financial regulation, economic policy, exchange rates, interest rates.*

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Keywords: macroeconomic indices, dhaka stock exchange (DSE), bangladesh, unit root tests, autoregressive distributed lag (ARDL) cointegration approach, stock market bubbles, financial regulation, economic policy, exchange rates, interest rates.

I. Introduction

The literature highlights that a bubble is a common empirical phenomenon in stock markets, yet there is no agreement on the driving mechanisms behind it. When a bubble occurs, prices escalate rapidly, resulting in the significant overvaluation of listed stocks. Typically, a bubble is followed by a crash. The substantial impact of major crashes on households, banks, and the overall economy underscores the importance of bubbles and crashes in investment risk management, garnering considerable attention in recent times. However, the literature presents diverse findings, with different studies revealing contrasting relationships across various countries. Furthermore, a single study has identified varied relationships for different countries. In addition, the research on Bangladesh showcases a wide range of findings. This diversity in findings reveals that predicting the stock market's response to the economy during crisis is challenging, emphasizing the importance of continuous research in this field.

The Dhaka Stock Exchange (DSE) has encountered two instances of inefficient and irrational fluctuations since its establishment, one in 1996 and the other in 2010 (Ahmed, Uchida and Islam, 2012). However, the crisis of 1996 was particularly severe, when the market index surged from 337.97 points to 4071.68 points during the bubble period and then plummeted to 647.98 points in the meltdown period. This drastic change has created a structural instability[1] (Matin, 2019). However, a small number of empirical study that have delved into the reasons behind the stock market bubble and its collapse in 1996 (Islam and Ahmed, 2015). Is it, as commonly claimed, a result of investors' speculative zeal? Or more mundane factors such as mismanaged monetary policy or other non-economic influences be the primary drivers behind this phenomenon?

In this backdrop, this study has examined the relationships between the stock market and economy around the catastrophe of 1996. The relationships have been assessed separately both in the bubble and meltdown periods to compare the influences of the priced factors across different conditions of the stock market. Unlike previous studies on Bangladesh (Ali, 2011; Quadir, 2012; Khan and Yousuf, 2013) this study has employed an advanced cointegration technique to elucidate relationships between the stock market and the economy during the crisis times. It also tries to pinpoint the underlying factors behind the 1996 stock

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[1] A structural break is an unexpected change over time in the parameters of regression models.

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market bubble and its subsequent crash. These novel perspectives aim to fill the existing gap in the literature regarding Bangladesh in this domain. The outcomes of the research are expected to provide insights for financial regulators and policymakers to develop strategies for regulating the stock market, particularly during crisis.

II. Literature Review

Critics argue that stock market does not always accurately reflect the underlying fundamentals of the economy, especially, when speculative bubbles and subsequent crashes emerge in the market (Binswanger, 1999). The author has argued that under such situations, stock prices are no longer driven by macroeconomic fundamentals rather they tend towards irrational behavior. So, explaining the price pattern becomes a challenge during the crisis of the stock market. Considering the adverse effect of these extreme price movements on economy, many studies have explored the reasons behind these irrational fluctuations. Kazuo (1995) mentioned that since 1950s, Japan's stock market has gone into bubbles every ten years or so (early 50s, early 60s, and early 70s). However, the bubble of 1980s was very strong and went on for several years (late 1982 to the end of 1989). He applied the fundamental equation to decompose the changes in stock prices due to the changes in the earnings of the stocks, interest rates, and stock price appreciation expectations. The study investigates the causes of this strong bubble using quarterly data for the period from 1981 to 1994. The study confirmed that the key factor was the low nominal interest rate and also the investors' optimistic expectations on stock market. In fact, the expectations factor played the leading role in the beginning and end of the bubble period, as well as in the post-bubble period, while more blame must be given to the interest factor during the bubble period.

Azeez and Yonezawa (2006) examined the effect of macroeconomic factors on stock returns in pre-bubble (1973–1979), bubble (1980-1989) and post-bubble (1990–1998) stages using McElroy and Buremeister (1985) framework considering relatively longer period data compared to other studies on Japan. They found significant influence of money supply, inflation, exchange rate, and industrial production on stock returns in all periods, but the term structure of interest rates was significantly priced over the bubble and insignificantly priced both in pre-bubble and post-bubble periods. The risk premiums in absolute values increased during the bubble and post-bubble periods, but the variances of macroeconomic factors were not increased in the bubble period. They argued that the higher risk premiums during the bubble and post-bubble periods could be due to the increase of bubble crash risk.

Asekome and Agbonkhese (2015) examined the macroeconomic variables that contributed the market's bubble, burst, and its gradual recovery. The study covered a period from 1990 to 2013. They used Nigerian Stock Exchange (NSE) value index as the dependent variable, while gross domestic product, money supply (M2), exchange rate, capacity utilization and inflation as independent variables. The results indicated that the influence of gross domestic product and exchange rate were in conformity with the theories. However, money supply (M2) and capacity utilization had negative signs instead of positive, while inflation had a positive sign instead of a negative. The result showed that regressors could explain about 97 percent of the systemic variations of stock market returns. They argued that the negative sign exhibited by the money supply might be due to the fact that a reasonable portion of the total deposit mobilized by the deposit money banks did not translate to the domestic economy by way of credit creation. They further added that the negative sign of capacity utilization was an indication of poor performance of the manufacturing sector. The negative sign of capacity utilization was further explained by poor effective demand for final products.

While researchers have extensively documented strong link between fundamental economic activities and stock market in developed countries, it remains uncertain whether a similar relationship exists in emerging market like Bangladesh. Because these stock markets, being smaller in size and relatively illiquid compared to their developed counterparts, are more significantly impacted by global economic factors rather than domestic economic indicators. Additionally, the growing influence of foreign investors in these markets might have weaken the link between national economic variables and stock market. Particularly, explaining the price pattern during the crisis of the stock market becomes a challenge. Considering the adverse effect of these extreme price movements on economy, many studies have explored the reasons behind these irrational fluctuations.

Besides, early studies have used multi-factor asset pricing models based on the assumption that stock market returns are affected by different macroeconomic factors. Nelson and Plosser (1982) argued that majority of macroeconomic series exhibit nonstationarity, with Yule (1926) warning that regression using nonstationary time series data may lead to spurious results. In response, Granger and New bold (1974) introduced the concept of cointegration to tackle the issue of spurious regression. Subsequently, Johansen and Juselius (1990) have proposed a cointegration testing method, which, however, is limited to variables integrated of order 1. Pesaran et al. (2001) developed a novel cointegration testing method that is applicable regardless the variables are integrated at the same order. This test is based on a single

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Autoregressive Distributed Lag (ARDL) equation, which is recognized as one of the greatest discoveries of the 20th century (Nkoro, E. and Uko A. Kelvin, 2016).Accordingly, recent studies by Chia and Lim (2015) and Joshi and Giri, (2015) have applied the advanced Autoregressive Distributed Lag (ARDL) cointegration approach to analyze how the stock market responds to economic conditions. By applying a straightforward liner transformation, a dynamic error correction model (ECM) can be derived from ARDL (Banerjee et al., 1993). The ECM integrates the short-run dynamics with the long-run equilibrium, without losing long-run information. The ARDL approach yields robust results even with smaller sample sizes. However, there is a noticeable absence of studies investigating the relationships between macroeconomic variables and stock market of Bangladesh using ARDL model.

The Dhaka Stock Exchange (DSE) has encountered two instances of irrational fluctuations since its establishment, occurring in 1996 and 2010. Despite these occurrences, only a limited number of studies have delved into the causes of the stock market bubble and its subsequent demise (Islam and Ahmed, 2015). Are these fluctuations primarily fueled by investors' speculative enthusiasm, or are there more mundane factors such as mismanaged monetary policy or some other factors behind this? In this backdrop, contrary to other studies on Bangladesh (Ali, 2011; Quadir, 2012; Khan and Yousuf, 2013), this study has examined the relationships between macroeconomic variables and stock market during different stages of the market using Autoregressive Distributed Lags (ARDL) approach. In addition, this study has tried to identify the factors responsible for bubble and bubble crash of 1996. These new dimensions will contribute to the void in the literature related to Bangladesh in this area.

III. Methodology

To examine the relationships between the stock market and the economy across different stages of the market, we have precisely demarcated the periods of bubble starting and crashing of 1996.From the aforesaid facts and the visual inspection of the stock market index graph (see Figure 1), we have labeled March 1992 to November 1996 as bubble period and November 1996 to December 1999 as meltdown period.

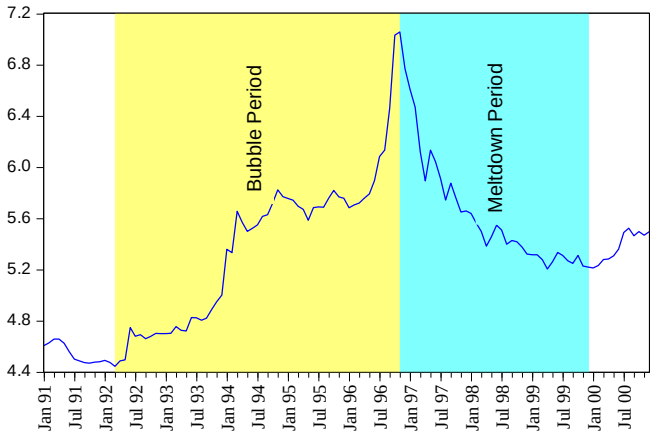

Figure 1: Graph of Log DSE General Index with Demarcation of different Stages

a) Sample Data

The macroeconomic variables which might have impact on future dividends and/or the discount rate from the perspective of Bangladesh economy have been considered for the study. Chen et al. (1986) have suggested that the selection of variables requires judgment. Therefore, considering the existing theory and the empirical studies of the earlier scholars - such as Maysami et al. (2004), Mukherjee and Naka (1995) and Khan and Yousuf (2013), we have used monthly data of six macroeconomic variables (see Table 1) for the period from March 1992 to November 1996 as bubble period and November 1996 to December 1999 as meltdown period. The variables are expressed in natural logarithmic forms to address various challenges, including reducing the impact of outliers, transforming skewed data to approximate normality, linearizing relationships between variables, and stabilizing variance in heteroscedastic data. The data of the DSE General Index has been collected from the Dhaka Stock Exchange Library. The data of selected six macroeconomic variables are obtained from Monthly Statistical Bulletin published by Bangladesh Bureau of Statistics, Economic Trends published by Bangladesh Bank and various editions of Economic Survey of Bangladesh. The EVIEWS 9 software is used forthe analysis.

Table 1: Selected Macroeconomic Indices

Variable	Symbol in Logarithmic Term
Industrial Production Index	LIPI
Interest Rate	LINT
Consumer Price Index	LCPI
Exchange Rate	LEXR
Money Supply	LM2
Gold Price	LGDPRICE

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b) Econometric Model

Nelson and Plosser (1982) have argued that most of the macroeconomic series have unit root indicating that the series are nonstationary. Yule (1926) has suggested that regression based on trending time series data can be spurious. This problem of spurious regression has been further pursued by Granger and New bold (1974) and they have developed the concept of cointegration. In this context, cointegration approach has been applied in this study to examine the relationship between stock market index and the macroeconomic indices at different stages of stock market. More specifically, Autoregressive Distributed Lags (ARDL), which is recognized as one of the greatest discoveries of the 20th century (Nkoro, E. and Uko A. Kelvin, 2016), has been applied in this study.

The ARDL approach crashes if any of the time series is integrated of order 2, *I (2)*. So, it is important to know the order of integration of the variables under consideration. Unit root tests are used for this purpose. Given the relatively low power of unit root tests, multiple unit root tests - the Augmented Dickey-Fuller (ADF) and the Phillips and Perron (PP) unit root tests, have been applied to check the stationarity and order of integration of the variables. Furthermore, whenever these two tests have given contradictory results for a variable, we have used Kwiatkowski, Phillips, Schmidt and Shin (KPSS) unit root test for conclusion. The different versions of unit root tests are set up following the Pantula (1991) principle. As per the principle, the unit root tests are started on level data with the model containing both trend and intercept (constant), because this model is the least restrictive. If the null hypothesis is rejected due to a significant test statistic, there is no need to continue testing and the alternate hypothesis is accepted. If the null cannot be rejected, then the test is carried on level data for the next less restrictive case. Based on the unit root tests results, the Autoregressive Distributed Lag (ARDL) cointegration approach has been applied.

i. *Autoregressive Distributed Lag Cointegration Approach*

Pesaran et al. (2001) have developed a new approach to cointegration testing which is applicable irrespective of whether the regressors are *I(0), I(1)* or mutually cointegrated. The ARDL model considers a one-period lagged error correction term, which does not have restricted error corrections. Hence, the ARDL approach involves estimating the following Unrestricted Error Correction Model (UECM):

$$\Delta Y_t = a_{0Y} + \sum_{i=1}^{k} b_{iY}\Delta Y_{t-i} + \sum_{i=1}^{k} c_{iY}\Delta X_{t-i} + \theta_{1Y}Y_{t-1} + \theta_{2Y}X_{t-i} + \varepsilon_{1t}$$

$$\Delta X_t = a_{0X} + \sum_{i=1}^{k} b_{iX}\Delta X_{t-i} + \sum_{i=1}^{k} c_{iX}\Delta Y_{t-i} + \omega_{1X}X_{t-1} + \omega_{2X}Y_{t-i} + \varepsilon_{2t}$$

where Δ is the differenced operator, k represents the lag structure, Y_t and X_t are the underlying variables, and ε_{1t} and $\varepsilon_{2t}$are serially independent random errors with mean zero and finite covariance matrix. In the 1st UECM equation, where ΔY_t is the dependent variable, the null and the alternative hypotheses are:

$$H_0: \theta_{1Y} = \theta_{2Y} = 0$$

[there exists no long-run equilibrium relationship]

$$H_0: \theta_{1Y} \neq 0, \quad \theta_{2Y} \neq 0$$

[there exists long-run equilibrium relationship]

Similarly, for the 2nd equation, where ΔX_t is the dependent variable, the null and alternate hypotheses are:

$$H_0: \omega_{1X} = \omega_{2X} = 0$$

[there exists no long-run equilibrium relationship]

$$H_0: \omega_{1X} \neq 0, \ \omega_{2X} \neq 0$$

[there exists long-run equilibrium relationship]

These hypotheses are tested using the *F*-test or*t*-test. In this study, we have used *F*-test. Pesaranet al. (2001) have discussed five cases with different restrictions on the trends and intercepts. The estimated ARDL test statistics are compared to two asymptotic critical values reported in Pesaranet al. (2001) rather than the conventional critical values. If the test statistic is above an upper critical value, the null hypothesis of no long-run relationship can be rejected regardless of the orders of integration of the underlying variables. The opposite is the case if the test statistic falls below a lower critical value. If the sample test statistic falls between these two bounds, the result is inconclusive. Once cointegration is confirmed, the short-run relationship between stock market and macroeconomic variables using ARDL models are estimated. The last step of ARDL is to estimate the associated ARDL error correction models. Finally, to ascertain the goodness of fit of the model, diagnostic tests of the residual and stability tests of the parameters are conducted. The structural stability test is conducted by employing the Cumulative Sum (CUSUM) and Cumulative Sum Squares (CUSUMSQ) tests of recursive residuals.

IV. Findings of the Study

Before applying unit root tests, the stability of the VAR of each variable under two conditions -with exogenous trend and intercept, and with intercept are

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checked. When VAR is found stable, then the optimal lag length is determined using lag selection criterion. The summary of the optimal lag lengths is reported in Appendix A. These lag lengths are used in unit root tests for different periods. The summary of the ADF and PP unit root tests for are reported in Appendix B.ADF test for the bubble period indicates that LDSEGEN, LINT, LCPI, LEXR and LGDPRICE are integrated of order one, *I(1)*, while LIPI is stationary at level, *I(0)* and LM2 is integrated of order two, *I(2)*. On the other hand, PP test shows that LDSEGEN, LCPI, LEXR, LM2 and LGDPRICE are *I(1)*, while LIPI is stationary at level, *I(0)* and LINT is nonstationary with trend and constant but stationary with constant at level. In addition, PP test shows that LINT series has significant trend, so we accept the result with trend and conclude that LINT is *I(1)*. Therefore, only for LM2 the results of two tests are different. Thus, the KPSS test is applied to check the order of integration of LM2. The KPSS test results indicate that LM2 is *I(1)*. So, we can conclude that the research variables are either *I(1)* or *I(0)*in the bubble period. Further, ADF and PP tests show that LDSEGEN and LIPI are stationary at level, *I(0)*, while LINT, LCPI, LEXR, LM2 and LGDPRICE are integrated of order 1, *I(1)*in the meltdown period. So, the research variables in the meltdown period are either *I(0)* or *I(1)*.

The test for trend specification of each variable is another pre-test for cointegration analysis. To identify the most appropriate trend specification, log-likelihood ratio test for the joint hypothesis of a unit root and deterministic linear trend is used. The summary of the results of log-likelihood testis reported in Appendix C. The null hypothesis of the test is there is "no deterministic trend". The test follows Chi-squared distribution and the critical value for one degree of freedom is 3.841 at 5% level of significance. The results show that in every period for some of the variables the null hypothesis is rejected, indicating that deterministic trend to be included.

a) Cointegration Results for the Bubble Period

The ARDL model is applied to examine the long- and short-run cointegration relationships between the stock market index and macroeconomic indices. From Appendix A, we have found that at level the dependent variable has 4 lags, and among the regressors, LINT has the highest 5 lags. So, we have set maximum lags for the dependent variable and the regressors at 4 and 5 respectively and then the automatic lag selection option is applied to allow the EVIEWS software to select the optimal laglength for each variable within the set limits. LIPI, LINT, LCPI and LGDPRICE have significant trend (Appendix C) in the bubble period, so, trend is included in the cointegration equation. The results of ARDL specification along with the Pesaran Bounds Test are summarized in Appendix D. The Bounds test results indicate that null hypothesis of "no long-run relationship exists" is rejected and the alternative hypothesis "there exists long-run relationship" is accepted at 5% significance level, meaning that there exists a long-run relationship between stock market index (dependent variable) and six macroeconomic indices (independent variables) in the bubble period.

The Bounds test results have showed that R^2 is 0.5268, which indicates that about 52.68 percent of the variations in stock prices can be explained by the changes in selected macroeconomic indices along with the trend. The remaining 47.33 percent is explained by other factors, which have not been considered in this research. The F value is significant at 5% level, meaning that the regression coefficients are significant. The Durbin Watson statistic confirms the presence of non-autocorrelated residuals. As there exists a cointegration relationship between the stock market and the macroeconomic variables, so we have examined the cointegrating form and long-run relationship. The summary of the results is shown in Appendix E. The results show that LIPI, LCPI, LEXR and LM2 are positively related with stock market index and LINT and LGDPRICE are negatively related with the stock market index. However, only LEXR is significant at 5% level and LIPI and LGDPRICE are significant at 10% level. The coefficient of exchange rate is significantly large compared to the coefficients of other macroeconomic variables indicating the dominance of exchange rate on stock prices.

Also, from the research data, it is found at the beginning of the bubble period the exchange rate was 1 US$ = 38.95 BDT which stood at 1 US$ = 42.35 at the end of bubble period meaning that the Bangladeshi currency has depreciated by 8.73 percent. This depreciation of domestic currency has attracted a significant amount of foreign investment in Bangladesh stock market (see Table 2). On the other hand, the interest rate was 9.25 percent at the beginning of the bubble period which has been decreased to 5 percent during March 1994, then gradually increased and stood at 7 percent at the end of bubble period. This change in interest rate has created a positive impact on stock prices. So, we can conclude that the exchange rate has played a key role in the bubble creation and the falling interest rate has further intensified it. This is an important finding of this research.

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Table 2: Foreign Investment in Bangladesh Stock Market (July 92 – June 96)

Period	Purchase of Shares in Million BDT	Sale of Shares in Million BDT	Net Investment in Million BDT
April 92 – June 92	50.80	-	50.80
July 92 – June 93	387.50	81.20	306.30
July 93 – June 94	3101.80	965.10	2136.70
July 94 – June 95	2982.70	133.42	2849.28
July 95 – June 96	716.80	1877.10	-1160.30

Source: Bangladesh Securities and Exchange Commission (BSEC) Annual Report 2005 - 2006

The error correction term (ECT) is -0.2606 and corresponding *p*-value is 0.00 (see Appendix E), which indicate that approximately 26.06 percent of the disequilibria in the long-run equilibrium path is corrected per month. Furthermore, the short-run relationships between the macroeconomic variables and the stock market index are presented in Appendix F. The results show that among the regressors industrial production has 4 terms, inflation has 2 terms, exchange rate has 5 terms, and interest rate, money supply and gold price have noterm. If an independent variable has noterm, it indicates that the variable does not have relation with the dependent variable in the short-run. When a variable has one term, then the significance of the variable is determined by *t*-statistic and corresponding *p*-value. Whereas, if a variable has multiple terms, we have used the Wald Statistics to examine whether the coefficients of the terms of that variable can jointly explain the stock market return. The test statistics follow χ^2 distribution, so Chi-squared critical value is used. The summary of the Wald Test results is shown in Appendix G. The results show that only exchange rate can explain the stock market return in the short-run. So, the cointegration results confirm that exchange rate has significant relationships with stock market both in long- and shot-run.

Viability checks of the model using Breusch-Godfrey Serial Correlation LM test, Breusch-Pagan-Godfrey test, and Jarque-Beratest statistic indicate that the residuals are not serially correlated and homoscedastic, but the distribution of the residuals is not normal (see Appendix H). However, practically it is hard to find a model with completely white noise residuals and the non-normal distribution of the residuals does not significantly distort the viability of the model if the residuals are homoscedastic and not autocorrelated. So, the model is a good fit model and results are significant. We have also applied Cumulative Sum (CUSUM) and Cumulative Sum of Squares (CUSUMSQ) tests to check the stability of the parameters. The results of the tests (see Figure 2 and 3) indicate that the coefficients are almost stable over the period except there is as light instability in conditional variance of the residuals at the 3rd quarter of 1996.

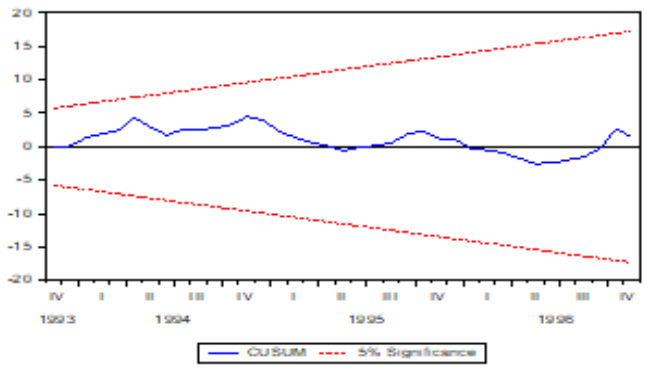

Figure 2: Cumulative Sum (CUSUM) Control Chart for Bubble Period

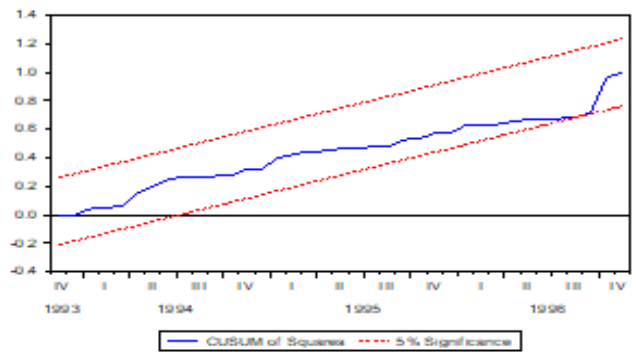

Figure 3: Cumulative Sum of Squares (CUSUM SQ) Control Chart for Bubble Period

b) Cointegration Results for the Meltdown Period

From Appendix A, we have found that in the meltdown period the dependent variable LDSEGEN has maximum 3 lags, and among the regressors LEXR has the highest 3 lags at level. So, we have set maximum lags for the dependent variable and the regressors at 3. Also, in the meltdown period, LIPI, LCPI, LEXR and LM2 have significant deterministic trend (see Appendix C).

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So, in the ARDL test, we have included trend in the cointegration equation. The results of ARDL specification along with the Pesaran Bounds Test (see Appendix I) indicate that there exists no long-run relationship between the stock market index and the six macroeconomic indices in the meltdown period and about 36.14 percent of the variations in stock prices can be explained by the variations of the selected macroeconomic variables along with trend. The F-statistic is insignificant at 5% level, meaning that the regression coefficients are not significant.

The results of cointegrating form and long-run coefficients are reported in Appendix J. From the results, it is evident that the coefficients of interest rate and exchange rate are higher compared to the other macroeconomic indices both in short- and long-term and have negative impacts on stock prices. However, only exchange rate is significant at 5% level in the short-run and at 10% level in the long-run. From the research data, it is found that at the beginning of the meltdown period, the interest rate was 7 percent and was increased to 8 percent in November 1997 and remained unchanged up to July 1999. On the other hand, the exchange rate at the beginning and end of the meltdown were 1 US$ = 42.35 BDT and 1 US$ = 50.85 respectively meaning that the Bangladeshi currency has depreciated by 20 percent. However, a significant amount foreign investments have been withdrawn during 1995-1996 and 1996-1997 (Table 3). Thus, the depreciation of domestic currency could not attract foreign investment, rather a significant foreign investment has been withdrawn in this period, which has created a negative impact on stock market. Alongside, depreciation of Bangladeshi currency has increased the cost of raw-materials and capital goods causing further negative impact on stock prices. So, the withdrawal of foreign investment and increase in production cost have played a key role for the crash of 1996. At the same time, increase in interest rate has also worsen the situation a bit more.

Table 3: Foreign Investment in Bangladesh Stock Market (July 95 – June 99)

Period	Purchase of Shares in Million BDT	Sale of Shares in Million BDT	Net Investment in Million BDT
July 95 – June 96	716.8	1877.1	-1,160.30
July 96 – June 97	518.00	6,186.80	-5,668.80
July 97 – June 98	316.00	517.50	-201.50
July 99 – June 99	95.60	410.70	-315.10

Source: Bangladesh Securities and Exchange Commission (BSEC) Annual Report 2005 - 2006

The viability checks of the model (see Appendix K) indicate that the residuals are not serially correlated and homoscedastic, but the distribution of the residuals is not normal. However, the non-normal distribution of the residuals does not significantly distort the viability of the model as the residuals are homoscedastic and not autocorrelated. Furthermore, the results of both CUSUM and CUSUMSQ tests (see Figure 4 and 5) indicate that the slope parameter (coefficients) and their conditional variance are unstable. So, we conclude that during the post-bubble period the parameterswere unstable.

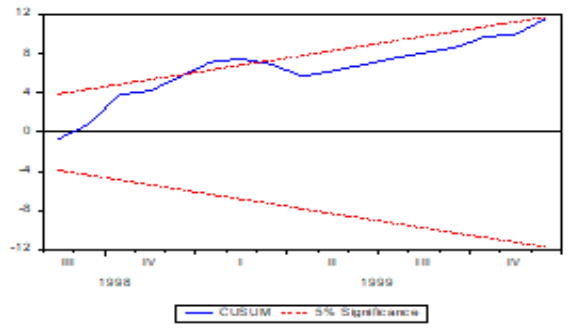

Figure 5: Cumulative (CuSum) Control Chart for Meltdown Period

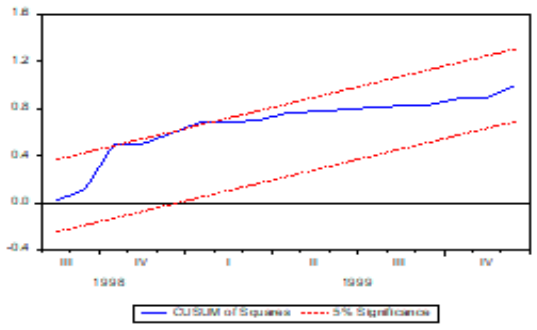

Figure 6: Cumulative Sum of Squares (CUSUMSQ) Control Chart for Meltdown Period

V. Conclusion

The study confirmed the existence of long-run relationships between stock market and economy in bubble period while no such relationship was found in meltdown period. The explanatory power of the macroeconomic variables was higher in the bubble period compare to the meltdown period. These results uncovered that our stock market returns were partially driven by fad and fashions which were not related to the economic conditions. The long-run equation unfolded

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the dominance of exchange rate on stock prices both in bubble and meltdown periods. The depreciated Bangladeshi currency had attracted foreign investment in bubble period, the opposite had happened in meltdown period. The increased foreign investment along with consistent decreasing interest rate had boosted the equity prices in the bubble period. Conversely, the depreciated exchange rate had increased the cost of production for the firms creating negative impact on equity prices at the same time the increasing interest rate had further intensified it during meltdown period. These findings revealed that the mismanagement in policy interest rate and regulation of foreign investment within the stock market were at least partially responsible for bubble creation as well as for bubble crash of 1996. This finding of this study related to interest rate is consistent with the findings of the study of Kazuo (1995).

The viability tests of the models indicated that the models were good fit and results were significant in both the periods. Alongside, the results of the stability check of the models for different periods revealed that in bubble period conditional variance of the residuals showed slight instability at 3rd quarter of 1996 indicating a sudden change in the variance of the coefficients at that time. But during the meltdown period, the coefficients as well as the variances of the coefficients were found unstable for longer period indicating prolonged instability in the meltdown period.

The outcomes of the research are expected to offer financial regulators and policy makers some insights into the mistakes they have made earlier in terms of formulating economic and financial policies to regulate the stock market. Also, the regulator and policy makers may find the outcomes of the research helpful in formulating different policies for ensuring and creating smooth trading and investment atmosphere, controlling market strategies and assessing the degree to which the stock market may need to be reformed.

Appendices

Appendix A: Optimal Lag Length of the Research Variables in Different Period

Variables	Bubble Period				Meltdown Period			
	Level		1st Difference		Level		1st Difference	
	Trend and Intercept	Intercept	Trend and Intercept	Intercept	Trend and Intercept	Intercept	Trend and Intercept	Intercept
LDSEGEN	4	unstable	0	2	2	3	2	2
LIPI	1	5	4	4	2	1	3	3
LINT	1	1	0	1	2	2	1	1
LCPI	4	1	0	0	2	1	0	0
LEXR	1	unstable	0	0	1	3	2	2
LM2	3	3	8	8	1	unstable	3	3
LGDPRICE	1	3	2	2	1	1	0	0

Appendix B: Results of Unit Root Tests in Different Periods

Variables	Bubble Period				Meltdown Period			
	ADF Test		PP Test		ADF Test		PP Test	
	Trend and Intercept	Intercept	Trend and Intercept	Intercept	Trend and Intercept	Intercept	Trend and Intercept	Intercept
Panel A: Data at Level								
LDSEGEN	-2.053	unstable	-1.298	Unstable	-2.093	**-3.386***	-2.647	**-5.271***
LIPI	**-4.264***		**-4.495***		**-3.760***		**-3.594***	
LINT	-0.241	-2.772	-0.194	**-3.014***	-0.107	-2.772	-0.998	-1.764
LCPI	-3.361	-0.930	-2.696	-0.917	-2.857	-0.464	-2.457	-0.419
LEXR	-1.057	unstable	-1.108	Unstable	-3.021	0.036	-3.355	0.059
LM2	-1.643	-0.778	-3.000	-0.850	-1.865	unstable	-2.877	unstable
LGDPRICE	-2.830	-0.913	-3.058	-1.064	-1.272	-1.262	-1.410	-1.342

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Panel B: Data at 1st Difference								
LDSEGEN	**-6.626***		**-6.626***					
LIPI								
LINT	**-7.238***				**-5.019***		**-8.331***	
LCPI	**7.061***		**-7.061***		**-5.391***		**-5.391***	
LEXR	**-7.589***		**-7.589***		**-4.160***		**-7.472***	
LM2	-2.191	-2.141	**-12.03***		**-4.782***		**-9.564***	
LGDPRICE	**-5.080***		**-8.680***		**-6.178***		**-6.178***	
Panel C: Data at 2nd Difference								
LM2	**-3.954***							

Notes: Critical values at 5% level for ADF test with trend and intercept is -3.424977and with intercept is -2.871029. Critical values at 5% level for KPSS with trend and intercept is 0.146and with intercept is 0.463. * denotes that coefficient is significant at 5%.

Appendix C: Results of LR Test for Trend Specification in Different Periods

Variable	Bubble Period			Meltdown Period		
	Log-likelihood with joint hypothesis of unit root			Log-likelihood with joint hypothesis of unit root		
	with a deterministic linear trend	with no deterministic linear trend	Test Statistics	with a deterministic linear trend	with no deterministic linear trend	Test Statistics
LDSEGEN	43.740	42.634	2.212	38.850	38.430	0.840
LIPI	81.346	74.234	**14.224***	50.435	46.584	**7.702***
LINT	275.703	273.366	**4.674***	174.294	174.140	0.308
LCPI	171.564	168.697	**5.734***	131.651	127.561	**8.180***
LEXR	234.429	233.256	2.346	133.640	129.040	**9.200***
LM2	155.094	153.747	2.694	106.058	104.002	**4.112***
LGDPRICE	161.281	157.909	**6.744***	94.579	94.265	0.628

Notes: The distribution follows Chi-square distribution and critical value for one degree of freedom is 3.841 at 5% significance level.

Appendix D: ARDL Specification and Bounds Test Results for the Bubble Period

Dependent Variable: D(LDSEEGEN)		
ARDL Model Specification (1, 4, 0, 2, 5, 0, 0)		
F Statistics	3.963162	
Critical Value Bounds		
Significance	I_0 Bound	I_1 Bound
10%	2.49	3.38
5%	2.81	3.76
2.5%	3.11	4.13
1%	3.5	4.63
R-squared	0.526781	
Adjusted R-squared	0.283777	
F-statistic	2.370647	
Prob (F-statistic)	0.013704	
Durbin-Watson stat	2.131741	

Appendix E: Cointegrating Form and Long-Run Coefficients in the Bubble Period

Independent Variables	Coefficient	Std. Error	*t*-Statistics	Probability
Cointegrating Form				
D(LIPI)	0.184394	0.231365	0.796981	0.4305
D(LIPI(-1))	-1.151429	0.267043	-4.311767	0.0001
D(LIPI(-2))	-0.316018	0.262300	-1.204795	0.2359

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D(LIPI(-3))	-0.709270	0.252067	-2.813819	0.0078
D(LINT)	-2.913802	6.406871	-0.454793	0.6519
D(LCPI)	2.415683	1.173452	2.058613	0.0466
D(LCPI(-1))	-2.144393	1.244572	-1.722996	0.0932
D(LEXR)	6.513466	3.424108	1.902237	0.0649
D(LEXR(-1))	-9.215305	4.191567	-2.198534	0.0342
D(LEXR(-2))	-12.194122	3.948725	-3.088117	0.0038
D(LEXR(-3))	-4.275752	3.386559	-1.262565	0.2146
D(LEXR(-4))	-12.286713	3.347147	-3.670802	0.0008
D(LM2)	0.998090	0.791166	1.261543	0.2150
D(LGDPRICE)	-2.443402	0.951549	-2.567815	0.0144
C	-88.160887	14.494429	-6.082398	0.0000
CointEq(-1)	-0.260639	0.042842	-6.083670	0.0000
Cointeq = LDSEGEN - (4.7009*LIPI - 9.0076*LINT + 4.4548*LCPI + 69.5462 *LEXR + 2.2446*LM2 - 7.4229*LGDPRICE - 0.1122*@TREND)				
Long Run Coefficients				
LIPI	**4.701****	2.572	1.828	0.076
LINT	-9.008	7.023	-1.283	0.208
LCPI	4.455	3.656	1.219	0.231
LEXR	**69.546***	19.347	3.595	0.001
LM2	2.245	4.105	0.547	0.588
LGDPRICE	**-7.423****	3.705	-2.004	0.053
@TREND	**-0.112****	0.057	-1.965	0.057

Notes: * and ** denote the significance of the coefficient at 5% and 10% level respectively.

Appendix F: Estimated Short-run Coefficients Using ARDL Approach in Bubble Period

Variable	Coefficient	Std. Error	*t*-Statistics	*p*-value
D(LIPI)	0.288372	0.313918	0.918620	0.3642
D(LIPI(-1))	-0.908279	0.461527	-1.967987	0.0566
D(LIPI(-2))	-0.403653	0.398482	-1.012978	0.3176
D(LIPI(-3))	-0.764019	0.323497	-2.361751	0.0236
D(LCPI)	2.300926	1.460061	1.575911	0.1236
D(LCPI(-1))	-1.758072	1.506494	-1.166996	0.2507
D(LEXR)	4.947807	4.593005	1.077248	0.2883
D(LEXR(-1))	-8.278757	4.763788	-1.737852	0.0906
D(LEXR(-2))	-12.34567	4.258267	-2.899224	0.0063
D(LEXR(-3))	-5.640530	3.873974	-1.456006	0.1538
D(LEXR(-4))	-13.41595	3.771929	-3.556789	0.0010
C	-81.00451	24.39265	-3.320858	0.0020
@TREND	-0.018506	0.017228	-1.074205	0.2897

*Notes: * denote that coefficient is significant at 5%.*

Appendix G: Significance of Short-run Coefficients in Bubble Period

Independent Variables	Null Hypothesis	χ^2 Statistics	p-value
LIPI	C(1) = C(2) = C(3) = C(4) = 0	6.872732	0.1428
LCPI	C(5) = C(6) = 0	2.883884	0.0895
LEXR	C(7) = C(8) = C(9) = C(10) = C(11) = 0	**18.02663**	**0.0029**

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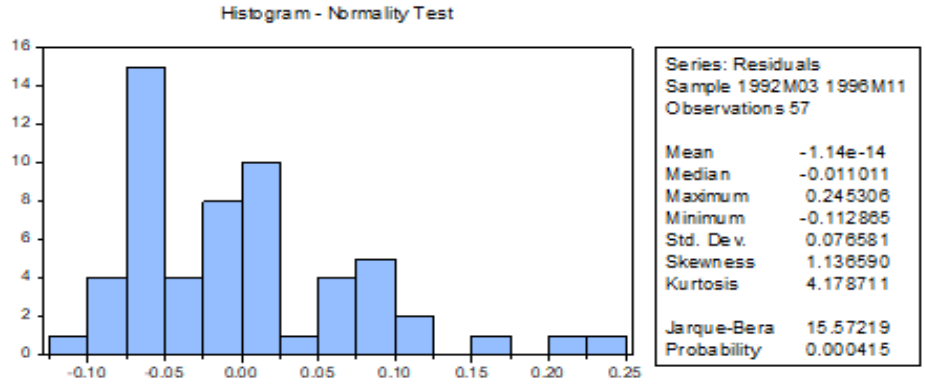
Appendix H 1.1: Normality Test of Residuals



Appendix H 1.2: Breusch-Godfrey Serial Correlation LM Test

F-statistic	0.830237	Prob. F(2,35)	0.4443
Obs*R-squared	2.581717	Prob. Chi-Square(2)	0.2750

Appendix H 1.3: Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	1.022347	Prob. F(19,37)	0.4610
Obs*R-squared	19.62268	Prob. Chi-Square(19)	0.4176
Scaled explained SS	13.14114	Prob. Chi-Square(19)	0.8313

Appendix I: ARDL Specification and Bounds Test Results for the Meltdown Period

Dependent Variable: DLDSEEGEN		
ARDL Model Specification (2, 0, 0, 0, 0, 0, 0)		
F Statistics	1.867293	
Critical Value Bounds		
Significance	I_0 Bound	I_1 Bound
10%	2.49	3.38
5%	2.81	3.76
2.5%	3.11	4.13
1%	3.5	4.63
R-squared	0.361423	
Adjusted R-squared	0.156166	
F-statistic	1.760830	
Prob (F-statistic)	0.121482	
Durbin-Watson stat	2.355889	

Appendix J: Cointegrating Form and Long-run Coefficients for the Meltdown Period

Variable	Coefficient	Std. Error	*t*-Statistic	Prob.
Cointegrating Form				
D(LDSEGEN(-1))	**0.2640***	0.1099	2.4021	0.0232
D(LIPI)	0.0823	0.2191	0.3754	0.7102
D(LINT)	-6.3101	5.8297	-1.0824	0.2883
D(LCPI)	0.7090	1.8046	0.3929	0.6974
D(LEXR)	**-5.7660***	1.9414	-2.9701	0.0060
D(LM2)	-1.4900	1.0977	-1.3573	0.1855
D(LGDPRICE)	0.1054	0.7871	0.1338	0.8945

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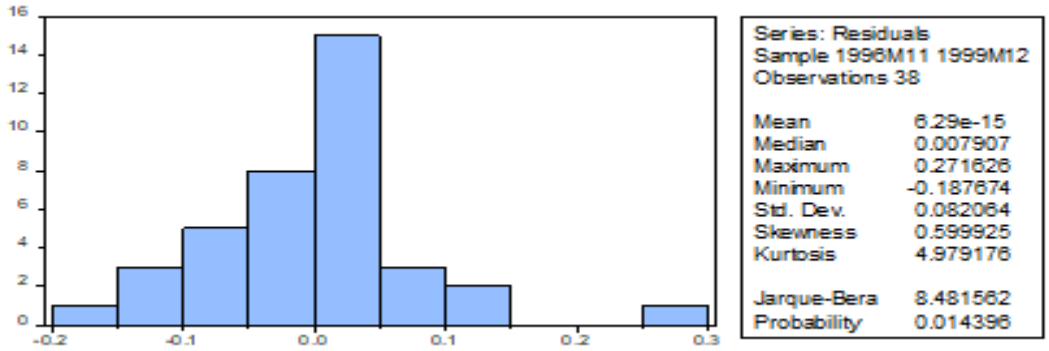
C	**21.2477***	4.8689	4.3640	0.0002
CointEq(-1)	**-0.2626***	0.0601	-4.3672	0.0002
Long Run Coefficients				
LIPI	0.1825	0.9503	0.1921	0.8491
LINT	-25.2840	20.6636	-1.2236	0.2313
LCPI	2.7415	6.5326	0.4197	0.6779
LEXR	**-15.6002****	9.0198	-1.7296	0.0947
LM2	-2.8238	6.4110	-0.4405	0.6630
LGDPRICE	-0.4256	2.5908	-0.1643	0.8707
@TREND	0.0660	0.0893	0.7383	0.4665

*Notes: * and ** denote the significance of the coefficient at 5% and **10% level respectively.*

Appendix K 1.1: Normality Test of Residuals



K 1.2: Breusch-Godfrey Serial Correlation LM Test:

F-statistic	2.069472	Prob. F(1,27)	0.1618
Obs*R-squared	2.705241	Prob. Chi-Square(1)	0.1000

K 1.3: Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	1.434836	Prob. F(9,28)	0.2210
Obs*R-squared	11.99393	Prob. Chi-Square(9)	0.2137
Scaled explained SS	12.95607	Prob. Chi-Square(9)	0.1646

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Spillover Dynamics of Unconventional Monetary Policy: Insights from Emerging Market Bond Capital Flows

By Jin Changlun & Wang Mingyue
University of International Business and Economics

Abstract- This paper sets out to model the impact of unconventional monetary policy (UMP) on capital flows into emerging market (EM) bonds. Findings indicate that expansionary UMP results in capital inflows to EMs, driven by mechanisms related to risk appetite and inertia. Notably, there exists an asymmetry in the spillover effect: the outflow triggered by contractionary UMP is significantly larger and faster than the inflow following expansionary UMP.

Keywords: *unconventional monetary policy, emerging market bond, capital flow, zero lower bound.*

GJMBR-B Classification: *JEL: E52*



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Spillover Dynamics of Unconventional Monetary Policy: Insights from Emerging Market Bond Capital Flows

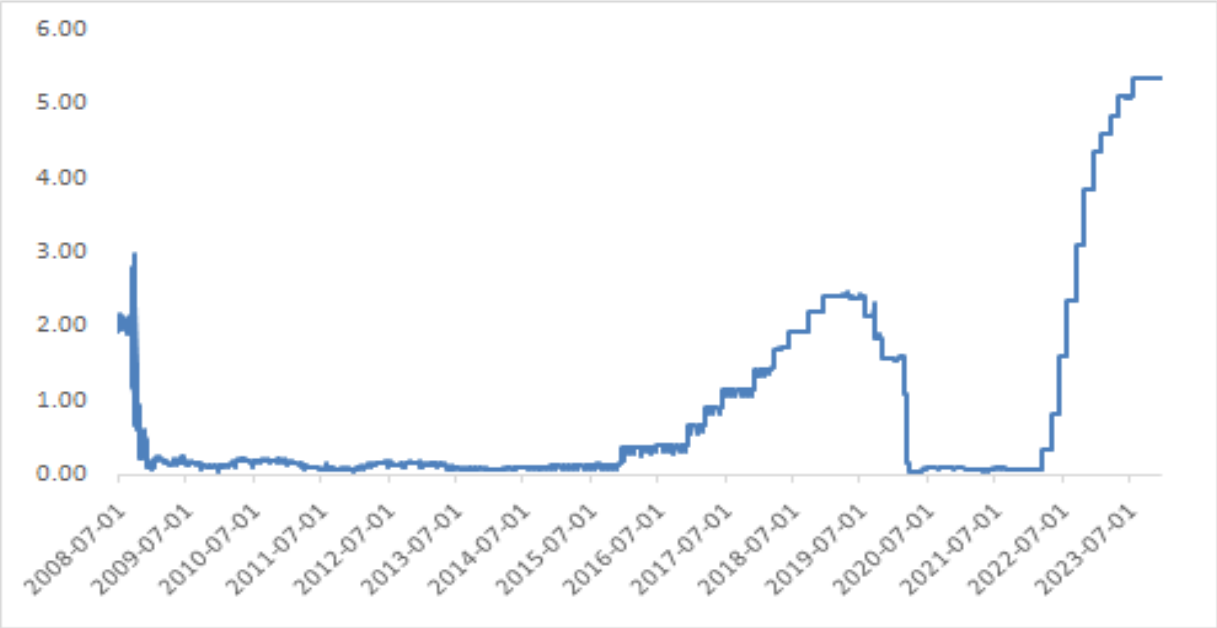
Jin Changlun [α] & Wang Mingyue [σ]

Abstract- This paper sets out to model the impact of unconventional monetary policy (UMP) on capital flows into emerging market (EM) bonds. Findings indicate that expansionary UMP results in capital inflows to EMs, driven by mechanisms related to risk appetite and inertia. Notably, there exists an asymmetry in the spillover effect: the outflow triggered by contractionary UMP is significantly larger and faster than the inflow following expansionary UMP.

Keywords: unconventional monetary policy, emerging market bond, capital flow, zero lower bound.

I. Introduction

When the nominal interest rate approaches zero, entering Keynes' 'liquidity trap,' the country's Zero Lower Bound (ZLB) renders traditional monetary policy largely ineffective. Unconventional monetary policy assumes a crucial role in releasing liquidity within the United States, as well as in regulating both the national and global economies. Following the financial crisis of 2008, the Federal funds rate persisted at or near 0, as depicted in Figure 1.



Source: WIND database

Figure 1: Federal Reserve's effective federal funds rate (EFFR) from 2008 to 2024 (%)

Since the benchmark interest rate plummeted swiftly in the latter half of 2008, the effective federal funds rate lingered close to zero from early 2009 until mid-2016. Throughout this interval, the Federal Reserve adopted unconventional monetary policy (UMP) measures. For instance, the Fed augmented its portfolio by acquiring Mortgage-Backed Securities (MBS) and medium-to-long-term U.S. Treasury bonds, employing methods such as Large-Scale Asset Purchases (LSAP), as illustrated in Figure 2. Additionally, the Fed employed forward guidance strategies.

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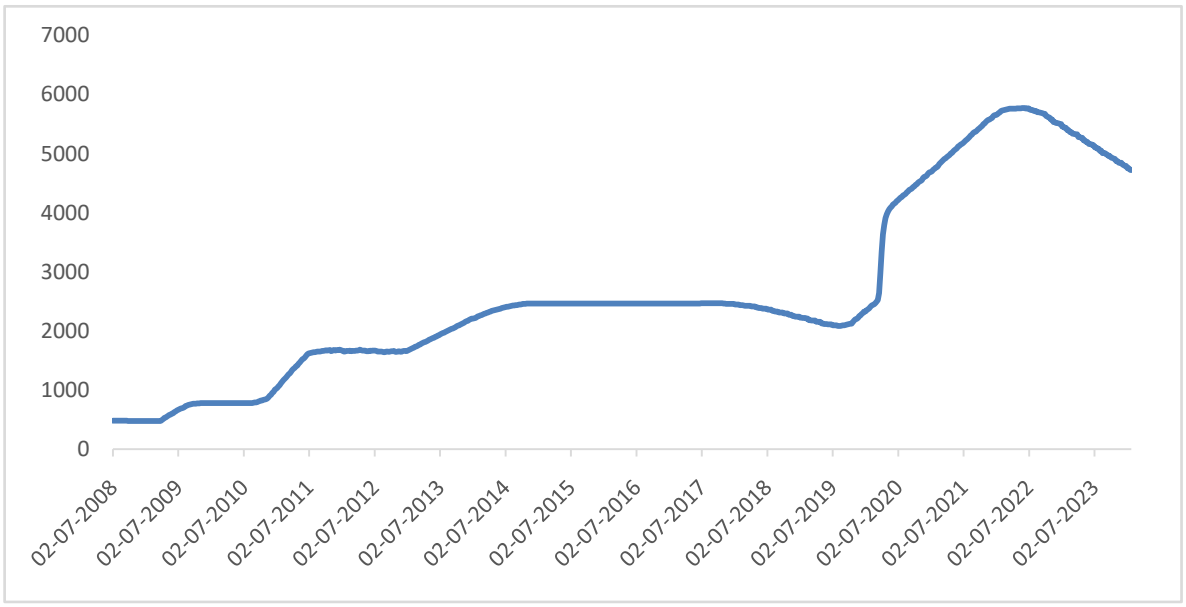
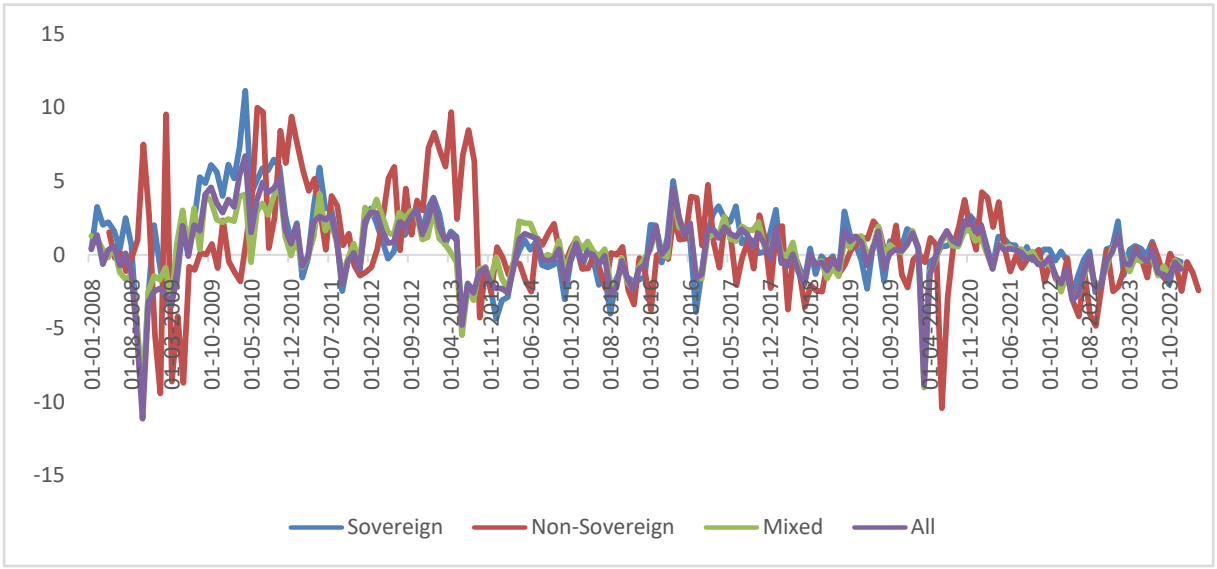


Source: https://fred.stlouisfed.org/series/TREAST

Figure 2: The stock of U.S. debt held by the Federal Reserve from 2008 to 2024 (unit: trillions)

Data indicates a correlation between expansionary unconventional monetary policy (UMP) and capital inflows into Emerging Markets (EM). Figure 3 illustrates the monthly percentage flows of bond funds directed towards emerging market countries.



Source: EPFR Database

Figure 3: Monthly capital flows of funds investing in emerging market country bond funds from 2008 to 2023 (%)

As depicted in the figure, emerging market countries primarily witnessed capital inflows from the second half of 2008 to the first half of 2013, followed by net outflows from 2013 until the conclusion of 2016, with subsequent periods marked by substantial fluctuations. Notably, during the COVID-19 pandemic in 2020, emerging markets experienced a net inflow, transitioning to a net outflow after 2022. Figures 4-6 illustrate the total assets of bond funds invested in Emerging Markets (EM).

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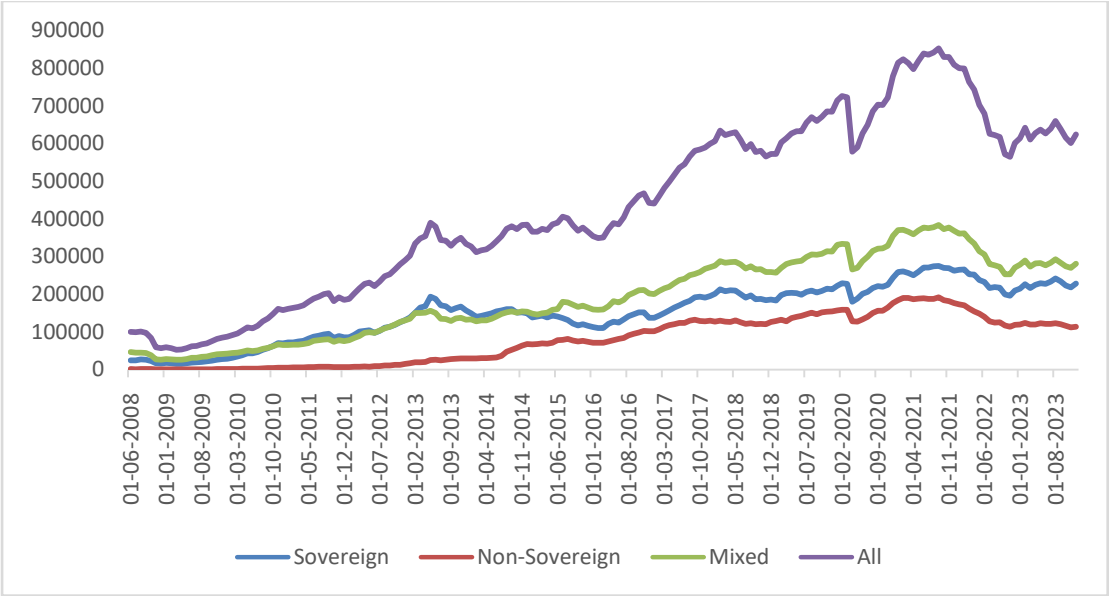

Source: EPFR Database

Figure 4: Total assets of bond funds invested in emerging market countries from 2008 to 2023 (unit: million US dollars)

Due to differences in ownership nature and overall volume, non-sovereign funds exhibit higher profitability requirements, resulting in greater volatility in their total assets compared to sovereign funds. Additionally, non-sovereign funds are more sensitive to U.S. monetary policy changes than sovereign funds, highlighting an asymmetry in bond capital flows. For instance, based on Figure 4, during the Federal Reserve's quantitative tightening policy since 2022, global capital shifted towards the United States, leading to significant contractions in total assets across various bond fund types compared to September 2021. By November 2022, following a 14-month decline, sovereign funds decreased by 28.6%, non-sovereign funds by 40.7%, and mixed funds by 34.0%. Notably, the duration of these contractions is shorter than the time required for similar asset growth during easing periods. Specifically, sovereign funds took 31 months to rise, while mixed and non-sovereign funds took 51 and 70 months, respectively. Essentially, the period of ascent is five times longer than the descent period.

II. Literature Review

Following the collapse of the Bretton Woods system, scholarly attention has predominantly focused on the actions of the Federal Reserve (FED), given the central role of the U.S. dollar as the primary currency for international transactions and as a reserve currency (Rey, 2015[i]). Moreover, both Conventional Monetary Policy (CMP) and Unconventional Monetary Policy (UMP) implemented by the FED generally exert more significant global impacts compared to those of other major central banks (e.g. Andreou et al., 2022[ii]; Miranda-Agrippino & Rey, 2021[iii]).

Unconventional monetary policies have diverse effects on capital flows in emerging economies, as noted by various researchers (Chari et al., 2020[iv]; Rey, 2016[v]; Fratzscher et al., 2012[vi]; Lim et al., 2014[vii]). Marques, M. A. M. (2023)[viii] summarized that theoretically there are mainly three channels through which UMP may affect capital flows: Portfolio Balance Channel, Signaling Channel and Confidence Channel. The initial two channels demonstrate a negative correlation between unconventional monetary policy (UMP) and capital flows, whereas the third exhibits a distinct relationship.

The Portfolio Balance Channel suggests that through Large-Scale Asset Purchases (LSAP), the supply of assets diminishes, leading to increased asset prices and decreased term premiums sought by investors, consequently lowering yields. This mechanism might prompt investors to seek higher-yielding assets in other countries to replace those affected. (Chari et al., 2020; Fratzscher et al., 2012; Lim et al., 2014). The Signaling Channel similarly suggests that through LSAP, central banks indicate an intention to maintain low future interest rates even post-economic recovery, as any increase could devalue their asset holdings. This signaling creates a credible commitment to maintaining low future interest rates from investors' perspective, potentially influencing expected short-term interest rates and country asset returns (Clouse et al., 2003[ix]). Consequently, investors may redirect their investments in pursuit of higher returns if they perceive persistent interest rate differentials in the long run (Chari

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et al., 2020; Fratzscher et al., 2012; Krishnamurthy & Vissing-Jorgensen, 2011[x]). Thirdly, the Confidence Channel proposes that when investors perceive monetary policy actions as indicative of prevailing economic conditions, it affects their risk appetite and subsequent portfolio choices (Fratzscher et al., 2012). Consequently, a contractionary monetary policy might signal an economic recovery, diminishing investors' aversion to risk. This could lead them to pursue higher-yielding assets in emerging markets with increased willingness to take on risks. Conversely, an expansionary monetary policy may prompt a flight-to-safety response. (Neely, 2010[xi])

Empirical research yields mixed findings regarding the impact of monetary policy on capital flows to Emerging Markets (EMs). Studies indicate that monetary easing typically coincides with increased capital inflows to EMs, while monetary tightening correlates with decreased inflows (e.g. Chari et al., 2020; Chen et al., 2014[xii]; Koepke, 2018[xiii]; Dahlhaus & Vasishtha, 2020[xiv]; Kalemli-Ozcan, 2019[xv]). However, recent studies (Ciminelli et al., 2022[xvi]) have also suggested that besides the negative relationship, monetary policy surprises may exhibit positive associations with capital flows. This could be attributed to the informational effects conveyed by policy announcements about the economic outlook, possibly influenced by the Confidence Channel.

From the literature we've examined, three limitations emerge in understanding the impact of Unconventional Monetary Policy (UMP) on capital flows in Emerging Market Economies (EMs). Firstly, there exists concept confusion, as current studies categorize influences into three channels, yet their definitions overlap. For instance, the Portfolio (Re)-balance Channel simply explains investor behavior in response to UMP rather than constituting a distinct channel. Additionally, there is conceptual overlap between the Portfolio (Re)-balance Channel, which pertains to holding assets with higher returns post-UMP, and the Confidence Channel, which involves an increased risk appetite. Given the relationship between risk appetite and seeking higher returns, investors might turn to EM bonds due to changes in their risk appetite, thereby impacting capital flows via a third channel. Secondly, conflicting findings arise regarding the direction of the spillover effect, contradicting theoretical implications. Thirdly, current studies predominantly analyze UMP's aggregate impact without adequately decomposing it into components like Large-Scale Asset Purchases (LSAP) and forward guidance, leading to inaccuracies in measuring policy effects.

Therefore, this paper aims to address the research gap in three ways. Firstly, we model the impact of Unconventional Monetary Policy (UMP) on the holding of Emerging Markets (EM) bonds. Secondly, we empirically examine the presence of the spillover effect. Thirdly, we introduce two potential mechanisms: the 'risk-appetite mechanism,' defined as a willingness to hold onto EM bonds for higher returns following expansionary UMP, and the 'inertia mechanism,' which suggests that expansionary UMP fosters a credible commitment to maintaining low future interest rates, thereby promoting increased investment in EM bonds from investors' perspective.

III. Theoretical Assumptions

In the theory proposed by Clayton, C. et al. (2022)[xvii], the two-way bond market capital flow of emerging markets was modeled. The basic idea is as follows:

$$\max_{D_{jt}^i, S_t^i} \overline{R} w_i + (R_t^s - \bar{R}) S_t^i + \int_j E[R_{jt}^i (1 - \tau_{jt}) - \bar{R}] D_{jt}^i \, dj - \frac{1}{8} b (S_t^i + \int_j w_i (M_{jt})^{-1} D_{jt}^{i2} \, dj)^2 \quad (1)$$

Whereas R stands for return, $\bar{R}$, R_{jt}^i, R_t^s, refer to risk-free return (i.e. US treasury bond return), government bond return of country j, return of other assets, respectively. τ_{jt} denotes capital control tax ; D_{jt}^i stands for personal purchase of the amount of government bond issued by country j, S_t^i stands for the individual's holding of other asset, b is a positive constant. Reputation variable $w_i(M_{jt}) \in [0,1]$ and $M_{jt} \in [0,1]$ remain positive constant in the short run. The individual selects D_{jt}^i or S_t^i within her portfolio investment to maximize her payment.

We take the partial derivative in D_{jt}^i as well as S_t^i to obtain (2) [1]and (3)

$$b_t^* = 4(R_t^s - \bar{R}) = \frac{1}{2} b(\bar{S} + \frac{2}{I} \sum_i S_t^i \int_j w_i (M_{jt})^{-1} D_{jt}^{i2} \, dj) \quad (2)$$

$$R_{jt} = \frac{\bar{R} + \frac{1}{2} b_t^* w_i (M_{jt})^{-1} D_{jt}^i}{1 - (1 - M_{jt}) \bar{\tau}} \quad (3)$$

In function (2), we can define b_t^* as the holding cost of an average investor, where function (3) is the demand function for the issuance of a country's government bond.

We learn the relationship between UMP and capital flow from dual sides: From demand perspective in function (2), the expansionary UMP can induce capital inflow into emerging countries by driving down the risk-

[1] In the determination of $\bar{S}$, we assume that $\frac{2}{I} \sum_i S_t^i = \bar{S}$, where $\frac{2}{I}$ *refers to the continuum of investors.*

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less return $\overline{R}$. A lower risk-free rate means lower average return to each investor. Therefore, to re-balance the holding cost of each asset, the investor would increase the holding of government bond of emerging market D_{jt}^{i}, causing capital inflow. On the supply side, it's not hard to find that in function (3), with a lower risk-less return, the EM are able to issue more bonds at the current rate. Hence the positive relationship between expansionary UMP and capital inflow of EM.

As for the mechanisms, from function (3), we can obtain the determination of risk premium, as is shown in function (4):

$$Premium_{jt} = R_{jt} - \overline{R}$$
$$= \frac{(1 - M_{jt})\overline{\tau} * \overline{R} + \frac{1}{2} b_t^* w_i (M_{jt})^{-1} D_{jt}^{i}}{1 - (1 - M_{jt})\overline{\tau}} \quad (4)$$

Note that $\frac{\partial Premium_{jt}}{\partial \overline{R}} = \frac{(1-M_{jt})\overline{\tau}}{1-(1-M_{jt})\overline{\tau}} > 0$, which means that there exists a non-exogenous wedge between risk-free return and the return of EM bonds. The wedge is positively related to the risk-free rate, that is, the wedge widens as the Fed adopts contractionary UMP, and shrinks as the Fed adopts expansionary UMP. The existence of a non-constant wedge leads to the asymmetry of capital flow, which is beneficial to the EM in the expansionary phases whereas unequally catastrophic in the contractionary phases, leading to financial crises in EM.

IV. Methodology

a) UMP Shock Decomposition

The construction of indicators for unconventional monetary policies faces three main challenges. Firstly, adhering to the efficient market hypothesis necessitates the removal of expected factors, as only unanticipated monetary policies are expected to have a substantial impact on the economy. Secondly, indicators should accurately reflect both the positive and negative impacts of policies. For instance, indicators such as the stock of U.S. Treasury bonds held by the Federal Reserve may not effectively capture the nuances of quantitative easing, as conventional monetary policy also involves the purchase and sale of these bonds during open market operations, rendering the indicator less precise. Thirdly, indicators need to differentiate between large asset purchases and forward guidance. Even in seemingly clear-cut announcements, such as the LSAP-focused "QE2" announcement in November 2010, multiple policy types may be at play. Some argue that LSAP changes financial markets' expectations about the future path of the federal funds rate, influencing the economy. If this "signaling" channel is effective, even a pure LSAP announcement could have significant forward guidance implications, complicating the distinction between the two policy types (Swanson, E. T., 2021[xviii]).

Therefore, we adopt the decomposition method proposed by Swanson, E. T., (2021), focusing on the unexpected UMP shock s of LSAP, forward guidance and federal interest rate:

Firstly, we compile data on the forward guidance and Large-Scale Asset Purchase (LSAP) components for each Federal Open Market Committee (FOMC) announcement, spanning from July 1991 to June 2019. This dataset includes the date of each FOMC announcement and multiple asset price changes observed within the 30-minute window surrounding each announcement. The asset prices tracked encompass federal funds futures (contract interest rate for the current month and contract interest rate for the next six months), Eurodollar futures (contract interest rate for the current quarter and contract interest rate for the next eight quarters), Treasury yields (3 months, 6 months, and 2-, 5-, 10-, and 30-year Treasury bonds), stock markets (S & P 500 index), and exchange rates (JPY/USD and USD/EUR).

Secondly, the response to asset price changes is constructed into a $T \times n$ matrix X in which x_{ij} is the price response of the j-th asset to the i-th FOMC announcement 30 minutes after the release. This model can be explained by the factor model:

$$X = F\Lambda + \varepsilon$$

where F representing a matrix containing k unobserved factors, is a k × n matrix of loadings of asset price responses to k factors, and ε is a T × n matrix of time-uncorrelated white noise residuals. If k = 0, then the data X can be well described by n uncorrelated white noise processes; if k = 1, the data X can be explained by the linear combination of white noise and one factor, and so on. We find that three-factor model can best explain the model.

Each column under the F matrix has the following four possibilities:

1. The unexpected portion of changes in the federal funds rate at each FOMC meeting;
2. Unexpected portions of forward-looking guidance changes;
3. Unexpected portions of any LSAP announcement;
4. News related to monetary policy or any other aspect of the economy systematically disclosed in FOMC announcements.

Thirdly, we estimate the F matrix. To estimate the unobservable factors F, we first extract the first three principal components of the data X. These principal components correspond to the three elements in FOMC announcements that have the largest systematic impact on the assets in X in the sample, and together they explain approximately 94% of the variance in X.

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However, principal components are only statistical decompositions without structural interpretation.

Since a 3x3 orthogonal matrix (U) can be completely determined by three parameters, three assumptions are required to determine the federal funds rate impact, forward guidance impact, and LSAP impact:

1. It is assumed that changes in forward guidance have no impact on the current federal funds rate. This definition is adopted by Hanson, S., Stein, J., (2015)[xix].
2. It is assumed that large-scale asset purchases have no impact on the current federal funds rate. Since large-scale asset purchases mostly occurred in the era of zero interest rate lower bound, it is more reasonable.
3. It is assumed that prior to the zero interest rate era, the impact of large-scale asset purchases was small and could be ignored.

The decomposition result is presented in figure 5.

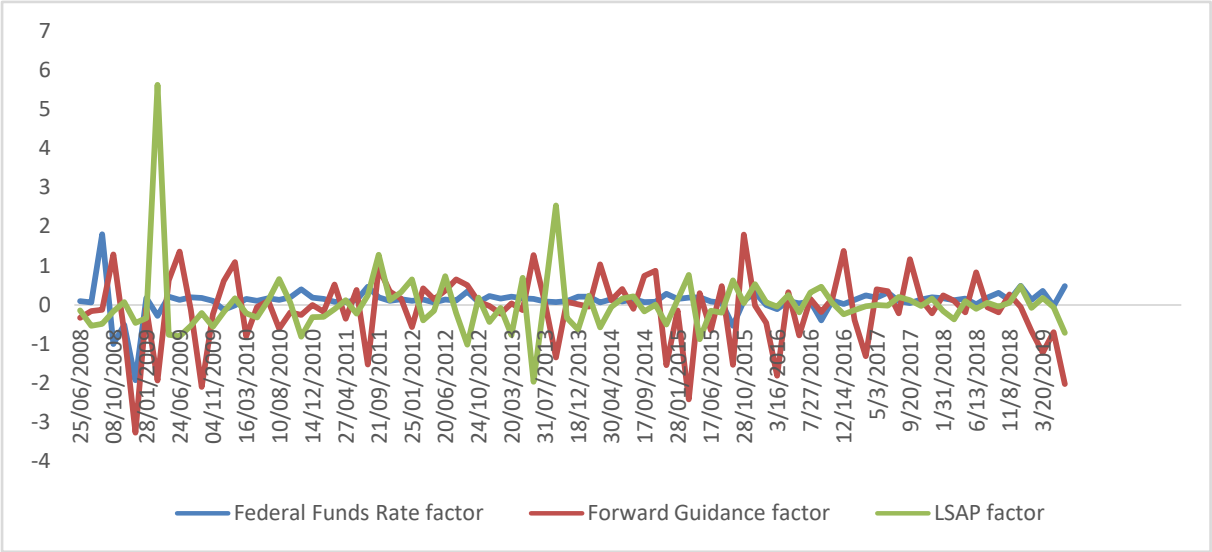

Figure 5: The decomposition result of unexpected UMP shocks

b) Empirical Design

In the baseline regression, we aim to prove the inverse correlation between the U. S. bond interest rates and EM bond demand, hence we put forward Hypothesis 1:

Hypothesis 1: Expansionary (contractionary) Federal Reserve's unconventional monetary policy will lead to cross-border bond inflows (outflows) to (from) emerging market countries, indicating an inverse correlation between UMP and EM bond demand.

To verify Hypothesis 1, we perform the baseline regression:

$$Flow_{i,t} = \alpha + \beta_1 UMP_{t-1} + \beta_3 X_{i,t-1} + \delta_i + \vartheta_t + \varepsilon_{i,t}$$

The explained variable, denoted as Flow (bflow in regression), represents the capital flow of emerging market bond markets. The selected emerging market countries for this analysis include Argentina, Bangladesh, Brazil, Chile, China, Colombia, Czech Republic, Egypt, India, Indonesia, Malaysia, Mexico, Nigeria, Pakistan, Peru, Philippines, Romania, Thailand, United Arab Emirates, and Vietnam. The data consist of holdings of various funds in different countries at the micro fund level.

The independent variable represents unanticipated unconventional monetary policy shocks, including three types, LSAP shocks, forward guidance shocks, and federal funds rate shocks. Each shock includes a monthly average shock and a monthly total shock.

For control variables, we refer to traditional pull and push factors (Lakdawala et al., 2021[xx]; Ahmed et al., 2017[xxi]; Anaya et al., 2017[xxii]; Dahlhaus and Vasishtha, 2020[xxiii]; Mishra et al., 2014[xxiv]). Global risk preference, US economic we add global-level variables and country-level data as controls. Global variables include U.S. economic policy uncertainty (epu), panic index (vix), federal funds rate (federalrate), U.S. M2 growth (UsM2growth), MSCI global index (msciglobal), and crude oil price index return (Crudeoil return); The national level includes MSCI country index (MSCI), each country's debt/GDP (debt_to_GDP), each country's financial development index (FDIndex), each country's money market interest rate (mminterest), each country's capital market openness (ka_open), each country's actual GDP growth rate (gdp_growth). Among them, the fear index is also used as an alternative indicator of global risk appetite. In order to avoid the influence of

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extreme values in the sample, this paper performs a winnowing process on all continuous variables at the 1% and 99% quantiles. At the same time, all explanatory variables and control variables are lagged first-order in the regression to reduce endogeneity.

In the benchmark regression equation, δ_i and ϑ_t represent country fixed effects and year fixed effects respectively. The period of our sample regression is 2008-2019.

In accordance with section 3, two possible mechanisms are that expansionary unconventional monetary policy reduces global risk aversion, thereby leading to capital inflows into the bond markets of emerging countries; Another mechanism also emerges, that is, quantitative easing itself has inertia and sends a signal to the market to continue easing, thus leading to capital inflows into the bond markets of emerging market countries. Therefore, we then set out to examine two mechanisms through which Hypothesis works: risk appetite mechanism and signal mechanism.

Hypothesis 2: One mechanism through which the expansionary (contractionary) Fed's unconventional monetary policy triggers cross-border bond inflows (outflows) in (from) emerging market countries is by reducing (increasing) risk appetite.

Hypothesis 3: One mechanism through which the expansionary (contractionary) Fed's unconventional monetary policy triggers cross-border bond inflows (outflows) in (from) emerging market countries is by sending expansionary (contractionary) signals to the market.

To verify hypothesis 2, the following regression is designed:

$$Flow_{i,t} = \alpha + \beta_1 UMP_{t-1} + \beta_2 UMP_{t-1} \times VIX_{t-1} + \beta_3 X_{i,t-1} + \delta_i + \vartheta_t + \varepsilon_{i,t}$$

In continuation with the baseline regression, we augment the model by incorporating a cross-term of the VIX, which indicates the level of risk tolerance, and the impact of unconventional monetary policy. If both coefficients are significantly positive, it suggests that there is an effect amplifying the impact of monetary policy through VIX. Additionally, control variables, country fixed effects, and year fixed effects are included in the regression model.

To verify Hypothesis 3, the following regression is designed:

$$Flow_{i,t} = \alpha + \beta_1 UMP_{t-1} + \beta_2 UMP_{t-1} \times UMPcon_{t-1} + \beta_3 X_{i,t-1} + \delta_i + \vartheta_t + \varepsilon_{i,t}$$

So the cross-term $UMP_{t-1} \times UMPcon_{t-1}$ is added. The focus of the third hypothesis revolves around examining the presence of "inertia" in unconventional monetary policies. In this context, inertia refers to the tendency for expansionary unconventional monetary policies to elicit expansionary expectations, and for contractionary policies to prompt contractionary expectations. This expectation formation process resembles adaptive expectations. To capture this inertia in unconventional monetary policy shocks, we introduce a variable termed "policy inertia." This variable represents the number of consecutive occurrences of a certain unconventional monetary policy shock being positive or negative. Specifically, if a monetary policy shock is positive for n consecutive times, the variable takes the value of n; if it is negative for m consecutive times, then the variable takes the value of -m. When the policy changes, the variable takes the value of -1 or 1, depending on whether it changes from easing to tightening or vice versa.

Finally, this section re-examines the asymmetry of unconventional monetary policy mentioned in the theoretical conclusion.

Hypothesis 4: The tightening effect of the tightening Fed's unconventional monetary policy is greater than the easing effect of the expansionary policy.

To verify Hypothesis 3, the following regression is designed:

$$Flow_{i,t} = \alpha + \beta_1 UMP_{t-1} + \beta_3 X_{i,t-1} + \delta_i + \vartheta_t + \varepsilon_{i,t} \ , \ 2008 \le t < 2014$$

$$Flow_{i,t} = \alpha + \beta_2 UMP_{t-1} + \beta_3 X_{i,t-1} + \delta_i + \vartheta_t + \varepsilon_{i,t} \ , \ 2014 \le t \le 2019$$

Since the Federal Reserve proposed the normalization of monetary policy at the end of 2014, heterogeneity testing can be carried out by filtering the year. If the result holds $\beta_2 > \beta_1 > 0$, it means that there is asymmetry in unconventional monetary policy, and the capital outflow caused by tightening is greater than the inflow induced by its expansionary counterpart.

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c) *Empirical Results*

We present the discriptive statistics in Table 1.

Table 1: Descriptive statistics

Variable name	Variable label	N	Mean	St.d	Min	Max	Source of data
Average LSAP shock	avglsap	144	0.0022128	0.7736858	-1.9618	5.6307	Swanson, E. T. (2021)
Average Forward guidance shock	avgfg	144	-0.0853297	0.850372	-3.2665	1.8037	Swanson, E. T. (2021)
Average Federal fund rate shock	avgffr	144	0.1085892	0.3848341	-2.01195	1.812	Swanson, E. T. (2021)
Total LSAP shock	sumlsap	144	-0.0081072	0.7849363	-1.9618	5.6307	Swanson, E. T. (2021)
Total Forward guidance shock	sumfg	144	-0.0683262	0.8773866	-3.2665	2.3233	Swanson, E. T. (2021)
Total Federal fund rate shock	sumffr	144	0.0965944	0.5640894	-4.0239	2.739	Swanson, E. T. (2021)
Bond capital flow	bflow	2880	114.4692	843.9642	-5061.315	10074.7	EPFR database
MSCI Index	MSCI	2880	0.2281572	7.558789	-32.35121	44.94297	MSCIwebsite
Debt/GDP	debt_to_GDP	2880	40.54164	17.79983	4.915989	84.77705	IFS database
Financial development Index	FDIndex	240	0.4581421	0.1199692	0.28	0.72	WIND database
Money market interest rate	mminterest	2822	5.67529	5.035576	0.35	38.32	IFS database
Degree of capital liberalization rate	ka_open	240	0.4373011	0.2794157	0	1	Chin, Ito(2008)
Crude oil price index return	Crudeoilreturn	144	-0.0008974	0.1032573	-0.2076677	0.297144	WIND database
The U.S. economic policy uncertainty	epu	144	144.7473	47.01878	79	284	Baker etal.,(2016)
Fear index	vix	144	20.10817	8.726204	10.41	59.89	WIND database
Federal funds rate	federalrate	144	0.457056	0.7141933	0.04	2.51	WIND database
US M2 growth rate	UsM2growth	144	0.0060592	0.0055143	-0.0072355	0.0210649	WIND database
MSCI global index	msciglobal	144	0.0036087	0.0410393	-0.2028842	0.1022302	MSCI website
Real GDP growth	gdp_growth	960	0.0330143	0.1520237	-0.0258437	1.110521	IFS database

The empirical results of Hypothesis 1 testing are presented in Table 2 and Table 3. Table 2 displays the regression results for LSAP shock, while Table 3 presents the results for Forward Guidance shock. The results for Federal Rate shock are showcased in the robustness check section.

In Table 2, each column represents the results of different regressions, with the only difference being the inclusion of control variables. Across all regressions, the LSAP shock consistently demonstrates a significant positive impact on emerging market bond capital inflow. This indicates that unconventional monetary policy in the form of LSAP positively influences cross-border bond capital flows.

Table 3 presents the impact of the monthly average forward guidance on capital flows in emerging market countries during the current period. Regression results (1) through (10) show that the core explanatory variable, forward guidance shock, does not exhibit a significant impact on the dependent variable, bond capital flow. Moreover, the sign of the impact is inconsistent across regressions. Notably, after adding control variables such as the federal funds rate to regressions (9) and (10), the coefficient of the core explanatory variable, L.avgfg, becomes positive. However, the increase in the t-value does not reach the 10% significance level. Comparing regression (1) with regression (10) reveals that the insignificance in regression (10) is not influenced by collinearity with the federal funds rate.

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Table 2: LSAP benchmark regression results

VARIABLES	(1) bflow	(2) bflow	(3) bflow	(4) bflow	(5) bflow	(6) bflow	(7) bflow	(8) bflow	(9) bflow	(10) bflow
L.avglsap	177.3***	166.7***	149.7***	147.7***	222.6***	233.4***	227.2***	203.6***	393.0***	430.6***
	(58.83)	(58.79)	(56.52)	(56.27)	(72.14)	(74.11)	(76.49)	(76.19)	(137.1)	(152.8)
L.mminterest_		-13.27	-5.014	0.165	6.673	6.187	3.819	5.210	8.332	10.72
		(14.99)	(20.23)	(20.43)	(22.26)	(22.39)	(21.93)	(21.77)	(26.29)	(25.78)
L.debt_to_GDP_			-2.510	-4.055	-4.534	-3.801	-3.627	-3.582	-4.259	-4.571
			(4.788)	(4.999)	(5.448)	(4.947)	(5.016)	(5.002)	(5.861)	(5.834)
L.FDIndex_				1,425*	1,624*	1,804**	1,767**	1,781**	1,983**	2,031**
				(770.9)	(854.4)	(784.7)	(795.0)	(792.1)	(963.5)	(969.8)
L.vix					-6.715	-4.388	-3.331	-7.195	31.91**	28.84**
					(5.559)	(5.763)	(5.357)	(6.074)	(14.74)	(14.19)
L.kaopen						41.27	36.95	34.84	49.41	45.08
						(130.3)	(131.2)	(130.3)	(150.9)	(145.9)
L.gdp_growth						195.7	194.5	238.7	169.4	139.1
						(234.2)	(236.6)	(235.7)	(268.1)	(277.4)
L.MSCI_							3.080	5.893	3.217	3.788
							(5.530)	(5.496)	(7.817)	(7.639)
L.msciglobal								-2,411*	-2,072	-1,421
								(1,398)	(1,978)	(1,855)
L.federalrate									170.1	23.20
									(172.6)	(153.2)
L.Crudeoilreturn									-347.2	-293.2
									(717.0)	(725.2)
L.epu									-7.799**	-7.239**
									(3.202)	(2.988)
L.UsM2growth										-37,224
										(36,955)
Country Fixed Effect	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Year Fixed Effect	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Observations	2822	2822	2822	2822	2822	2822	2822	2822	2822	2822
R-squared	0.122	0.128	0.134	0.140	0.153	0.157	0.158	0.163	0.230	0.241

*Note: (1) Standard errors are in parentheses; (2) *, ***, **** indicate significance at the 10%, 5%, and 1% confidence levels respectively.*

Table 3: Forward Guidance benchmark regression results

VARIABLES	(1) bflow	(2) bflow	(3) bflow	(4) bflow	(5) bflow	(6) bflow	(7) bflow	(8) bflow	(9) bflow	(10) bflow
L.avgfg	-19.88	-16.01	-23.27	-21.08	-19.32	-19.82	-17.41	-11.92	79.87	44.83
	(53.42)	(53.60)	(45.31)	(45.55)	(56.58)	(56.96)	(55.86)	(56.60)	(106.2)	(76.79)
L.mminterest_		-13.00	-4.750	0.469	6.830	6.483	2.895	4.916	11.42	12.11
		(15.17)	(20.52)	(20.76)	(22.64)	(22.80)	(22.29)	(22.05)	(26.17)	(26.06)
L.debt_to_GDP_			-2.523	-4.075	-4.559	-3.929	-3.661	-3.604	-4.622	-4.720
			(4.812)	(5.031)	(5.498)	(4.982)	(5.055)	(5.044)	(5.899)	(5.910)
L.FDIndex_				1,430*	1,626*	1,775**	1,721**	1,746**	1,950**	1,966**
				(768.8)	(849.7)	(779.5)	(787.0)	(786.9)	(946.1)	(944.9)
L.vix					-3.579	-1.232	0.181	-5.483	6.964	8.826
					(6.065)	(6.144)	(6.177)	(6.905)	(16.22)	(14.65)
L.kaopen						37.77	31.30	29.28	44.63	42.25
						(132.8)	(133.3)	(132.1)	(153.3)	(151.6)
L.gdp_growth						177.2	176.4	237.1	136.8	116.8
						(245.7)	(249.2)	(246.3)	(274.7)	(283.2)
L.MSCI_							4.711	8.183	5.784	6.132
							(5.244)	(5.187)	(7.538)	(7.564)
L.msciglobal								-	-3,293	-2,730

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								3,149**		
								(1,461)	(2,385)	(2,201)
L.federalrate									445.4*	345.9*
									(261.5)	(201.4)
L.Crudeoilreturn									-611.3	-590.8
									(715.5)	(719.5)
L.epu									-3.764	-3.420
									(2.462)	(2.434)
L.UsM2growth										-19,458
										(30,251)
Country Fixed Effect	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Year Fixed Effect	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Constant	-148.3	147.8	229.9	-491.0	-584.6	-713.7	-719.9	-617.6	-1,484*	-1,250
	(127.8)	(269.7)	(434.9)	(529.4)	(610.2)	(624.1)	(620.1)	(616.4)	(767.6)	(800.3)
Observations	2822	2822	2822	2822	2822	2822	2822	2822	2822	2822
R-squared	0.113	0.120	0.122	0.127	0.135	0.136	0.139	0.148	0.206	0.208

*Note: (1) Standard errors are in parentheses; (2) *, ***, **** indicate significance at the 10%, 5%, and 1% confidence levels respectively.*

Table 4 presents the regression results for testing Hypothesis 2. The first four columns focus on the risk-appetite mechanism test of unconventional monetary policy, specifically large-scale asset purchases. Columns (5) to (8) serve as the control group, where (5) and (7) represent mechanism tests of forward guidance, while (6) and (8) are mechanism tests of the federal funds rate.

Upon comparison of regressions (1), (5), and (7), it is evident that in the absence of additional control variables, only the impact of large-scale asset purchases exhibits a moderating effect on the risk-appetite mechanism. The coefficient of the cross-product term is positive and highly significant, whereas the other two monetary policy indicators show no significant impact, thus failing to demonstrate the existence of the mechanism.

Further comparison across regressions (1) to (4) reveals that even after incorporating different control variables, the coefficient of the cross-term remains significantly positive. This indicates that the Federal Reserve's LSAP lead to capital flows into emerging market countries by boosting risk appetite, thereby confirming Hypothesis 2.

Table 4: Risk appetite mechanism regression results

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
VARIABLES	bflow	bflow	bflow	bflow	bflow	bflow	bflow	bflow
L.avglsap	272.7***	252.1***	188.5**	395.7***				
	(78.92)	(83.91)	(84.79)	(134.5)				
L.avgfg					-32.96		54.78	
					(65.48)		(107.9)	
L.avgffr						-188.3		-441.8
						(301.2)		(386.8)
L.avglsapxvix	0.755**	3.953**	3.444**	3.674**				
	(0.351)	(1.618)	(1.485)	(1.833)				
L.avgfgxvix					0.636		3.234*	
					(0.420)		(1.787)	
L.avgffrxvix						0.128		3.186

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						(0.450)		(1.969)
L.mminterest_		4.833	2.212	8.320			10.96	12.95
		(22.04)	(21.95)	(26.16)			(26.28)	(26.91)
L.debt_to_GDP_		-3.964	-3.883	-4.583			-4.856	-4.931
		(4.992)	(4.942)	(5.840)			(5.898)	(5.921)
L.FDIndex_		1,730**	1,711**	1,911**			1,882**	1,888**
		(795.7)	(814.9)	(965.8)			(949.6)	(945.5)
L.vix		-36.73**	-31.02**	0.434			-17.81	-16.82
		(16.28)	(14.78)	(19.48)			(20.48)	(18.34)
L.kaopen		30.60	24.02	48.45			43.83	50.77
		(128.0)	(125.1)	(149.9)			(152.9)	(150.7)
L.gdp_growth		174.0	181.7	126.9			97.58	135.5
		(238.8)	(239.9)	(276.3)			(278.9)	(268.4)
L.MSCI_		2.607	4.294	-0.422			2.545	0.520
		(6.290)	(6.180)	(8.132)			(7.768)	(8.647)
L.msciglobal		-5,231**	-5,464**	-4,296*			-5,073*	-6,151**
		(2,234)	(2,274)	(2,530)			(2,672)	(2,722)
L.federalrate			360.8**	112.7			372.6	319.0*
			(169.6)	(163.9)			(264.4)	(181.2)
L.Crudeoilreturn				-565.7			-801.7	-837.4
				(758.8)			(772.4)	(751.0)
L.epu				-7.378**			-3.467	-3.936*
				(3.050)			(2.408)	(2.371)
Country Fixed Effect	Y	Y	Y	Y	Y	Y	Y	Y
Year Fixed Effect	Y	Y	Y	Y	Y	Y	Y	Y
Constant	-174.3	-71.39	-841.9	-268.7	-158.8	-116.6	-904.1	-658.8
	(140.5)	(692.1)	(648.1)	(830.8)	(144.5)	(162.7)	(838.8)	(789.0)
Observations	2822	2822	2822	2822	2822	2822	2822	2822
R-squared	0.133	0.182	0.195	0.241	0.119	0.120	0.214	0.220

*Note: (1) Standard errors are in parentheses; (2) *, ***, **** indicate significance at the 10%, 5%, and 1% confidence levels respectively.*

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Table 5 displays the regression results for testing Hypothesis 3. Regressions (1) to (5) examine the mechanism of unconventional monetary policy, specifically large-scale asset purchases. On the other hand, regressions (6) and (8) investigate the inertia mechanism of forward guidance, while regressions (7) and (9) test the inertia mechanism of conventional monetary policy.

Upon examining the inertia mechanism of policy, it becomes apparent that the same holds true solely for large-scale asset purchases. Notably, Hypothesis 3 is confirmed, suggesting that only large-scale asset purchases exhibit the inertia mechanism.

Table 5: Inertia mechanism regression results

VARIABLES	(1) bflow	(2) bflow	(3) bflow	(4) bflow	(5) bflow	(6) bflow	(7) bflow	(8) bflow	(9) bflow
avglsap	356.3***	392.9***	351.5***	272.1***	296.2**				
	(91.81)	(107.5)	(100.0)	(93.89)	(123.6)				
avgfg						-6.777		153.0	
						(56.38)		(115.4)	
avgffr							-81.86		-559.3
							(270.4)		(370.0)
L.avglxlsapcon	85.02**	96.70**	135.1***	151.3***	167.0***				
	(39.07)	(42.55)	(49.48)	(52.73)	(54.17)				
L.avgfgxfgcon						103.0**		231.0***	
						(42.69)		(70.25)	
L.avgffrxffrcon							99.80**		204.3***
							(48.07)		(58.11)
L.mminterest_	-6.493	1.343	3.020	0.267	7.020	-5.526	-5.184	10.38	11.65
	(21.86)	(22.59)	(22.26)	(22.16)	(26.76)	(22.53)	(23.09)	(26.93)	(27.11)
debt_to_GDP_	-2.663	-3.795	-3.780	-3.774	-4.765	-2.744	-2.757	-5.410	-5.260
	(5.087)	(4.870)	(4.802)	(4.759)	(5.795)	(5.176)	(5.166)	(5.803)	(5.870)
FDIndex_		1,842**	1,848**	1,799**	1,890**			1,853**	1,856**
		(812.9)	(796.6)	(805.8)	(931.0)			(930.6)	(911.5)
L.vix	11.49	14.21	5.095	2.401	13.63	4.199	3.373	-21.95	-8.791
	(9.623)	(9.572)	(9.207)	(9.124)	(15.16)	(8.069)	(8.539)	(21.26)	(13.94)
L.kaopen		38.75	35.41	28.62	46.25			41.56	50.93
		(126.1)	(124.7)	(122.2)	(149.2)			(147.4)	(148.0)
gdp_growth		125.9	183.4	177.7	83.20			35.18	89.33
		(239.2)	(238.8)	(242.6)	(282.9)			(293.5)	(275.3)
L.MSCI_		-4.785	-1.319	-0.0789	-3.465			-4.133	-5.759
		(6.309)	(6.023)	(5.942)	(8.408)			(8.918)	(9.498)
L.msciglobal			-4,341**	-5,038***	-3,755*			-5,935**	-6,485**

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			(1,727)	(1,909)	(2,232)			(2,845)	(2,744)
L.federalrate				342.4**	215.1			507.7*	361.3**
				(157.6)	(164.1)			(260.7)	(180.8)
L.Crudeoilreturn					-616.8			-908.4	-912.4
					(730.9)			(728.2)	(709.0)
L.epu	-5.142***	-5.851***	-6.211***	-5.634***	-8.297**	-3.329**	-3.217**	-5.443**	-6.124**
	(1.584)	(1.924)	(1.938)	(1.778)	(3.234)	(1.359)	(1.516)	(2.598)	(2.608)
Country Fixed Effect	Y	Y	Y	Y	Y	Y	Y	Y	Y
Year Fixed Effect	Y	Y	Y	Y	Y	Y	Y	Y	Y
Constant	582.6	-329.9	-92.56	-728.5	-521.9	520.0	534.4	-793.1	-514.9
	(507.3)	(651.7)	(649.3)	(631.3)	(761.5)	(517.0)	(494.3)	(738.2)	(720.7)
Observations	2822	2822	2822	2822	2822	2822	2822	2822	2822
R-squared	0.203	0.218	0.234	0.245	0.257	0.163	0.164	0.257	0.249

*Note: (1) Standard errors are in parentheses; (2) *, ***, **** indicate significance at the 10%, 5%, and 1% confidence levels respectively.*

Tables 6 and 7 present the regression results for testing Hypothesis 4. In Table 6, the impact of U.S. unconventional monetary policy shocks on cross-border bond capital flows in emerging market countries from 2008 to 2013 is examined. Columns (1) and (4) analyze the impact of large-scale asset purchases on cross-border capital flows of bonds, while (2) and (5) investigate the impacts of forward guidance. Lastly, columns (3) and (6) assess the impact of federal funds rate shocks on bond cross-border capital flows. It is observed that during the quantitative easing cycle, large-scale asset purchases have a significant impact on cross-border inflows of bonds from emerging market countries.

Table 6: Heterogeneity regression results during 2008-2013

VARIABLES	(1) bflow	(2) bflow	(3) bflow	(4) bflow	(5) bflow	(6) bflow
avglsap	757.1***			547.9**		
	(281.4)			(233.8)		
avgfg		-80.3			-85.26	
		(61.23)			(62.01)	
avgffr			-89.92			-68.80
			(77.15)			(76.61)
L.mminterest_	42.16	34.97	34.56	34.93	28.50	28.04
	(29.35)	(28.48)	(29.55)	(27.38)	(26.40)	(26.55)
debt_to_GDP_	-8.904	-8.136	-8.122	-8.775	-8.206	-8.251
	(6.023)	(6.333)	(6.492)	(5.743)	(5.975)	(6.027)

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FDIndex_	3,046*	2,917	2,984	3,114**	3,048*	3,097*
	(1,623)	(1,759)	(1,806)	(1,556)	(1,646)	(1,633)
L.vix	113.8**	30.99**	2.608	114.5***	54.72***	42.44*
	(44.59)	(12.37)	(18.44)	(43.00)	(17.17)	(24.03)
L.kaopen	119.2	104.7	103.1	128.9	120.2	121.7
	(101.7)	(115.4)	(117.1)	(97.16)	(102.0)	(101.8)
gdp_growth	180.0	35.74	96.50	161.6	74.22	102.0
	(136.7)	(161.1)	(159.9)	(154.9)	(124.8)	(119.7)
L.MSCI_	-7.775	3.992	5.840	-13.33	-6.141	-6.187
	(8.966)	(6.862)	(7.623)	(9.398)	(8.296)	(8.484)
L.msciglobal	7,653***	2,750	-272.6	8,050***	4,340***	3,007**
	(2,344)	(1,731)	(1,229)	(2,139)	(1,531)	(1,404)
L.federalrate	-676.6***	-318.4**	-0.0811	-513.7***	-194.6	-21.77
	(233.9)	(125.7)	(73.54)	(191.2)	(118.5)	(101.4)
L.Crudeoilreturn	-2,870***	-887.2*	-674.5	-3,268***	-2,024**	-1,940**
	(1,049)	(474.0)	(594.1)	(1,004)	(793.7)	(886.0)
L.epu	-22.49**	-2.804	-1.297	-21.13**	-7.527**	-7.011*
	(8.689)	(2.475)	(3.245)	(8.152)	(3.444)	(3.923)
UsM2growth				84,035***	97,965***	109,789***
				(22,339)	(34,993)	(32,464)
Country Fixed Effect	Y	Y	Y	Y	Y	Y
Year Fixed Effect	Y	Y	Y	Y	Y	Y
Constant	195.3	-1,092	-1,410	-754.1	-1,822*	-2,087**
	(863.9)	(953.9)	(1,042)	(800.8)	(1,007)	(988.0)
Observations	1411	1411	1411	1411	1411	1411
R-squared	0.348	0.291	0.249	0.406	0.367	0.361

*Note: (1) Standard errors are in parentheses; (2) *, ***, **** indicate significance at the 10%, 5%, and 1% confidence levels respectively.*

Through comparison, it is evident that the impact of the initial large-scale asset purchase on capital flows was consistently positive and significant both before and after 2014. However, the coefficient became significantly larger after 2014, indicating that capital outflows during contractionary periods are more pronounced than inflows during expansionary periods. This suggests that the impact of unconventional monetary policies on cross-border capital flows is asymmetric. Additionally, the significance of the impact

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of large-scale asset purchases on cross-border capital flows has decreased, while the significance of the impact of the federal funds rate has increased. This implies that traditional monetary policy has diminished in significance post-2014, with a larger post-action space compared to before 2014.

Overall, these findings confirm Hypothesis 4 regarding the asymmetric impact of unconventional monetary policies and the changing significance of traditional monetary policy.

Table 7: Heterogeneity regression results during 2014-2019

VARIABLES	(1) bflow	(2) bflow	(3) bflow	(4) bflow	(5) bflow	(6) bflow
avglsap	2,010**			2,552*		
	(783.5)			(1,425)		
avgffr			-1,291			-1,452*
			(3,565)			(810.8)
avgfg		-100.9			706.1*	
		(278.5)			(394.2)	
L.mminterest_	46.13	27.90	27.90	85.26	85.26	85.26
	(82.90)	(88.17)	(88.17)	(76.82)	(76.82)	(76.82)
debt_to_GDP_	-19.30	-30.30	-30.30	-0.0250	-0.0250	-0.0250
	(34.56)	(34.23)	(34.23)	(20.38)	(20.38)	(20.38)
FDIndex_	6,446	6,842	6,842	3,854	3,854	3,854
	(4,721)	(4,565)	(4,565)	(3,223)	(3,223)	(3,223)
L.vix	79.79*	-104.8	34.95	14.37	-361.7**	-89.12*
	(42.52)	(133.6)	(419.4)	(68.08)	(171.5)	(51.59)
L.kaopen	-527.0	-523.6	-523.6	-444.2	-444.2	-444.2
	(496.1)	(521.1)	(521.1)	(473.4)	(473.4)	(473.4)
gdp_growth	-92.25	-771.0	-771.0	75.88	75.88	75.88
	(1,191)	(1,262)	(1,262)	(1,217)	(1,217)	(1,217)
L.MSCI_	20.94	4.335	4.335	4.430	4.430	4.430
	(20.80)	(21.05)	(21.05)	(19.76)	(19.76)	(19.76)
L.msciglobal	-12,682*	-32,354	6,484	-14,023	-56,243***	-25,537***
	(6,620)	(30,006)	(101,031)	(9,775)	(20,781)	(8,779)

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L.federalrate	639.9**	301.0	4,072	911.1*	233.4	244.6
	(268.0)	(3,064)	(9,552)	(506.5)	(191.5)	(194.9)
L.Crudeoilreturn	-650.0	3,899	-847.5	-955.0	6,285**	2,929*
	(1,451)	(3,459)	(12,427)	(2,688)	(2,395)	(1,537)
L.epu	-7.042**	-7.302	0.521	-9.741**	-11.29**	-8.030**
	(2.837)	(7.718)	(19.63)	(4.055)	(4.541)	(3.681)
UsM2growth				73,831	-55,562	-112,491**
				(115,314)	(59,762)	(50,975)
Country Fixed Effect	Y	Y	Y	Y	Y	Y
Year Fixed Effect	Y	Y	Y	Y	Y	Y
Constant	-4,320*	-553.1	-3,706	-3,784	2,908	-656.3
	(2,538)	(4,019)	(9,439)	(2,274)	(3,539)	(2,265)
Observations	1411	1411	1411	1411	1411	1411
R-squared	0.293	0.375	0.375	0.386	0.386	0.386

*Note: (1) Standard errors are in parentheses; (2) *, ***, **** indicate significance at the 10%, 5%, and 1% confidence levels respectively.*

V. Robustness Check

In this section, we conduct two types of robustness checks. First, we establish a placebo group by substituting the explanatory variable with a conventional monetary policy variable (i.e., federal funds rate shock). Second, we utilize the sum of monthly overall monetary policy shocks as the independent variable instead of the monthly average monetary policy shock.

a) Robustness Check for H1

We first present the robustness check result of Hypothesis 1, in which we present the regression result of conventional monetary policy (i.e. federal fund rate shock) on capital flow, and that of alternative unconventional monetary policy indicators on capital flow, as shown in Table 8.

Table 8: Federal fund rate shock benchmark regression results

VARIABLES	(1) bflow	(2) bflow	(3) bflow	(4) bflow	(5) bflow	(6) bflow	(7) bflow	(8) bflow	(9) bflow	(10) bflow
L.avgffr	-41.01	-38.01	-54.95	-53.92	-282.0	-256.3	-218.7	-538.3	-501.7	-497.7
	(51.80)	(51.95)	(46.00)	(46.68)	(217.1)	(220.6)	(271.7)	(342.6)	(368.4)	(368.1)
L.mminterest_		-13.03	-4.682	0.509	7.254	6.870	4.691	9.790	13.36	15.13
		(15.04)	(20.61)	(20.84)	(22.78)	(22.96)	(22.88)	(22.48)	(26.71)	(26.24)
L.debt_to_GDP_			-2.545	-4.094	-4.587	-3.995	-3.827	-3.909	-4.675	-4.906
			(4.805)	(5.020)	(5.492)	(4.977)	(5.061)	(5.033)	(5.925)	(5.917)

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L.FDIndex_				1,429*	1,631*	1,780**	1,747**	1,818**	1,952**	1,983**
				(769.9)	(851.8)	(780.9)	(793.9)	(796.0)	(940.7)	(943.5)
L.vix					-5.208	-2.853	-1.831	-12.59**	9.747	6.594
					(5.004)	(5.159)	(4.746)	(5.561)	(13.04)	(13.53)
L.kaopen						37.18	33.36	33.36	52.55	49.11
						(132.0)	(132.1)	(130.0)	(151.5)	(148.0)
L.gdp_growth						172.0	172.5	261.4	178.0	153.7
						(245.9)	(248.6)	(233.2)	(260.6)	(271.2)
L.MSCI_							2.844	5.671	3.396	3.981
							(6.694)	(6.118)	(8.392)	(8.299)
L.msciglobal								-5,217***	-4,423*	-3,992*
								(1,998)	(2,500)	(2,374)
L.federalrate									367.1*	276.8*
									(189.4)	(142.1)
L.Crudeoilreturn									-652.7	-631.2
									(699.8)	(705.6)
L.epu									-4.358*	-3.707
									(2.484)	(2.346)
L.UsM2growth										-26,345
										(35,730)
Country Fixed Effect	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Year Fixed Effect	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Constant	-137.1	158.7	245.3	-475.5	-510.3	-644.4	-657.8	-409.9	-1,188	-895.2
	(126.7)	(263.6)	(431.7)	(529.2)	(602.1)	(612.9)	(614.7)	(608.8)	(741.7)	(814.7)
Observations	2822	2822	2822	2822	2822	2822	2822	2822	2822	2822
R-squared	0.113	0.120	0.122	0.128	0.140	0.141	0.141	0.162	0.212	0.217

*Note: (1) Standard errors are in parentheses; (2) ∗, ***, **** indicate significance at the 10%, 5%, and 1% confidence levels respectively.*

Table 9: LSAP robustness test using monthly overall data

VARIABLES	(1) bflow	(2) bflow	(3) bflow	(4) bflow	(5) bflow	(6) bflow	(7) bflow	(8) bflow	(9) bflow	(10) bflow
L.sumlsap	178.9***	168.3***	151.0***	149.0***	224.2***	234.5***	228.2***	204.8***	393.0***	430.6***
	(58.90)	(58.86)	(56.60)	(56.35)	(72.34)	(74.29)	(76.72)	(76.42)	(137.1)	(152.8)
L.mminterest_		-13.26	-4.999	0.180	6.682	6.209	3.857	5.245	8.332	10.72

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		(14.99)	(20.23)	(20.43)	(22.26)	(22.39)	(21.93)	(21.76)	(26.29)	(25.78)
L.debt_to_GDP_			-2.510	-4.055	-4.534	-3.804	-3.631	-3.586	-4.259	-4.571
			(4.788)	(4.999)	(5.449)	(4.947)	(5.016)	(5.002)	(5.861)	(5.834)
L.FDIndex_				1,426*	1,624*	1,805**	1,769**	1,782**	1,983**	2,031**
				(770.8)	(854.2)	(784.6)	(794.9)	(792.0)	(963.5)	(969.8)
L.vix					-6.633	-4.308	-3.261	-7.134	31.91**	28.84**
					(5.563)	(5.766)	(5.359)	(6.075)	(14.74)	(14.19)
L.kaopen						41.14	36.86	34.76	49.41	45.08
						(130.3)	(131.2)	(130.3)	(150.9)	(145.9)
L.gdp_growth						195.2	194.0	238.3	169.4	139.1
						(234.1)	(236.5)	(235.6)	(268.1)	(277.4)
L.MSCI_							3.057	5.871	3.217	3.788
							(5.532)	(5.499)	(7.817)	(7.639)
L.msciglobal								-2,410*	-2,072	-1,421
								(1,398)	(1,978)	(1,855)
L.federalrate									170.1	23.20
									(172.6)	(153.2)
L.Crudeoilreturn									-347.2	-293.2
									(717.0)	(725.2)
L.epu									-7.799**	-7.239**
									(3.202)	(2.988)
L.UsM2growth										-37,224
										(36,955)
Country Fixed Effect	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Year Fixed Effect	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Constant	-158.6	143.0	224.7	-493.9	-556.7	-711.5	-716.0	-638.9	-917.7	-451.0
	(124.4)	(269.0)	(429.1)	(526.5)	(603.7)	(616.5)	(614.8)	(611.1)	(756.1)	(858.4)
Observations	2822	2822	2822	2822	2822	2822	2822	2822	2822	2822
R-squared	0.122	0.128	0.135	0.140	0.154	0.157	0.158	0.164	0.230	0.241

*Note: (1) Standard errors are in parentheses; (2) ∗, ***, **** indicate significance at the 10%, 5%, and 1% confidence levels respectively.*

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Table 10: Forward guidance robustness test using monthly overall data

VARIABLES	(1) bflow	(2) bflow	(3) bflow	(4) bflow	(5) bflow	(6) bflow	(7) bflow	(8) bflow	(9) bflow	(10) bflow
L.sumfg	-23.03	-19.19	-25.55	-23.43	-22.25	-21.42	-18.83	-13.71	79.87	44.83
	(53.00)	(53.15)	(44.97)	(45.22)	(56.73)	(57.06)	(55.89)	(56.55)	(106.2)	(76.79)
L.mminterest_		-13.00	-4.757	0.459	6.752	6.451	2.879	4.885	11.42	12.11
		(15.16)	(20.53)	(20.78)	(22.64)	(22.80)	(22.29)	(22.05)	(26.17)	(26.06)
L.debt_to_GDP_			-2.520	-4.072	-4.553	-3.928	-3.661	-3.603	-4.622	-4.720
			(4.812)	(5.031)	(5.499)	(4.981)	(5.054)	(5.043)	(5.899)	(5.910)
L.FDIndex_				1,430*	1,625*	1,776**	1,721**	1,746**	1,950**	1,966**
				(768.4)	(849.3)	(779.2)	(786.6)	(786.4)	(946.1)	(944.9)
L.vix					-3.370	-1.100	0.292	-5.365	6.964	8.826
					(6.146)	(6.223)	(6.267)	(6.991)	(16.22)	(14.65)
L.kaopen						37.69	31.25	29.25	44.63	42.25
						(132.9)	(133.4)	(132.2)	(153.3)	(151.6)
L.gdp_growth						176.5	175.8	236.5	136.8	116.8
						(245.6)	(249.1)	(246.3)	(274.7)	(283.2)
L.MSCI_							4.695	8.165	5.784	6.132
							(5.235)	(5.183)	(7.538)	(7.564)
L.msciglobal								-3,147**	-3,293	-2,730
								(1,458)	(2,385)	(2,201)
L.federalrate									445.4*	345.9*
									(261.5)	(201.4)
L.Crudeoilreturn									-611.3	-590.8
									(715.5)	(719.5)
L.epu									-3.764	-3.420
									(2.462)	(2.434)
L.UsM2growth										-19,458
										(30,251)
Country Fixed Effect	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Year Fixed Effect	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Constant	-148.8	147.4	229.5	-491.5	-586.9	-715.6	-721.6	-619.1	-1,484*	-1,250
	(127.8)	(269.7)	(435.1)	(529.3)	(610.4)	(624.7)	(620.6)	(616.9)	(767.6)	(800.3)
Observations	2822	2822	2822	2822	2822	2822	2822	2822	2822	2822
R-squared	0.113	0.120	0.122	0.127	0.135	0.137	0.139	0.148	0.206	0.208

*Note: (1) Standard errors are in parentheses; (2) *, ***, **** indicate significance at the 10%, 5%, and 1% confidence levels respectively.*

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It's apparent that although there's a negative correlation between the previous period's federal funds rate impact and the current period's cross-border capital flow of bonds, this relationship lacks significance. This can be attributed to the near-zero interest rates persisting for nearly 7 years from 2008 to 2019. Consequently, despite brief interest rate hikes by the Federal Reserve post-2015, overall monetary expansion primarily relied on unconventional monetary policies. Nonetheless, traditional monetary policy still holds some influence after 2015, as evidenced by the negative sum of coefficients for L.avgffr and L.federalrate in (9) and (10).

From the preceding results, it's evident that the primary avenue through which the Fed's unconventional monetary policy impacts bond capital flows in emerging markets is via large-scale asset purchases, i.e., quantitative easing. Forward guidance exhibits limited impact on cross-border bond capital flows, while the rise in the federal funds rate notably curtails such flows. However, its effect remains insignificant due to the constraints posed by the zero interest rate era. Thus, Hypothesis 1 is validated.

b) Robustness check for H2 and H3

The robustness check results presented in Table 11 and 12 demonstrate consistent findings, affirming the robustness of our analysis

Table 11: Risk-appetite mechanism robustness test using monthly overall data

VARIABLES	(1) bflow	(2) bflow	(3) bflow	(4) bflow	(5) bflow	(6) bflow	(7) bflow	(8) bflow
L.sumlsap	275.2***	252.2***	188.2**	395.7***				
	(79.06)	(83.89)	(84.94)	(134.5)				
L.sumfg					-36.77		54.78	
					(64.92)		(107.9)	
L.sumffr						110.5		-96.48
						(145.0)		(244.0)
L.sumlsapxvix	0.756**	3.936**	3.432**	3.674**				
	(0.351)	(1.614)	(1.481)	(1.833)				
L.sumfgxvix					0.655		3.234*	
					(0.419)		(1.787)	
L.sumffrxvix						0.675**		3.278
						(0.313)		(2.257)
L.mminterest_		4.878	2.250	8.320			10.96	10.43
		(22.04)	(21.96)	(26.16)			(26.28)	(26.82)
L.debt_to_GDP_		-3.967	-3.885	-4.583			-4.856	-4.778
		(4.993)	(4.942)	(5.840)			(5.898)	(5.912)
L.FDIndex_		1,732**	1,712**	1,911**			1,882**	1,871*
		(795.7)	(815.0)	(965.8)			(949.6)	(951.1)
L.vix		-36.53**	-30.86**	0.434			-17.81	-11.36

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		(16.24)	(14.75)	(19.48)			(20.48)	(21.60)
L.kaopen		30.49	23.94	48.45			43.83	45.64
		(128.0)	(125.1)	(149.9)			(152.9)	(152.2)
L.gdp_growth		173.8	181.5	126.9			97.58	105.8
		(238.8)	(240.0)	(276.3)			(278.9)	(274.3)
L.MSCI_		2.606	4.297	-0.422			2.545	1.785
		(6.289)	(6.180)	(8.132)			(7.768)	(8.332)
L.msciglobal		-5,223**	-5,458**	-4,296*			-5,073*	-4,997**
		(2,233)	(2,274)	(2,530)			(2,672)	(2,514)
L.federalrate			360.1**	112.7			372.6	309.4*
			(169.9)	(163.9)			(264.4)	(179.7)
L.Crudeoilreturn				-565.7			-801.7	-827.6
				(758.8)			(772.4)	(754.7)
L.epu				-7.378**			-3.467	-3.864
				(3.050)			(2.408)	(2.351)
Country Fixed Effect	Y	Y	Y	Y	Y	Y	Y	Y
Year Fixed Effect	Y	Y	Y	Y	Y	Y	Y	Y
Constant	-174.5	-75.81	-844.0	-268.7	-159.4	-175.0	-904.1	-802.8
	(140.6)	(691.7)	(647.9)	(830.8)	(144.4)	(148.0)	(838.8)	(815.5)
Observations	2822	2822	2822	2822	2822	2822	2822	2822
R-squared	0.133	0.182	0.195	0.241	0.119	0.119	0.214	0.213

*Note: (1) Standard errors are in parentheses; (2) ∗, ***, **** indicate significance at the 10%, 5%, and 1% confidence levels respectively.*

Table 12: Inertia mechanism robustness test using monthly overall data

VARIABLES	(1) bflow	(2) bflow	(3) bflow	(4) bflow	(5) bflow	(6) bflow	(7) bflow	(8) bflow	(9) bflow
L.sumlsap	357.1***	393.1***	352.0***	272.4***	296.2**				
	(91.71)	(107.4)	(99.97)	(94.00)	(123.6)				
L.sumfg						-8.636		153.0	
						(56.84)		(115.4)	
L.sumffr							58.57		-210.9
							(127.7)		(202.0)
L.sumlxlsapcon	85.13**	96.93**	135.3***	151.5***	167.0***				

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	(39.07)	(42.56)	(49.50)	(52.75)	(54.17)				
L.sumfgxfgcon						102.9**		231.0***	
						(42.68)		(70.25)	
L.sumffrxffrcon							107.4**		199.0***
							(47.24)		(58.26)
L.mminterest_	-6.475	1.403	3.076	0.321	7.020	-5.569	-5.186	10.38	8.938
	(21.85)	(22.58)	(22.26)	(22.17)	(26.76)	(22.53)	(22.93)	(26.93)	(27.07)
L.debt_to_GDP_	-2.663	-3.803	-3.786	-3.779	-4.765	-2.741	-2.763	-5.410	-5.074
	(5.087)	(4.871)	(4.803)	(4.759)	(5.795)	(5.176)	(5.154)	(5.803)	(5.875)
L.FDIndex_		1,844**	1,850**	1,801**	1,890**			1,853**	1,841**
		(812.8)	(796.4)	(805.8)	(931.0)			(930.6)	(923.1)
L.vix	11.59	14.27	5.150	2.444	13.63	4.295	4.139	-21.95	-0.228
	(9.631)	(9.581)	(9.211)	(9.132)	(15.16)	(8.047)	(8.478)	(21.26)	(12.56)
L.kaopen		38.57	35.24	28.51	46.25			41.56	46.04
		(126.1)	(124.7)	(122.2)	(149.2)			(147.4)	(149.7)
L.gdp_growth		124.9	182.6	177.2	83.20			35.18	66.90
		(239.3)	(238.9)	(242.7)	(282.9)			(293.5)	(280.7)
L.MSCI_		-4.814	-1.344	-0.0988	-3.465			-4.133	-4.373
		(6.314)	(6.027)	(5.946)	(8.408)			(8.918)	(9.230)
L.msciglobal			-4,347**	-5,041***	-3,755*			-5,935**	-5,178**
			(1,728)	(1,911)	(2,232)			(2,845)	(2,393)
L.federalrate				341.1**	215.1			507.7*	340.7*
				(157.8)	(164.1)			(260.7)	(179.5)
L.Crudeoilreturn					-616.8			-908.4	-915.0
					(730.9)			(728.2)	(718.1)
L.epu	-5.133***	-5.842***	-6.205***	-5.629***	-8.297**	-3.324**	-3.344**	-5.443**	-6.179**
	(1.580)	(1.920)	(1.935)	(1.776)	(3.234)	(1.366)	(1.315)	(2.598)	(2.626)
Country Fixed Effect	Y	Y	Y	Y	Y	Y	Y	Y	Y
Year Fixed Effect	Y	Y	Y	Y	Y	Y	Y	Y	Y
Constant	580.2	-333.1	-95.09	-728.1	-521.9	518.3	508.1	-793.1	-672.8
	(507.1)	(651.5)	(649.0)	(631.2)	(761.5)	(518.3)	(497.8)	(738.2)	(730.4)
Observations	2822	2822	2822	2822	2822	2822	2822	2822	2822
R-squared	0.204	0.218	0.234	0.245	0.257	0.163	0.163	0.257	0.245

*Note: (1) Standard errors are in parentheses; (2) *, ***, **** indicate significance at the 10%, 5%, and 1% confidence levels respectively.*

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c) Robustness Check for H4

The robustness check results presented in Tables 13 and 14 demonstrate consistent findings, affirming the robustness of our analysis.

Table 13: Heterogeneity robustness test using monthly overall data 2008-2013

VARIABLES	(1) bflow	(2) bflow	(3) bflow	(4) bflow	(5) bflow	(6) bflow
sumlsap	757.1***			547.9**		
	(281.4)			(233.8)		
sumfg		-80.3			-85.26	
		(61.23)			(62.01)	
sumffr			-89.92			-68.80
			(77.15)			(76.61)
L.mminterest_	42.16	34.97	34.56	34.93	28.50	28.04
	(29.35)	(28.48)	(29.55)	(27.38)	(26.40)	(26.55)
debt_to_GDP_	-8.904	-8.136	-8.122	-8.775	-8.206	-8.251
	(6.023)	(6.333)	(6.492)	(5.743)	(5.975)	(6.027)
FDIndex_	3,046*	2,917	2,984	3,114**	3,048*	3,097*
	(1,623)	(1,759)	(1,806)	(1,556)	(1,646)	(1,633)
L.vix	113.8**	30.99**	2.608	114.5***	54.72***	42.44*
	(44.59)	(12.37)	(18.44)	(43.00)	(17.17)	(24.03)
L.kaopen	119.2	104.7	103.1	128.9	120.2	121.7
	(101.7)	(115.4)	(117.1)	(97.16)	(102.0)	(101.8)
gdp_growth	180.0	35.74	96.50	161.6	74.22	102.0
	(136.7)	(161.1)	(159.9)	(154.9)	(124.8)	(119.7)
L.MSCI_	-7.775	3.992	5.840	-13.33	-6.141	-6.187
	(8.966)	(6.862)	(7.623)	(9.398)	(8.296)	(8.484)
L.msciglobal	7,653***	2,750	-272.6	8,050***	4,340***	3,007**
	(2,344)	(1,731)	(1,229)	(2,139)	(1,531)	(1,404)
L.federalrate	-676.6***	-318.4**	-0.0811	-513.7***	-194.6	-21.77

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	(233.9)	(125.7)	(73.54)	(191.2)	(118.5)	(101.4)
L.Crudeoilreturn	-2,870***	-887.2*	-674.5	-3,268***	-2,024**	-1,940**
	(1,049)	(474.0)	(594.1)	(1,004)	(793.7)	(886.0)
L.epu	-22.49**	-2.804	-1.297	-21.13**	-7.527**	-7.011*
	(8.689)	(2.475)	(3.245)	(8.152)	(3.444)	(3.923)
UsM2growth				84,035***	97,965***	109,789***
				(22,339)	(34,993)	(32,464)
Country Fixed Effect	Y	Y	Y	Y	Y	Y
Year Fixed Effect	Y	Y	Y	Y	Y	Y
Constant	195.3	-1,092	-1,410	-754.1	-1,822*	-2,087**
	(863.9)	(953.9)	(1,042)	(800.8)	(1,007)	(988.0)
Observations	1411	1411	1411	1411	1411	1411
R-squared	0.348	0.291	0.249	0.406	0.367	0.361

*Note: (1) Standard errors are in parentheses; (2) *, ***, **** indicate significance at the 10%, 5%, and 1% confidence levels respectively.*

Table 14: Heterogeneity robustness test using monthly overall data 2004-2019

VARIABLES	(1) bflow	(2) bflow	(3) bflow	(4) bflow	(5) bflow	(6) bflow
sumlsap	2,010**			2,552*		
	(783.5)			(1,425)		
sumffr			-1,291			-1,452*
			(3,565)			(810.8)
sumfg		-100.9			706.1*	
		(278.5)			(394.2)	
L.mminterest_	46.13	27.90	27.90	85.26	85.26	85.26
	(82.90)	(88.17)	(88.17)	(76.82)	(76.82)	(76.82)
debt_to_GDP_	-19.30	-30.30	-30.30	-0.0250	-0.0250	-0.0250
	(34.56)	(34.23)	(34.23)	(20.38)	(20.38)	(20.38)
FDIndex_	6,446	6,842	6,842	3,854	3,854	3,854

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	(4,721)	(4,565)	(4,565)	(3,223)	(3,223)	(3,223)
L.vix	79.79*	-104.8	34.95	14.37	-361.7**	-89.12*
	(42.52)	(133.6)	(419.4)	(68.08)	(171.5)	(51.59)
L.kaopen	-527.0	-523.6	-523.6	-444.2	-444.2	-444.2
	(496.1)	(521.1)	(521.1)	(473.4)	(473.4)	(473.4)
gdp_growth	-92.25	-771.0	-771.0	75.88	75.88	75.88
	(1,191)	(1,262)	(1,262)	(1,217)	(1,217)	(1,217)
L.MSCI_	20.94	4.335	4.335	4.430	4.430	4.430
	(20.80)	(21.05)	(21.05)	(19.76)	(19.76)	(19.76)
L.msciglobal	-12,682*	-32,354	6,484	-14,023	-56,243***	-25,537***
	(6,620)	(30,006)	(101,031)	(9,775)	(20,781)	(8,779)
L.federalrate	639.9**	301.0	4,072	911.1*	233.4	244.6
	(268.0)	(3,064)	(9,552)	(506.5)	(191.5)	(194.9)
L.Crudeoilreturn	-650.0	3,899	-847.5	-955.0	6,285**	2,929*
	(1,451)	(3,459)	(12,427)	(2,688)	(2,395)	(1,537)
L.epu	-7.042**	-7.302	0.521	-9.741**	-11.29**	-8.030**
	(2.837)	(7.718)	(19.63)	(4.055)	(4.541)	(3.681)
UsM2growth				73,831	-55,562	-112,491**
				(115,314)	(59,762)	(50,975)
Country Fixed Effect	Y	Y	Y	Y	Y	Y
Year Fixed Effect	Y	Y	Y	Y	Y	Y
Constant	-4,320*	-553.1	-3,706	-3,784	2,908	-656.3
	(2,538)	(4,019)	(9,439)	(2,274)	(3,539)	(2,265)
Observations	1411	1411	1411	1411	1411	1411
R-squared	0.293	0.375	0.375	0.386	0.386	0.386

*Note: (1) Standard errors are in parentheses; (2) *, ***, **** indicate significance at the 10%, 5%, and 1% confidence levels respectively.*

VI. Conclusion and Policy Recommendation

This paper demonstrates the impact, mechanism and heterogeneity of unconventional monetary policies on bond capital flows in emerging market countries through theoretical modeling, fact analysis and empirical testing. The study found that unconventional monetary policy has an important impact on capital flows in emerging markets. Unconventional monetary policies can be divided into forward guidance and large-scale asset purchases (quantitative easing). The main factor affecting capital inflows in emerging markets after the subprime

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mortgage crisis is large-scale asset purchases. Large-scale asset purchases affect capital flows through two mechanisms: The first mechanism is a risk appetite mechanism: on the one hand, quantitative easing reduces the average cost of investors' positions. In order to rebalance costs, investors increase their risk preferences and increase demand for emerging market bonds; on the other hand, quantitative easing improves the stability of emerging market countries. The demand function for bond issuance allows these countries to issue more bonds at the same cost, thereby increasing bond supply; another mechanism is the inertia mechanism, which will help the investor build an expectation that the Feds will continue easing (tightening) when the United States engages in quantitative easing (tightening), thereby increasing investment in developing country assets. At the same time, unconventional monetary policy has asymmetry, which is reflected in the contrast between slow inflows during easing periods and panicky outflows during tightening periods.

Therefore, we propose three policy recommendations:

1. Firstly, bolster counter-cyclical management efforts to mitigate the procyclicality of capital flows. The risk preference mechanism, driven by interest rate differentials between emerging market government bonds and U.S. debt, exacerbates capital inflows during easing cycles and outflows during tightening cycles. Simultaneously, the inertia mechanism amplifies investment during easing cycles while dampening it during tightening cycles, exacerbating economic volatility. Mitigating these procyclical tendencies is crucial to reducing the volatility of cross-border capital flows and enhancing the stability of short-term capital utilization.
2. Secondly, recognize that achieving capital convertibility requires gradual steps. While opening the capital account may reduce long-term costs associated with foreign capital utilization, it also exposes developing countries to disruptions from the U.S. Federal Reserve's policy actions, often termed the "dollar tide." Given the potential for panic-driven capital flight during periods of Fed policy tightening, countries should heed lessons from past financial crises and prioritize cautious, gradual capital account liberalization over hasty deregulation.
3. Thirdly, adopt a phased approach to capital opening, prioritizing stability and risk management. Sovereign funds exhibit greater stability compared to mixed and non-sovereign funds, as evidenced in the empirical analysis. Therefore, capital account liberalization efforts should begin with sovereign funds, gradually expanding to mixed funds, and finally encompassing non-sovereign funds. This incremental approach balances the pursuit of economic benefits with the imperative of safeguarding against systemic financial risks, ensuring a prudent and sustainable path toward capital openness.

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The Robustness of Job Polarization and the Growth of High-Skill Occupations

By Zekun Wu

Abstract- The job polarization in the U.S. labor market has been widely discussed. This paper uses the CPS-MORG data to examine the robustness of the polarization phenomena to different time periods and business cycles. A special focus is on the high-skill occupations. This paper investigates the structural characteristics of the high-skill occupations and also reveals the education effect on the wage increase of the high-skill jobs relative to low- and middle-skill occupations. Based on the results, the wage polarization is robust to both time periods and business cycles while the employment share polarization is very sensitive to both. According to the counterfactual experiment, the managers and professional occupations account for a large proportion of the employment share increase and almost all of the wage increase for the high skill occupations. The increase in marginal benefit of a graduate degree is mainly enjoyed by the high-skilled workers from 1980 to 2013. The increase in marginal benefit of a college degree is mainly enjoyed by the middle- and low-skilled workers during the same period.

Keywords: job polarization, high-skill occupations, education, wage.

GJMBR-B Classification: JEL: J24



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The Robustness of Job Polarization and the Growth of High-Skill Occupations

Zekun Wu

Abstract- The job polarization in the U.S. labor market has been widely discussed. This paper uses the CPS-MORG data to examine the robustness of the polarization phenomena to different time periods and business cycles. A special focus is on the high-skill occupations. This paper investigates the structural characteristics of the high-skill occupations and also reveals the education effect on the wage increase of the high-skill jobs relative to low- and middle-skill occupations. Based on the results, the wage polarization is robust to both time periods and business cycles while the employment share polarization is very sensitive to both. According to the counterfactual experiment, the managers and professional occupations account for a large proportion of the employment share increase and almost all of the wage increase for the high skill occupations. The increase in marginal benefit of a graduate degree is mainly enjoyed by the high-skilled workers from 1980 to 2013. The increase in marginal benefit of a college degree is mainly enjoyed by the middle- and low-skilled workers during the same period.

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I. Introduction

Over the past several decades, the United States has experienced a tremendous increase in both job opportunities and workers' wage. However, this prosperity, since the middle 1980s, has not been proportionally shared by all the workers. Two trends, observed by many labor economists, help to explain this inequality: employment polarization and wage polarization. Employment polarization refers to the increasing concentration of employment in the highest and lowest-wage occupation groups, and the decreasing share of employment in the middle-wage occupation group. Wage polarization is the non-monotonic wage increase by the highest and lowest-wage occupation groups relative to the middle-wage occupation group.

The foundation for a good interpretation and prediction is the "goodness of fit" or rather the robustness of the polarization phenomenon that is observed by many economists. The data on polarization has been always characterized by the U-shaped curve. It denotes the lag of the middle wage workers when compared to the top and the bottom segments. Mishel, Shierholz, and Schmitt, 2013 shows the change of the share of total employment between 1989 and 2000 in the U.S. by occupational mean log wage percentiles. The standard method of demonstrating job polarization is to give the simplistic view of how well the occupational employment data agreed with the underlying data. Lefter and Sand (2011) are one of the initial doubters regarding the robustness of the job polarization. They use the occupational employment growth trends from 1999-2002 March CPS data instead of 2000 Census data. The conclusion is the divergent pattern of occupational employment growth observed during the 1990s referred to as job polarization. It is largely the result of smoothing over extreme occupational employment changes that are mainly due to the revision of the occupational classification system prior to the 2000 Census.

Mishel, Shierholz, and Schmitt (2013) also look at the data being used for the job polarization phenomena. For this purpose, they use the CPS-ORG data for occupational employment and wage trends. Because the CPS employment trends of the CPS data have not been used in the past for polarization studies, it could provide an additional verification of the sanguinity of the main data. Viewing the job polarization as absolute and relative also provides another perspective to look at the issue. Goos and Manning (2003) explored the disaggregation by occupation and industry. Goos, Manning, and Salomons (2010) also investigate the robustness of the regression used on the data. They look at the various countries of Europe for the effects of job polarization as a cross check. They conclude that the principal components are mechanically constructed. Additionally they have equal predictive power over recent occupational employment changes of the European countries.

The previous robustness examination focused on different time period or data quality; none of them have economics explanation in clarifying the robustness of the phenomenon. In the paper, I usee data from similar points of a recession cycle in order to keep other influencing effects at bay which normally tends to make the data noisier, interferes with the statistical analysis, and can lead to erroneous or biased results. This means the two baselines of study will be on the peak or trough of the economic cycles. Additionally, decadal cycles and cycles found in other literatures would be studied.

Another interesting question is the occupational structure of jobs in different skill levels. In other words, what kinds of jobs are driving the increase of the low-skill and the high-skill occupations? Autor and Dorn

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(2013) investigate the growth of low-skilled service occupations between 1980 and 2005. They find that the growth of service occupations accounts for most of the increase of the employment share and the workers' wage of the low-skill occupations. They use a counterfactual experiment to hold service occupations in 2005 at their 1980's level and find the increase of employment share is greatly damped as well as the wage increase.

If the low-skill occupations are dominated by the service occupations, what is happening in the high-skill occupations? I examine the high-skill occupations and tries to figure out which occupation category accounts for the change of the employment share and the change of the wage. The paper fills the gap left by Autor and Dorm (2013) on the dynamics of wage and employment share polarization with emphasis on the top-end (high-skill) percentile. Is one group (s) of occupation pulling everyone in the top end up? Or maybe it is a monotonic increase of all high-skill occupations? My hypothesis is that the managers and professionals occupations play the most important role in accounting for the high-skill occupation growth. Similar to Autor and Dorn (2013), the counterfactual experiments are employed but applied to the high-skill workers and the time length is extended to 2013. Empirical evidence is provided to reveal that most of the change at the top end of the wage spectrum is accounted for by the change of the managers and professionals while other occupations play a relatively minor role.

Besides the structural composition of the high-skill occupations, this paper also investigates a very important factor in determining the wage of high-skill occupations: the length of education. Acemoglu and Autor (2010) find that years of education contribute more to wage inequality in the recent years especially between college and non-college graduates. They use CPS data and plot the log hourly real wage in 1973, 1989, and 2009. Acemoglu and Autor (2010) offer a good presentation of impact of years of education on workers' wage. However, they do not account for the wage difference between different classes of works; high-skill, middle-skill, and low-skill. This paper separates the workers into three categories based on the skill level of the occupation and investigates how education impact wages for different skilled workers. More specifically, the length of education is measured at the level of education rather than years of education since the level of education is more credential oriented such as high school, college, or graduate degree rather than years in school.

This paper is organized in the following ways. Section 2 discusses the data used in this paper. Section 3 explains the methods I use to examine the robustness of the polarization and details about the counterfactual experiment, as well as the model for the education effect on the wage. Section 4 discussed the results, the conclusions and potential explanations. The paper is concluded by section 6.

II. Data

The article uses the Current Population Survey's Merged Outgoing Rotation Group (CPS MORG) data set. CPS is an individual-level monthly survey conducted by the government on household employment and labor information. It is the source of unemployment rate announced each month. The data is available from the Bureau of Labor and Statistics and National Bureau of Economic Research.

The CPS administers 4 monthly household interviews, then ignores them for 8 months, then interviews them again for 4 more months. If an occupant of a dwelling unite move, they are not followed, rather the new occupants of the unit are interviewed. Since 1979, only households in month 4 and 8 have been asked their usually weekly earning. The information from the outgoing interviews forms the MORG, gathered by BLS at the end of each year.

This paper uses date from January 1980 to December 2013 for the analysis and models. US Department of Labor's (DOT) classification of occupation changes several times during the sampling period. So, this paper utilizes the 330 occupations' classification (denoted as occ1990dd) designed by Dorn (2009) and composed by Gaggl and Eden (2014). Autor and Dorn (2013) matched the occupation code using the Census data, this paper uses the same occupations match but with CPS data. The CPS data is nosier than the Census, but it is more updated and detailed since CPS is conducted monthly. Despite the noise, CPS is a fair representation to check for robustness of the polarization phenomenon.

III. Methods and Models

The current population data (CPS) from the Bureau of Labor Statistics is used for this paper regarding unemployment rate correlated with other parameters like occupation from 1979 to 2013. All the data manipulation and statistical analysis has been achieved using the commercial software STATA. The data is first broken into yearly subgroups for further yearly calculations. Thereafter, calculate the employment share of each percentile for a specific year. This is done by first deflating the wage earned by the personal consumption expenditure (PCE). Then the mean log wage is calculated from this variable. The weighted mean of the mean log wage is thereby calculated. The percentile of mean wage is calculated for facilitating the final regression. Additionally, the employment share of the each percentile of the mean wage is evaluated. The data of employment rate versus percentile is a scattered variable. This procedure is used to calculate the change

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in employment rate versus wage percentile for all time points of interest. To calculate the rate in change of employment, the change in employment is subtracted across the different time points. A LOWESS smoothening algorithm is used with a bandwidth of 0.75 to develop a locally weighted regression.

a) Robustness Examination of the Job Polarization

Different time domains are used to evaluate the robustness of the employment data. A point wise running regression is used to evaluate the 95 confidence interval. A two sample Kolmogorov-Smirnov test has been used to test the similarity of the polarization distribution. The labor market polarization distribution is examined with four time frames: The whole sample, decadal spans, business Cycle (annual), and business cycle (quarter).

i. *The Whole Sample*

The data year limits of the CPS data are 1980 and 2013. The rate in change of employment correlated with the wage percentile is shown in Figure 1.1. The change in real log hourly wage by wage percentile is in Figure 1.2. The lowess regression of the data along with the confidence interval is presented in Figure 1.3. To compare with the results in Autor and Dorn (2013), I also constructed the employment share and wage distribution for the sample from 1980 to 2005, as shown in Figure 2.1, 2.2, and 2.3.

ii. *Decadal Spans*

To investigate the robustness of job polarization across different decades, I split the sample into three subsamples: 1980-1990, 1990-2000 and 2000-2013. The results of the lowess regression for employment rate change, real log hourly wage by wage percentile for the decade 1980-1990 are shown in Figure 3.1 and Figure 3.2. The lowess regression with the confidence interval is in Figure 3.3. Similar curves have been created for the time spans 1990-2000 and 2000-2013 and are shown in Figure 4.1 to Figure 5.3. The samples are compared against each other using the Kolmogorov-Smirnov. The results of the tests are presented in Table 6.1. The visual representation of the three employment rate change graphs are shown in Figure 6.

iii. *Business Cycles (Annual)*

The labor mobility and economic conditions are different at different points in a business cycle, therefore, even though we may observe a polarization trend over the whole business cycle or over several business cycles, the evolvement of employment shares and wage may demonstrate different characteristics within a business cycle. To test the impact of business cycle on the observed polarization, I investigates the distribution of employment shares and wage over occupation skills when the underlying economy are in different phases of business cycles. The business cycle is a standard boom bust cycle. The data was obtained from the National Bureau of Economic Research in order to determine the economic peak and slump years. In this article, a peak to peak (1980-2001) and a trough to trough (1982-2009) comparison has been made. The peak to peak data was operated upon to determine the percentage change in employment rate and the hourly wage change versus the wage percentile. Figure 7.1 and 7.2 show the results. The lowess smoothening for the same period is shown in Figure 7.3. The mathematical operations on the trough to trough period produced the same graphs (Figure 8.1 to Figure 8.3). The two sample Kolmogorov-Smirnov test is performed to evaluate the statistical similarity between the time spans. The results are presented in Table 6.2. The employment rate change over the two periods are shown in Figure 9.

iv. *Business Cycles (Quarter)*

The business cycles are often characterized by steep changes in the parameters near the economic peak and trough. The use of the annual data tends to smoothen out some of these effects. Therefore, to time business cycles more accurately, I repeat the above analysis using quarterly definitions of business cycles. The peak to peak period is from June-August 1981 to February-April 2001. The trough to trough period is from February-April 1991 to May-July 2009. The two sample Kolmogorov-Smirnov test is performed to evaluate the statistical similarity between the time spans. The results are presented in Table 6.3. The visual representation of the two employment rate change graphs are shown in Figure 10.

b) Structural Composition of the High-Skill Occupations

Dorn (2009) design an occupation classification dividing all the individual jobs into 330 consistent occupations, which establishes six broad categories based on the characteristics of jobs. The six broad categories are provided in Table 1. In thee counterfactual experiment, I gradually control the change of the managers and professional occupations by each sub-category and generate the counterfactual results to analyze the effect of this occupation group on the overall high-skill occupations.

In the employment share counterfactual experiment, a set of occupations are selected as the controlled occupations, which means their change will be controlled in order to evaluate their effect on the change of the high-skill occupations. Meanwhile, two years (denoted as Year 1 and Year 2) are chosen for the experiment that the employment shares of the controlled occupations of Year 2 are controlled at the level of Year1. First, I calculate the occupational employment shares for all occupations in both Year1 and Year 2. Then for the controlled occupations, their employment share of Year 2 is set back to the level of Year1. In order to keep the total employment share of all occupations equal to 1, the employment share gap of the controlled occupations before and after adjustment is distributed

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to non-controlled occupations weighted by their original employment share. For example, suppose there are only 5 occupations in both Year 1 and Year 2: A, B, C, D, and E with the controlled occupations of A and B. Their occupational employment share is respectively 0.2, 0.2, 0.2, 0.1, 0.3 in 2013; 0.1, 0.1, 0.2, 0.3, 0.3 in 1980. After the counterfactual adjustment, the occupational employment share in 2013 is changed into 0.1, 0.1, 0.267, 0.133, 0.40.

After this counterfactual adjustment, all the occupations are ranked by the mean log occupational wage and divided into 100 groups according to the percentile. Finally, the employment share change of each percentile between Year 1 and Year 2 is plotted and smoothed by a Lowess regression.

In the occupational wage counterfactual experiment, instead of changing the employment share of the controlled occupations, the mean log wage of the controlled occupations in Year1 is set back to their level at Year 2. Take the same controlled occupations for example. The mean log wage of Financial managers and Actuaries are 3.10 and 3.30 in 2013, 2.10 and 2.30 percent in 1980. After the counterfactual setting, their mean log wage in 2013 is 2.10 and 2.30 percent respectively.

All the occupations are ranked by the adjusted mean log occupational wage and grouped by the percentiles after the counterfactual wage change. The mean log wage of each percentile is the average mean log wage of each occupation within the percentile weighted by the number of workers in each occupation. The change of mean log wage between Year 1 and Year 2 is generated in a similar way as described above.

One potential problem in the counterfactual experiment is the unbalanced occupational categories across years. Some occupations appear in the data of recent years but not included in the data of previous years, vice versa. For example, the occupation 004 (Chief executive, public administrators, and legislators) is included in the data of 2013 but does not appear in the data of 1980. It does not mean in 1980 such occupations do not exist, just because in 1980 this kind of occupations was categorized in other occupation groups, like 022 (Managers and administrators, n.e.c.), instead of a specific group. Dorn (2009) designed this occupation code to make the census data balanced over time but it seems fail to balance the CPS data across years. To solve this problem, I use the following method. If the occupation appears in Year 2 but not in Year1, the employment share of this occupation in Year 2 is set to 0 in the counterfactual employment experiment; the wage of this occupation in Year 2 is the wage relative to the average wage of other controlled occupations which appear in both Year 1 and Year 2.

c) Education Effect On The High-Skill Occupations

In 1991 the CPS switch from year of schooling measure to a credential oriented measure. For example, prior to 1991, a high school student's year of schooling would be between 9 to 12 and college students would be 13 and beyond. After 1991, CPS focuses on an interviewee's highest level of school that has completed or highest degree received. Acemoglu and Autor (2010) focus on the former, and I focus on the later.

I create five categories for level of education: not a high school graduate (NH), high school graduate (HS), some college but no degree or associate/ vocational degree (SC), college graduate (CG), and graduate degree (GD). For each of the levels above, I match the pre-1991 data to post 1991's credential orientated data.

The NH category, I match years of schooling from 0 to 11 years in the 1991 data set to 12th grade no diploma post 1991 data set. The HS category, I match year of schooling 12 years in the 1991 data set to high school graduate, diploma or GED in the post1991 data set. The most challenging matching the SC, CG, and GD. For SC, I match year of schooling 13 to 15 in the 1991 data set to 3 variable in the in the post1991 data set(some college but no degree, associate degree vocation, and associate degree academic program). I use the 13 to 15 because, on average, most students finish a college degree in four year. I match CG year of schooling 16 in the 1991 data set to bachelor's degree in the post 1991 data set for the same reason. The year of schooling measurement in the 1991 data set ends at 18. I match years of schooling 17 and 18 in the 1991 data set to the 3 variables (master's degrees, professional degrees, and PhDs) in the post 1991 data set. This matching process unifies the different measurements of the length of education across the CPS time periods.

In this section, all the workers in the economy are divided into three categories; high skilled, middle-skilled, and low-skilled. Skills are based on occupation mean wage percentile ranking. The high-skilled are those whose occupations mean wage rank above the 80th percentile. The middle-skilled are those whose occupations mean wage rank between 30th and 80th percentile, and the low-skilled are below 30th percentile.

The log of real hourly wage is used as the dependent variables. Age and the square of age are used to control for experiences, and its nonlinear effect. Five dummy variables are created based on the matching process to measure the education level of an individual. This concise model provides a simple way to detect the preliminary effect of education length on the high skill workers' wage. Even though other factors can also be controlled such as union jobs, private or public jobs, race, gender, and other qualities, a simple model gives us a general empirical results upon which I can decide the direction of next research step. Currently, this

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paper only use two years to compare the education effects.

This paper tries to identify the impact of education level on high-skilled workers compared to the low and middle-skilled. More specifically, I examine how much does a college or graduate degree impact wage for these three classes of workers. I use the level of educations dummies represent the education level and generate the following models:

$$Ln(wage_{i\theta}) = \beta_0 + \beta_2 NH_i + \beta_3 HS_i + \beta_4 SC_i + \beta_5 GD_i + \beta_6 Age_i + \beta_7 Age_i^2 + \varepsilon_i$$

$$Ln(wage_{i\theta}) = \beta_0 + \beta_2 NH_i + \beta_3 HS_i + \beta_4 CG_i + \beta_5 GD_i + \beta_6 Age_i + \beta_7 Age_i^2 + \varepsilon_i$$

Where: θ = Wage for high-, middle-, and low-skilled workers

NH = Not a high school graduate

HS = High school graduate

SC = Some college/associate or vocational degree

CG = College Graduate

GD = Graduate Degree

i= denotes individuals

IV. Results

a) Robustness Examination of the Job Polarization

Lefter and Sand (2011) are the initial doubters of the robustness of the phenomena of polarization. This article builds on their work and compares across the different time spans the robustness of the phenomena of job polarization. The various time spans provides a wide perspective and validation possibility of the phenomena. The curve shapes are similar in behavior. The hourly wage change has the U shape which indicates a bigger change at the extremities than at the middle. The confidence interval of lowess regression of the employment change has an hour glass shape. This is due to the fact that data on the extremities is less accurately predicted than the data near the center. The decadal data show a mixed change in the trends. While the 1980 and the 2000's data showed a more traditional U shape with a greater change in the extremities compared to the middle which is a strong indicator of job polarization. The 1990's decade is not compliant to that behavior. The two sample Kolmogorov-Smirnov test (Table 6.1) however has a p-value of 0.078 for the comparison between 1980-1990 and 1990- 2000, indicating that the data streams were statically similar. Similar result is observed in the business cycle evaluation where the annual data spans are proved statistically similar by the KS test while the quarterly were not. All the data used here is the data for the US on a national scale. It would be also of interest to verify the polarization characteristics across states based on their industrial indices.

The percentage change in the log hourly wage seems to be more consistent from the decadal and business cycles. The employment share variation however produces mixed results indicating similar correlations across certain spans and not across others. The employment share distribution overall indicates the presence of the polarization effect but in varied degrees and has different patterns across the sample period and different business cycles. No pattern was observed for the data streams that are found similar. This leads us to conclude that there is not consistency in the data of job polarization across various time spans. As a result, any conclusions of job polarization would not be by default valid across any time domains. Its validity would have to be verified by comparing the data from that time span with the current one.

b) Structural Composition of the High-Skill Occupations

The counterfactual experiment results are provided in Figure 11 and Figure 12. For both employment share and occupational wage, I choose Year 1 = 1980 and Year 2 = 2013. This period is consistent with the one in the robustness examination. In order to identify the driving occupation for the high-skill jobs, Igradually add the managers and professional occupations into the controlled group by each sub-group.

According to the results, the managers and professional occupations play a very important role in the high-skill occupations. If employment share of this group is fixed at the 1980's level, a large proportion of the increase of the high-skill occupations is disappeared (Figure 11). Within this large group of occupations, A1 and A3 accounts for most of the employment share increase of the very top occupations, because controlling A1 and A1-A3 leads to a relatively large drop of the employment share change while controlling A1-A2 does not change the top employment share very much. Furthermore, considering absolute employment shares of these three groups (Figure 13), A1 group has the smallest absolute employment share but influences the highest paid occupation most.

For the counterfactual experiment in wage increase, the effect of the managers and professional group is much more obvious. If their wage did not change since 1980, all of the wage increase of high-skill occupations disappeared. Especially after controlling

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the A3 occupations, the wage increase is damped a lot compare with controlling the A1 and A 2.

Actually, considering both Figure 11 and Figure 12, A2 occupations mainly cover the occupations from 80 percentile to 90 percentile, while the A1 and A3 occupations accounts for a very large portion of the occupations from 90 percentile to 100 percentile both in the employment share change and wage increase.

c) Education Effect on the High-Skill Occupations

Table 2- Table 5 summarizes the regression results. Table 2 and Table 3 use CG dummy as a base to look for the marginal effect of attaining a graduate degree comparing 1980 year to 2013. Table 4 and Table 5 use SC dummy as a base to look for the marginal effect of attaining a college degree comparing 1980 to 2013.

i. *Does Graduate Degrees Matter?*

In the 1980, the marginal benefit (hourly wage growth rate) for high-skilled workers attaining a graduate degree when they have a college degree is about 8% hourly wage increase. For the middle-skilled and low-skilled workers it is about 11% and 5% respectively. However, in 2013, the result is different. The marginal benefit of attaining a graduate degree is 20% for high skilled, 16% for middle-skilled, and 3% for low-skilled. The marginal benefit of getting a graduate degree is greater for middle-skilled than high-skilled workers in 1980. However, it is reverse in 2013. High-skilled workers enjoy more marginal benefit in 2013 than 1980 compare to the middle-skilled workers. The comparison of the low-skilled works between 1980 and 2013 is weak because the coefficient on GD is not statistically significant at the 10% level.

ii. *Does College Degrees Matter?*

In the 1980, the marginal benefit (hourly wage growth rate) for high-skilled workers attaining a college degree when he has some college experiences or has an associate/ vocational degree is about 20% hourly wage increase. For the middle- and low-skilled workers, it is 7% and 3% respectively in 1980. In 2013, high-, middle, low-skilled workers marginal benefits are 36%, 29%, and 21% respectively. The high-skilled work gains the most marginal benefit in 1980 and 2013. However, the marginal benefit of college degree for middle-skilled workers grows fourfold from 1980 to 2013 and the marginal benefit of a college degree for low-skilled workers grows sevenfold from 1980 to 2013. This means the marginal benefit grew much more for middle- and low-skilled workers from 1980 to 2013.

The regression results only control for experience by using age as a proxy variable. The result might be different if the model controls for more variable such as private or public jobs, the category of degrees (finance, math, art, history), or other variables. The goal is to determine the contributing factor of wage increase with respect to high-, middle-, and low-skilled workers.

V. Conclusions

The robustness of the polarization phenomenon is different for the employment share and wage increase based on my findings. The wage polarization seems to be more consistent for both the decadal and business cycles. The employment share variation however produced mixed results indicating similar correlations across certain spans and not across others. Even though, the employment share did overall indicate the presence of the polarization effect but various degrees and patterns are observed across time. No pattern was observed for the data streams that are found similar. This leads us to conclude that there is not consistent pattern in the data of job polarization across various time spans.

According to the counterfactual experiment, the managers and professional occupations account for a large proportion of the employment share increase and almost all of the wage increase for the high-skill occupations. Specifically, the A1 and A3 group matters most for the top ten percentiles; the A2 groups covers most of the employment share and wage increase for the 80-90 percentiles.

As for the education impact on the workers' wage, education becomes more and more important over time. More specially, the increase in marginal benefit of a graduate degree is mainly enjoyed by the high-skilled workers from 1980 to 2013. The increase in marginal benefit of a college degree is mainly enjoyed by the middle- and low-skilled workers.

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Appendix: Tables and Figures

Table 1: Occupations Classification

A. Managerial and Professional Specialty Occupations
A1. Executive, Administrative, and Managerial Occupations
A2. Management Related Occupations
A3. Professional Specialty Occupations
B. Technical. Sales, and Administrative Support Occupations
C. Service Occupations
D. Farming, Forestry, and Fishing Occupations
E. Construction Trades

** This classification is obtained from Autor and Dorn (2013).*
** For the detailed occupation code: http://www.cemfi.es/~dorn/data/ Dorn_Thesis_Appendix.pdf*

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Table 2: 2013 Marginal Effect of Graduate Degree

Ln(wage)	High*	Middle**	Low***
NH	-0.5505	-0.5469	-0.3983
	(-7.45)	(-56.66)	(-46.23)
HS	-0.4571	-0.3456	-0.2615
	-(21.16)	(-62.88)	(-34.37)
SC	-0.3557	-0.2829	-0.2134
	(-27.72)	(-53.5)	(-27.47)
GD	0.2026	0.1551	0.0276
	(18.53)	(23.1)	(1.57)
Age	0.0666	0.0549	0.0362
	(26.68)	(60.19)	(46.19)
Age^2	-0.0006	-0.0005	-0.0004
	(-21.87)	(-51.42)	(-38.42)
Constant	1.8270	1.8363	1.8820
	(33.54)	(93.14)	(112.27)
Adj R^2	0.14	0.17	0.13

~ The t-value is in the parentheses
~ NH is not a high school graduate, HS is high school graduate, SC is some college/associate or vocational degree, and GD is graduate degree. The based is college degree
**High-income earner are those above the 80th percentile of the income distribution*
***Middle-of-income earner are those between 30th and 80th percentile of income distribution*
****Low-income earner are those blow the 30th percentile of the income distribution*

Table 3: 1980 Marginal Effect of Graduate Degree

Ln(wage)	High*	Middle**	Low***
NH	-0.3933	-0.2061	-0.1887
	(-27.65)	(-40.36)	(-24.00)
HS	-0.2971	-0.1255	-0.0821
	(-36.65)	(-29.02)	(-10.8)
SC	-0.2062	-0.0718	-0.0288
	(-24.19)	(-14.99)	(-3.52)
GD	0.0787	0.1094	0.0459
	(8.34)	(14.44)	(2.65)
Age	0.0770	0.0532	0.0377
	(47.36)	(80.63)	(62.07)
Age^2	-0.0008	-0.0006	-0.0004
	(-40.09)	(-70.66)	(-55.51)
Constant	1.4443	1.6579	1.5782
	(44.46)	(127.58)	(120.75)
Adj R^2	0.15	0.11	0.09

~ The t-value is in the parentheses
~ NH is not a high school graduate, HS is high school graduate, SC is some college/associate or vocational degree, and GD is graduate degree. The based is college degree
**High-income earner are those above the 80th percentile of the income distribution*
***Middle-of-income earner are those between 30th and 80th percentile of income distribution*
****Low-income earner are those blow the 30th percentile of the income distribution*

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Table 4: 2013 Marginal Effect of College Degree

Ln(wage)	High*	Middle**	Low***
NH	-0.1948	-0.2640	-0.1849
	(-2.62)	(-27.84)	(-28.69)
HS	-0.1014	-0.0627	-0.0481
	(-4.42)	(-12.08)	(-9.31)
CG	0.3557	0.2829	0.2134
	(27.72)	(53.5)	(27.47)
GD	0.5583	0.4380	0.2410
	(41.63)	(67.76)	(14.46)
Age	0.0666	0.0549	0.0362
	(26.68)	(60.19)	(46.19)
Age^2	-0.0006	-0.0005	-0.0004
	(-21.87)	(-51.42)	(-38.42)
Constant	1.4713	1.5534	1.6686
	(26.72)	(79.45)	(110.4)
Adj R^2	0.14	0.17	0.13

~ The t-value is in the parentheses
~ NH is not a high school graduate, HS is high school graduate, SC is some college/associate or vocational degree, and GD is graduate degree. The base is some college/associate or vocational degree
**High-income earner are those above the 80th percentile of the income distribution*
***Middle-of-income earner are those between 30th and 80th percentile of income distribution*
****Low-income earner are those blow the 30th percentile of the income distribution*

Table 5: 1980 Marginal Effect of College Degree

Ln(wage)	High*	Middle**	Low***
NH	-0.1871	-0.1344	-0.1598
	(-12.95)	(-29.3)	(-30.99)
HS	-0.0909	-0.0537	-0.0533
	(-10.64)	(-14.58)	(-11.16)
CG	0.2062	0.0718	0.0288
	(24.19)	(14.99)	(3.52)
GD	0.2849	0.1811	0.0748
	(28.96)	(24.97)	(4.58)
Age	0.0770	0.0532	0.0377
	(47.36)	(80.63)	(62.07)
Age^2	-0.0008	-0.0006	-0.0004
	(-40.09)	(-70.66)	(-55.51)
Constant	1.2381	1.5862	1.5493
	(38.19)	(126.67)	(138.9)
Adj R^2	0.15	0.11	0.09

~ The t-value is in the parentheses
~ NH is not a high school graduate, HS is high school graduate, SC is some college/associate or vocational degree, and GD is graduate degree. The base is some college/associate or vocational degree
**High-income earner are those above the 80th percentile of the income distribution*
***Middle-of-income earner are those between 30th and 80th percentile of income distribution*

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Table 6.1: Kolmogorov-Smirnov test for decadal spans

Test Number	Group	D	p-value	Corrected
1	*1980-1990*	0.1300	0.185	
	1990-2000	-0.1800	0.039	
	Combined KS	0.1800	0.078	0.058
2	*1990-2000*	0.3800	0.000	
	2000-2013	-0.2700	0.001	
	Combined KS	0.3800	0.000	0.000
3	*1980-1990*	0.4000	0.000	
	2000-2013	-0.1500	0.105	
	Combined KS	0.4000	0.000	0.000

Table 6.2: Kolmogorov-Smirnov test for business cycles-Annual

Group	D	P value	Corrected
1980-2001	0.1800	0.039	
1982-2009	-0.0700	0.613	
Combined KS	0.1800	0.078	0.058

Table 6.3: Two Kolmogorov-Smirnov test for business cycles-Quarter

Group	D	P value	Corrected
1981Y7m--2001Y3m	0.2700	0.001	
1991Y3m-2009Y6m	-0.3200	0.000	
Combined KS	0.3200	0.000	0.000

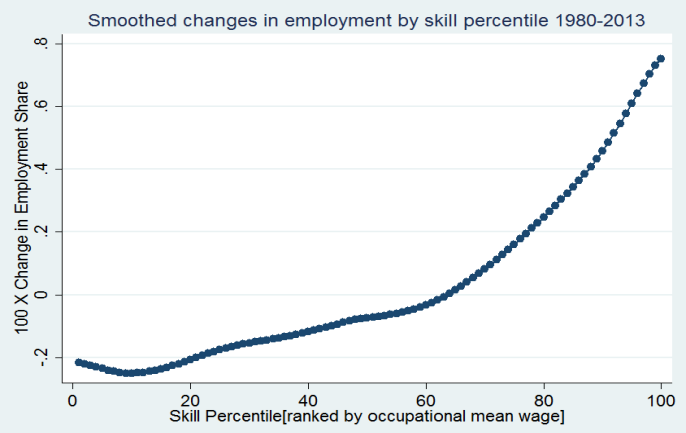

Figure 1.1: Change in employment shares in U.S., smoothed and log difference, 1980-2013 (Whole Sample)

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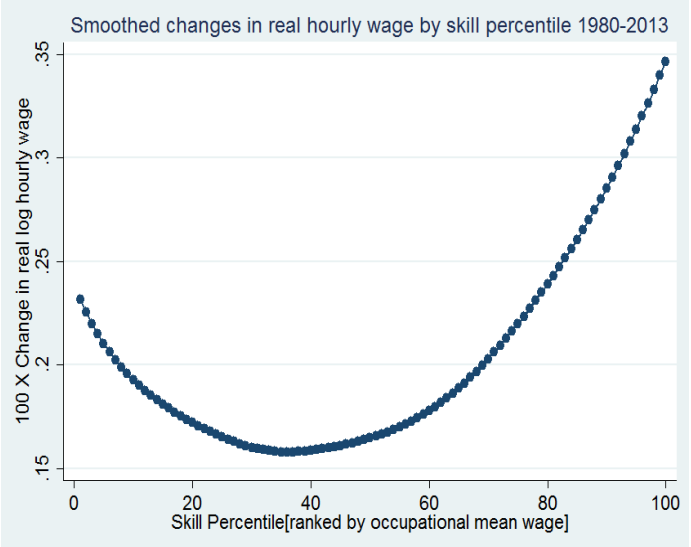

Figure 1.2: Change in real log hourly wage U.S., smoothed and log difference, 1980-2013 (whole sample)

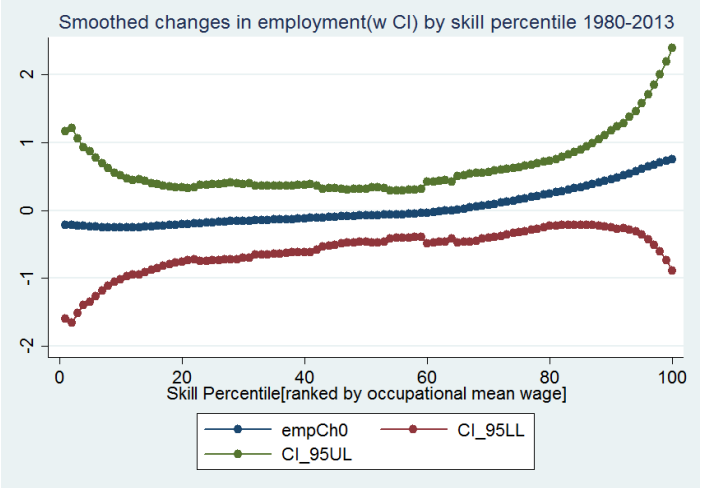

Figure 1.3: Change in employment shares in U.S., smoothed and log difference with CI, 1980-2013 (Whole sample)

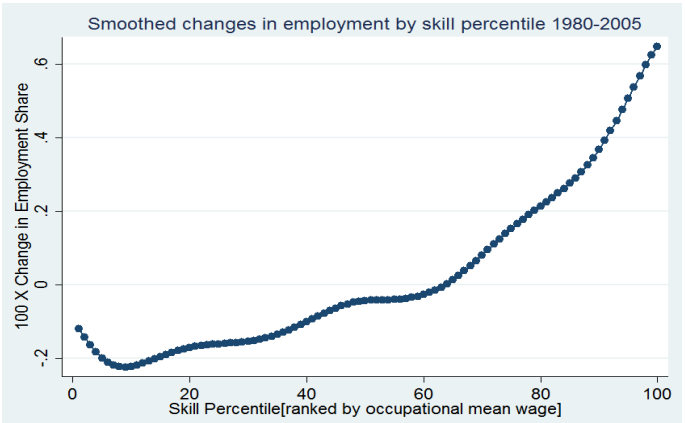

Figure 2.1: Change in employment shares in U.S., smoothed and log difference, 1980-2005

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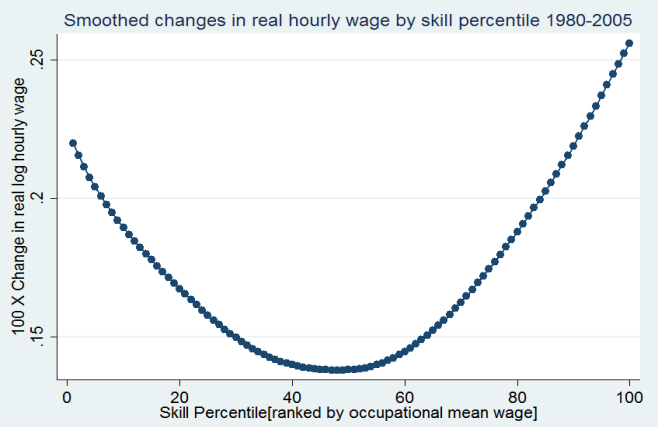

Figure 2.2: Change in real log hourly wage U.S., smoothed and log difference, 1980-2005

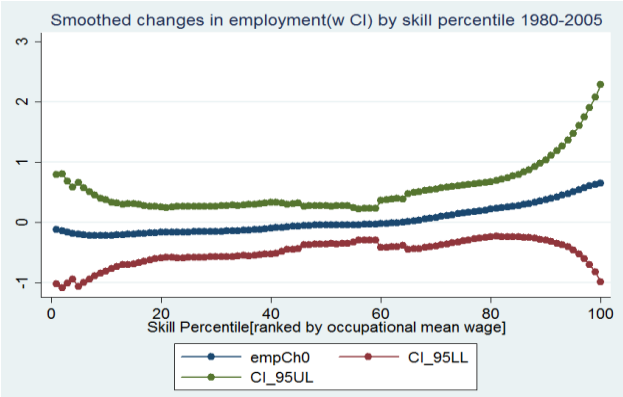

Figure 2.3: Change in employment shares in U.S., smoothed and log difference with CI 1980-2005

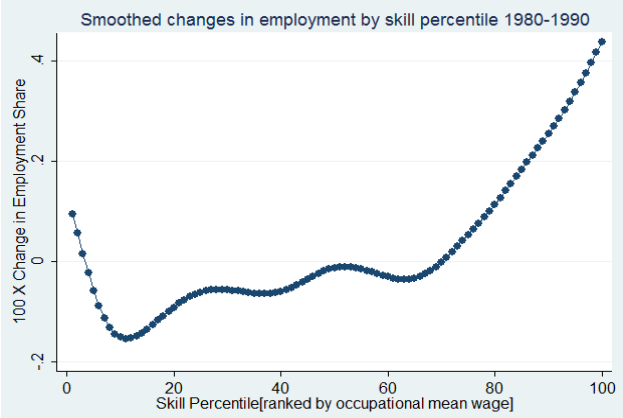

Figure 3.1: Change in employment shares in U.S., smoothed and log difference, 1980-1990 (Decadal Span)

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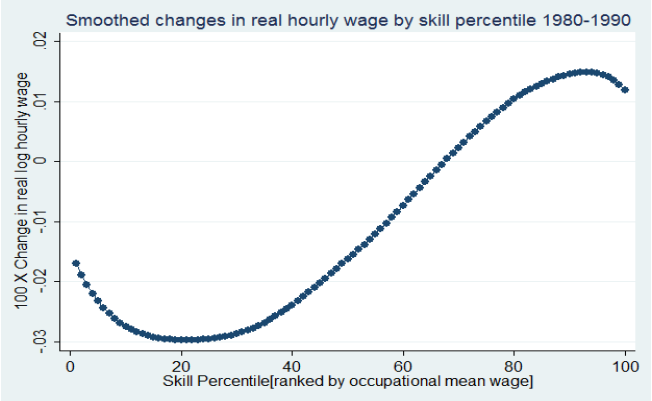

Figure 3.2: Change in real log hourly wage U.S., smoothed and log difference, 1980-1990 (Decadal Span)

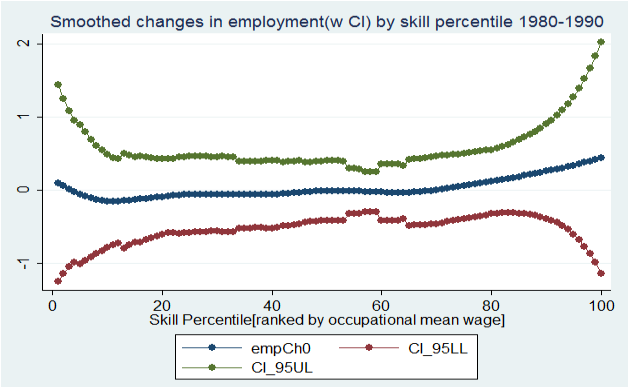

Figure 3.3: Change in employment shares in U.S., smoothed and log difference with CI: 1980-1990 (Decadal Span)

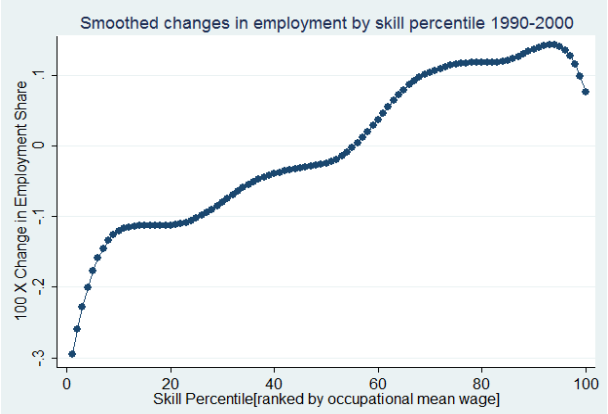

Figure 4.1: Change in employment shares in U.S., smoothed and log difference, 1990-2000 (Decadal Span)

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Figure 4.2: Change in real log hourly wage U.S., smoothed and log difference, 1990-2000 (Decadal Span)

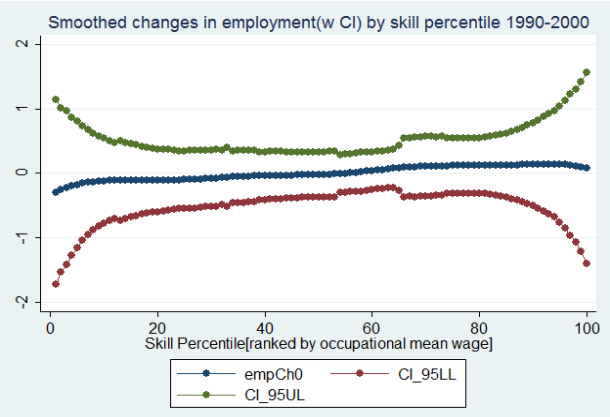

Figure 4.3: Change in employment shares in U.S., smoothed and log difference with CI: 1990-2000 (Decadal Span)

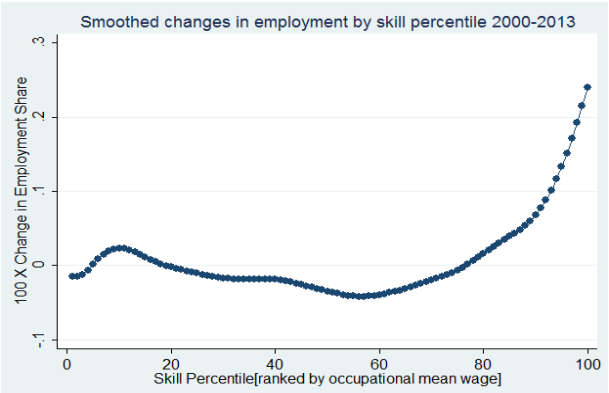

Figure 5.3: Change in employment shares in U.S., smoothed and log difference, 2000-2103 (Decadal Span)

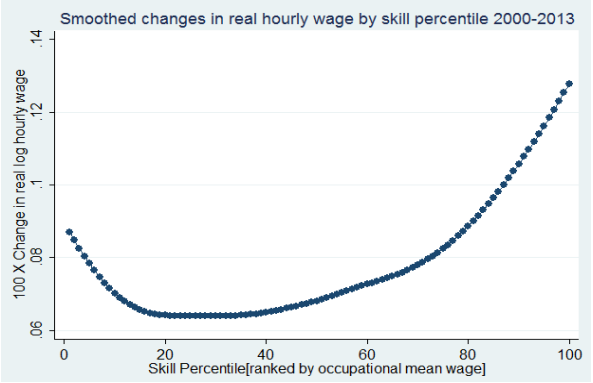

Figure 5.2: Change in real log hourly wage U.S., smoothed and log difference, 2000-2013 (Decadal Span)

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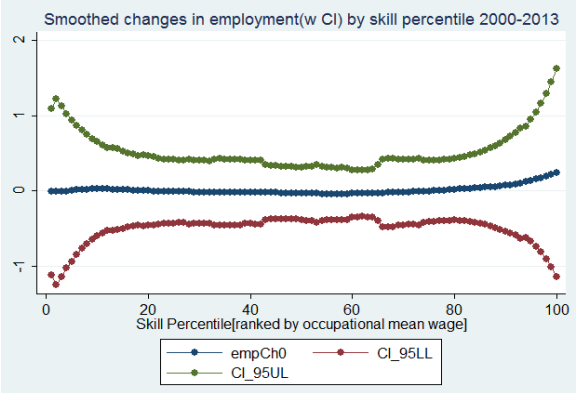

Figure 5.1: Change in employment shares in U.S., smoothed and log difference with CI: 2000-2013 (Decadal Span)

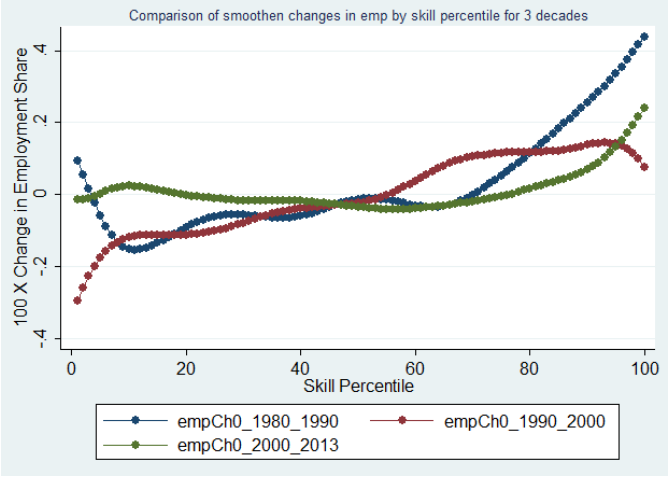

Figure 6: Change in employment shares in U.S., smoothed and log difference for three decades

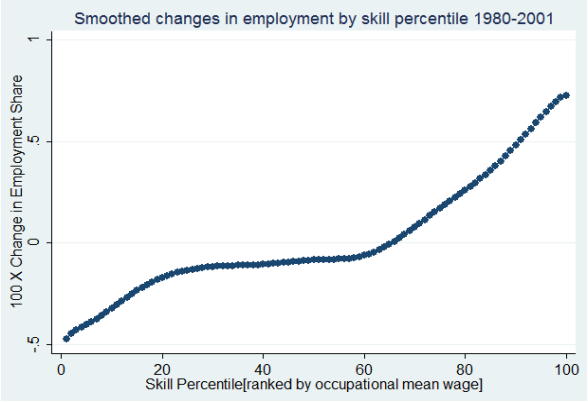

Figure 7.1: Change in employment shares in U.S., smoothed and log difference, 1980-2001 (Business Cycle-Annual)

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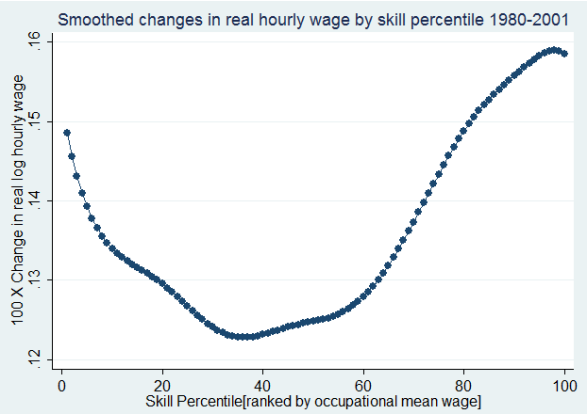

Figure 7.2: Change in real log hourly wage U.S., smoothed and log difference, 1980-2001 (Business Cycle-Annual)

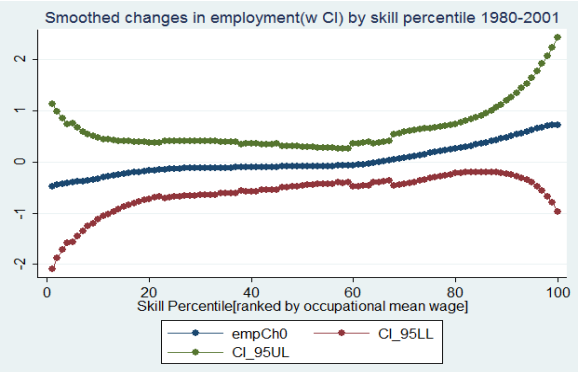

Figure 7.3: Change in employment shares in U.S., smoothed and log difference with CI: 1980-2001 (Business Cycle Annual)

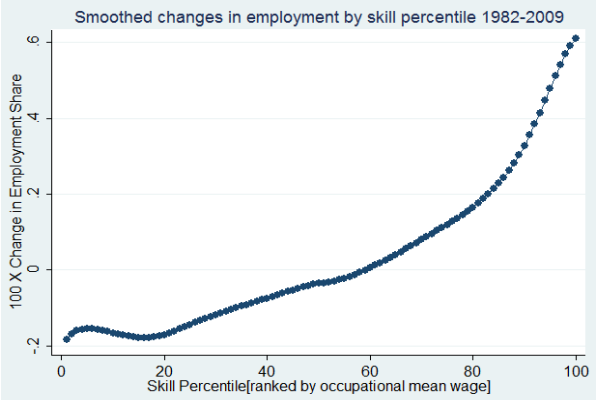

Figure 8.1: Change in employment shares in U.S., smoothed and log difference, 1982-2009 (Business Cycle-Annual)

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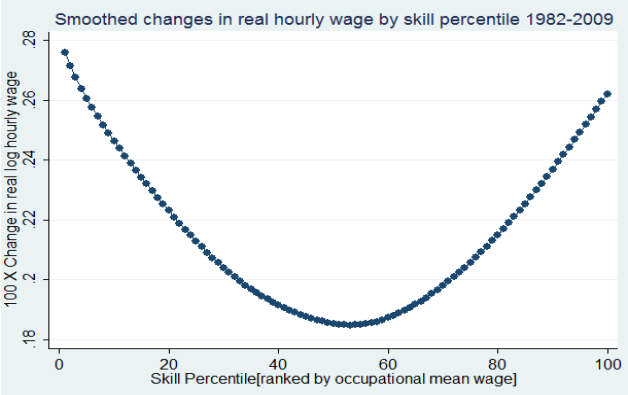

Figure 8.2: Change in real log hourly wage U.S., smoothed and log difference, 1982-2009 (Business Cycl-Annual])

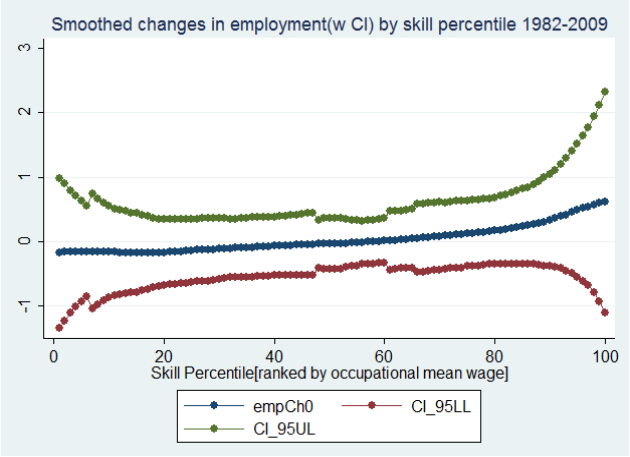

Figure 8.3: Change in real log hourly wage U.S., smoothed and log difference, 1982-2009 (Business Cycle-Annual)

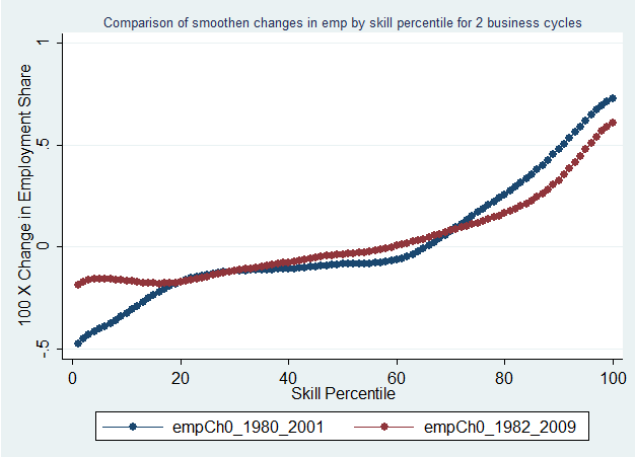

Figure 9: Change in employment shares in U.S., smoothed and log difference for different business cycles

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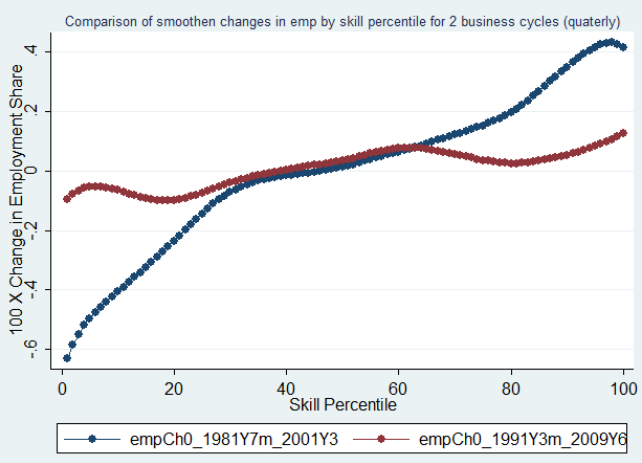
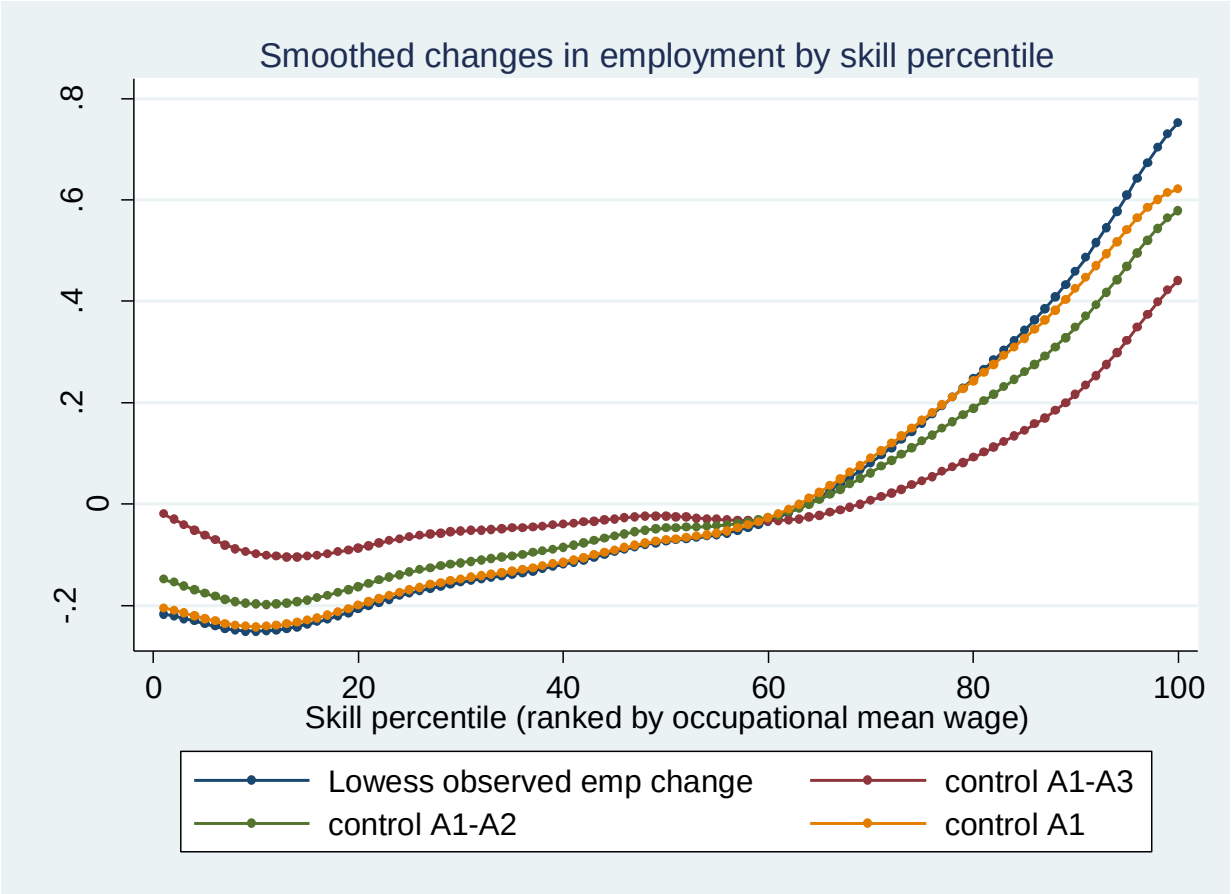


Figure 10: Change in employment shares in U.S., smoothed and log difference (Business Cycle-Quarter)



**A1 consists of 9 occupations, 2 is unbalanced.*
**A2 consists of 12 occupations, 5 is unbalanced.*
**A3 consists of 67 occupations, 7 are unbalanced.*

Figure 11: Counterfactual employment share change by skill percentile for 1980-2013 *A1 consists of 9 occupations, 2 is unbalanced.

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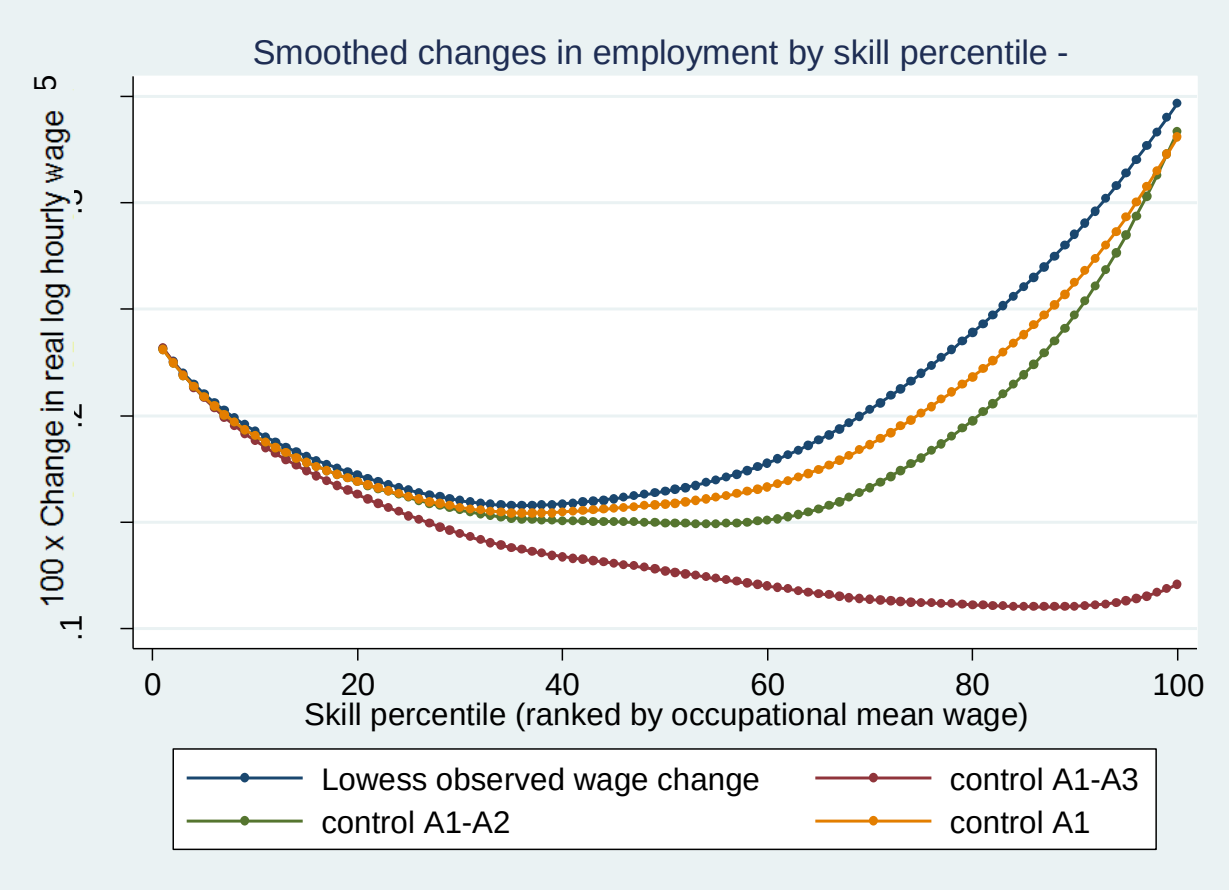

*A1 consists of 9 occupations, 2 is unbalanced.
*A2 consists of 12 occupations, 5 is unbalanced.
*A3 consists of 67 occupations, 7 are unbalanced.

Figure 12: Counterfactual real log hourly wage change by skill percentile for 1980-2013 *A1 consists of 9 occupations, 2 is unbalanced.

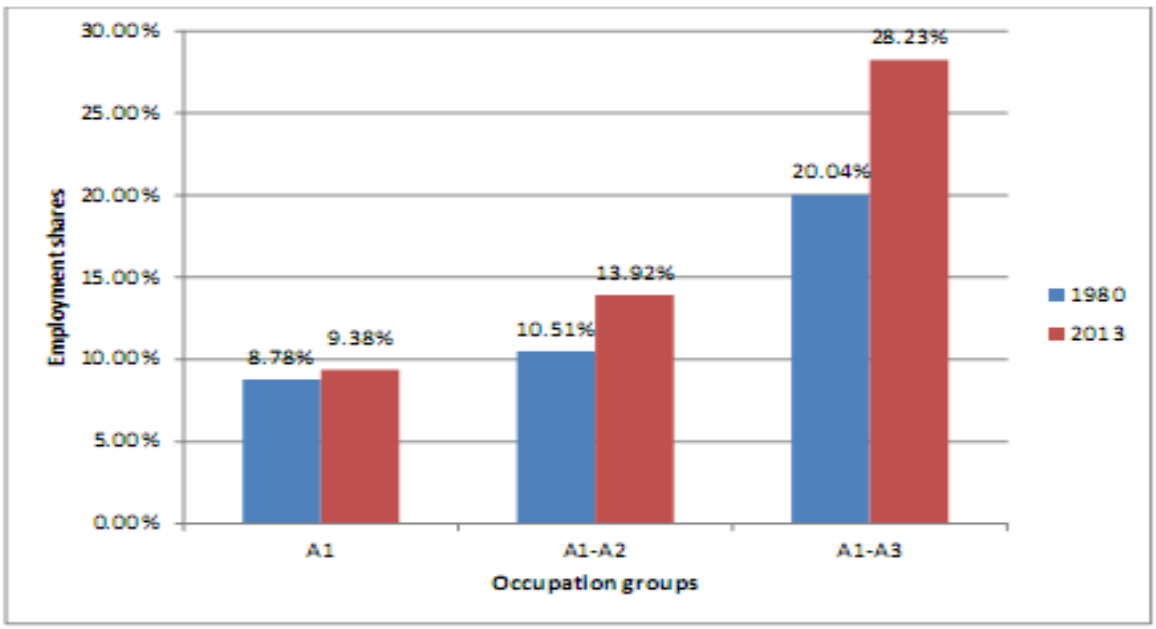

Figure 13: Employment shares of different occupation groups

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From "Ought to Be" to "Being": A Socio-Legal Analysis of the Conciliation Hearing in District of Barbalha/CE

By Natália Viana Nogueira
Universidade Federal Rural do Semi-Árido

Abstract- The present study aims, from a participant observation, to understand the so-called conciliation hearing and how it effectively occurs in the face of the dynamics of the Judicial Conflict Resolution Centers. The analysis starts from the region of Barbalha, seeking, therefore, tounderstand which issues permeate the realization of the conciliator yhearing that are not seen or noticed by the Law from its pragmatic and hegemonic logic of study and application. Ethnographic-inspired participant observation is the main tool for conducting this preliminary study.

Keywords: *conciliation hearing; socio-legal analysis; judicial making; actors and perceptions.*

GJMBR-B Classification: *LCC): KNC76.5*



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From “Ought to Be” to “Being”: A Socio-Legal Analysis of the Conciliation Hearing in District of Barbalha/CE

Do “Dever Ser” Ao “Ser”: Uma Análise Sociojurídica Da Audiência De Conciliação Na Comarca De Barbalha/CE

Natália Viana Nogueira

Resumo- **O presente estudo visa, a partir de uma observação participante perceber a chamada audiência de conciliação e como ela efetivamente ocorre diante da dinâmica dos Centros Judiciários de Resolução de Conflitos. A análise parte da comarca de Barbalha, busca-se, portanto, compreender quais questões perpassam a realização da audiência conciliatória que não são vistas ou notadas pelo Direito a partir de sua lógica pragmática e hegemônica de estudo e aplicação. A observação participante de inspiração etnográfica é a principal ferramenta para a condução desse estudo preliminar.**

Palavras-chave: audiência de conciliação; análise sociojurídica; fazer judicial; atores e percepções.

Abstract- **The present study aims, from a participant observation, to understand the so-called conciliation hearing and how it effectively occurs in the face of the dynamics of the Judicial Conflict Resolution Centers. The analysis starts from the region of Barbalha, seeking, therefore, tounderstand which issues permeate the realization of the conciliator yhearing that are not seen or noticed by the Law from its pragmatic and hegemonic logic of study and application. Ethnographic-inspired participant observation is the main tool for conducting this preliminary study.**

Keywords: conciliation hearing; socio-legal analysis; judicial making; actors and perceptions.

I. Introdução

A existência de conflitos interpessoais em meio a um campo social é algo inerente aos próprios sujeitos que integram este cenário. Por alguma motivação, em algum momento, a discordância fará parte da realidade desses agentes. Desse modo, a partir de uma perspectiva reiterada e até mesmo eurocêntrica do Direito, foi estabelecido e muito perpetuado que esse mecanismo tem o poder de regular tais relações e principalmente, os impasses decorrentes delas.

No entanto, o fluxo de construção de interações e de resolução dessas questões, não se dá de forma tão simples e sequenciada. Através do surgimento de uma disputa, pode ocorrer a impossibilidade de resolvê-la por intermédio dos seus próprios interessados e o tratamento dessa questão por um terceiro não interessado torna-se cada vez mais presente e aplicável. Geralmente, este que intervém é genericamente caracterizado por uma imparcialidade e pelo poder de atribuiruma decisão “justa” a determinado caso, capaz de colocar fim a problemática[1].

O que ocorre é que conhecer a existência dessa personalidade supostamente capaz de reunir todas essas características de um bom julgador, não é suficiente para compreender as interações e complexidades das dinâmicas do campo judicial e dos seus agentes. Além dessa personalidade simbólica, existem outras diversas questões que se pautam em perspectivas múltiplas, tais como de cunho cultural, social e político, que atravessam diretamente a forma em que esse Direito é trabalhado e aplicado. Considerando ainda que, este é, por si só, uma construção que reafirma posições, poderes e privilégios de forma estruturalmente pensada (ALTHUSSER, 1980).

O Direito em suas próprias construções e formulaçõesrepercute cargas valorativas, morais e culturais, que fazem dele um recurso não uniforme e capaz de gerar diversos efeitos e impactos nas vidas daspessoas que por ele são influenciadas (KANT DE LIMA, 2010). Entender, então, preliminarmente, que o próprio ponto de partida muitas vezes utilizado com caminho ilibado e verdadeiro, ou seja, o Direito a justiça e o que é correto, carrega em si mesmo e na sua própria formação, cargas externas que condicionam

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[1] Trabalho apresentado na 33ª Reunião Brasileira de Antropologia, realizada entre os dias 28 de agosto a 03 de setembro de 2022.

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diretamente a sua utilização e seu impacto, seja ele individual e coletivo.

Algumas características desse sistema evidenciam traços evolucionistas[2] no qual ele é alicerçado, sendo essa formulação, por vezes, criticada por outros estudiosos de outros campos científicos e de outras áreas de conhecimento, como é o caso da antropologia e da sociologia. Tais campos tecem críticas sobre essa forma de compreensão de práticas que pressupõe, necessariamente, uma repetida categorização de evolução diante das relações e culturas, com vistas à criar enquadramentos de discrepâncias e superioridades entre pessoas e fazeres de um determinado local e período de tempo (MIRAGLIA, 2005).

A partir disso, o recurso deixa de ser apenas "o Direito" como coletivo de normativas estabelecidas como sinônimo de justiça e de bem-estar coletivo (termo que por si só gerar uma série de questionamentos), mas tambémse torna ferramenta estratégica com múltiplas formas e aspectos quando considerados os pontos de vistas e os caminhos diversos através dos quais ele pode ser visualizado e interpretado.

Dentro desse grande universo que é materializado pelo arcabouço jurídico através das suas normas, leis, princípios e regras (de forma mais explicita), e de morais, valores, costumes e culturas (não tão explícita), diversos mecanismos surgem com objetivo de auxiliar e buscar a solução para as problemáticas. Em alguns casos, visando oferecer à coletividade o que entende ser mais urgente e o mais necessário naquele momento específico, frente às dinâmicas de litígios e confrontos.

A idealização, não de todos, mas de uma boa quantidade de membros da sociedade, de que o direito, a justiça, os tribunais e os caminhos judiciais são a melhor forma de resolução dos conflitos decorrentes das inevitáveis relações, evidencia um dos vários fatores que potencializam a prática da chamada judicialização (RIBEIRO, 2013).

Questão que pode ser vista como uma construção e modulação cultural, ao passo que permite uma atuação de natureza política e não típica do judiciário, além de retirar e endossar a transferência da autonomia individual de resolução de problemas interpessoais (quando possível) para outra pessoa ou instituição que é legitimada a partir de critérios legalmente estabelecidos, que também, resguardam interesses estruturais em nas suas formações (WATANABE, 2007).

Nesse cenário, surge uma realidade de patrimonialização da figura do "poder judiciário", que, de modo evidente, a partir da sua própria nomenclatura, traz em síntese essa construção de concentração de força quando é referenciado como "poder". Atua, dessa forma, como manifestação de uma dominação e de uma autoridade simbólica no exercício das suas atribuições decorrentes desse poder (BOURDIEU, 2001). Aspectos de controle que estão diretamente ligados à ideia de julgar, decidir e resolver, não de qualquer forma, mas sim, por meio da perpetuação da ideia subjetiva do que é justiça e das possibilidades de dominação que ela traz.

O Poder Judiciário ocupa, desse modo, espaço singular dentro do processo de construção da verdade, da justiça e da referenciação dos demais poderes di Estado. A partir de uma perspectiva interna e ainda sem o diálogo direto com o questionamento que essa pesquisa se propõe, é válida a menção à construção de Luhmann (2005) quanto a esta cúpula de poder dentro da Teoria dos Sistemas Sociais, o qual evidencia o papel decisional central por ele ocupado, dentro das divisões de sistemas e atuações. Ou seja, um papel forte e centralizador de cunho decisório.

Através desse processo de centralização, a chamada "sociedade órfã" por Maus (2000) é inapta ao tratamento autónomo das suas demandas individuais ou de cunho político, transferindo, gradativamente, suas necessidades resolutivas para esse poder decisório concentrado no judiciário. O impacto é um efeito de inchaço dessa instituição judicial, que, sendo organizada e legitimada pelo Direito, carrega em si, todos os preceitos e valores já mencionados que são indispensáveis à sua existência e manutenção estrutural.

A noção dessa necessidade de resolução dos conflitos por intermédio de um ente de atuação jurisdicional, trouxe ao debate a necessidade de se estimular as práticas chamadas de autocompositivas (DA SILVA; DA SILVA; DOS SANTOS, 2020), que não são práticas novas e recentes, mas que, em algumas realidades e comunidades foram ocupando espaço periférico e por vezes ineficazes mesmo diante de diversas iniciativas para a sua promoção uso (MENDONÇA; MORAES, 2016).

A ideia inicial, mesmo a partir de uma análise não muito profunda das resoluções e normativas que tratam sobre essas temáticas, é a de devolver o poder decisório (em alguns casos) aos seus maiores interessados, ou seja, os próprios agentes e participantes do caso. Além disso, busca gerar

[2] Diante das teorias antropológicas, a evolucionista, através dos seus principais percussores, foi a primeira a fazer uso de uma unidade biológica humana, apresentando as dissonâncias entre os membros da sociedade a partir de uma lógica de diferentes graus de desenvolvimento e capacidade. Para isso, utiliza como pressuposto a produção material da existência no mundo moderno, de modo que seja possível firmar leis gerais para grupos socais. Vide: ARAÚJO, Íris Morais. CASTRO, Celso (org.). 2005. Evolucionismo Cultural: textos de Morgan, Tylor e Frazer. *Campos-Revista de Antropologia*, v. 6, p. 223-224, 2005.

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modificações institucionais e sociais de cunho estrutural, ao passo que tais práticas autocompositivas são tidas como caminhos de promoção da chamada "cultura da paz" ou "cultura do consenso" (DA SILVA; DA SILVA; DOS SANTOS, 2020).

O Conselho Nacional de Justiça através da sua principal resolução que trata sobre o tema, no caso a Resolução 125/2010, apresenta diretrizes sobre a Política Judiciária Nacional de tratamento dos conflitos de interesses, a partir dos vários mecanismos de soluções de controvérsias, com destaque para aqueles que são pautados em uma lógica de consensualidade.
A ideia que parte da resolução é pautada no estimulo à mediação e conciliação preponderantemente, em fases processuais e principalmente processuais, com vistas a reduzir os longos períodos que as demandas litigiosas percorrem no judiciário. Através dos Núcleos de Prática Judiaria buscam viabilizar a prática conciliatória e da mediação em um momento pré-processual (MATTOS, 2014). Em fase de judicialização, os Centro Judiciário de Solução de Conflitos e Cidadania desempenham o papel de aplicar os mecanismos autocompositivos dentro da esfera processual. Além disso, os mutirões e campanhas de conscientizações desenvolvidas pelo CNJ também são encaminhadas aos mais diversos tribunais com esse intuito de retirada e finalização de demandas (CNJ, 2010).

Diante da perspectiva de gerar um efeito de retirada dessa demanda de forma mais rápida e otimizada do campo judicial, transmite-se a ideia preliminar de que, ao conciliar, a litigância entre aqueles agentes teria um fim, consequentemente aquela relação referenciada por um número de processo também seria contabilizado como processo finalizado. Aparentemente, ainda ocasionaria dentro da organização judiciária de processos uma redução, mas chances dessa mesma problemática voltar ao campo judicial, tendo em vista que as próprias partes construíram o acordo que para p seu posterior cumprimento.

No entanto, é necessário evidenciar que existem diversas questões estruturalmente estabelecidas que perpassam a aplicação desses mecanismos e que impactam direta ou indiretamente nos seus efeitos concretos na realidade dos seus agentes. É esse, um dos olhares que se buscará apresentar no desenvolvimento desse estudo.

Ainda que constitua uma prática de empoderamento das partes, a porta de entrada e de aplicação desse recurso, é, na maioria das vezes, o Poder Judiciário. Compreender as dinâmicas de relações, poder e discursos que perpassam a implementação da ação conciliatória, é o ponto de partida para visualizar, a partir de uma ótica não meramente jurídica, como esse recurso vem funcionando ou não dentro desse cenário específico.

Parte-se então, preliminarmente, da apresentação de como a audiência de conciliação e a dos demais métodos adequados de resolução de conflitos são dispostos a partir das normas, leis, resoluções, diretrizes e etc, objetivando apresentar como esses mecanismos estão postos para a sua compreensão. A visualização dada nesse momento, é teórica e preponderantemente partindo de um plano ideal de utilização, mas ainda é dada uma abordagem crítica diante dessas construções.

Após isso, é necessário refazer o caminho de compreensão e aplicação dos mecanismos teoricamente estudados (com ênfase, nesse estudo, na audiência de conciliação), que parte, inicialmente, da construção do próprio Direito. A partir do que Geertz (2009, p.170) chama de "saber local", é preciso sair dessa visão de contraponto quanto ao ideal e ao simbólico, e compreender também que o próprio Direito é construído e ganha formas a partir das questões sensíveis que atravessam o seu fazer, como questões coletivas, culturais, sociais e estruturais que permitem formar ou não formar padrões de atos e comportamentos. O que reforça e constrói também espaços, discursos e campos de poder e de dominação através dos quais ele se mantém e se solidifica com o passar do tempo (BOURDIEU, 2001).

O Centro Judiciário de Solução de Conflitos e Cidadania - CEJUSC da cidade do interior do Ceará, Barbalha, será o *locus*de observação e acompanhamento. Não será possível, inclusive considerando as limitações de uma pesquisa de mestrado, compreender as questões que atravessam a audiência de conciliação em sua totalidade e em todas as localidades e regiões de aplicação. Por outro lado, a análise desse fazer em uma cidade do Cariri funcionará como um estudo referencial, oferecendo um retrato de como, pelo menos em uma determinada localidade, essas audiências se modulam e ocorrem, além de como podem existir proximidades e afastamentos entre a mesmas práticas em outros locais e regiões ao observar também marcadores dessas localidades.

É a partir desse caminhar que se propõe o rompimento, mesmo dentro do campo jurídico, de uma análise puramente teórica de reunião de pensamentos e concepções de um mesmo fenômeno. Diante disso, a abordagem sociojurídica e socioantropológica do fenômeno consiste como ponto central para análise e compreensão da audiência de conciliação.

Utilizando a observação participante, a partir da pesquisa, busca-se, de fato, ocupar, permear e vivenciar o espaço em que as audiências ocorrem e ganham vida no seu fazer, ou seja, o local onde seus agentes executores passam a atuar nesse contexto de teatralidade (SCHRITZMEYER, 2001). Dentro dessa dinâmica, compreender quem são esses interlocutores, como eles compreendem esse recurso conciliatório dentro desse campo em específico, e como ele é aplicado, e principalmente, a partir de uma óptica de fluidez e movimento, como ocorre a audiência de

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conciliação diante das diversas perspectivas (VALLADARES, 2007).

Os resultados da extração dessas percepções possibilitarão uma compreensão da prática conciliatória a partir de outro caminho que não o meramente teórico e por vezes, utópico. Permitirão a identificação de marcadores culturais, sociais, políticos e coletivos que interferem diretamente na dinâmica de materialização e aplicação dessa ferramenta de construção de verdades e de decisão.

II. Breves Considerações Sobre a Pesquisa e Sua Abordagem Metodológica

A ideia de compreender o fazer judicial da audiência de conciliação[3] surgiu através da atuação e observação prática da pesquisadora em questão nos ambientes e espaços em que ela ocorria na cidade de Juazeiro do Norte - CE. Como conciliadora e mediadora formada do Núcleo Permanente de Métodos Consensuais de Solução de Conflitos - NUPEMEC, do Tribunal de Justiça do Ceará, durante a formação pôde acompanhar mais de cem audiências de conciliação e mediação, das mais diversas formas, como observadora, conciliadora, coconciliadora, mediadora e comediadora.

A partir dessa aproximação rotineira com esse campo – a execução das audiências – sobretudo, da audiência de conciliação, evidenciaram-se diversos questionamentos, sobre as partes que integravam aquele momento, sobre as suas potencialidades e espaços para falar, o tempo da execução, dentre outros aspectos. Não obstante, ao final da formação junto ao NUPEMEC, esses foram alguns pontos que não foram respondidos e, portanto, mantiveram-se guardados.

Após dois anos, dessa vez formada e já atuando como profissional no meio jurídico, a pesquisadora em questão retorna ao judiciário como servidora pública e coincidentemente (ou não) torna-se responsável pela gestão das audiências cíveis de todo o CRAJUBAR (que faz referência à Crato, Juazeiro do Norte e Barbalha, todas cidades integrantes do Estado do Ceará), na Secretaria Judiciária recentemente criada em 2019[4]. Dentro desse universo, mais uma vez a foi apresentada a prática da audiência de conciliação, no entanto, com circunstâncias e características ainda mais diversas que a fizeram retomar os questionamentos de tempos atrás que estavam adormecidos.

O setor específico dessa Secretaria voltado às audiências mencionadas é encarregado pela confecção das comunicações oficiais direcionadas às mais diversas partes e atores processuais. É responsável por realizar a ponte de comunicação entre o judiciário e o jurisdicionado em diversos momentos, seja através de mandados, cartas, ofícios, notificações e demais comunicações.

Ocorre que, em face da pandemia da COVID-19 e da necessidade de distanciamento social[5], as audiências passaram a acontecer de modo virtualizado, através de um *link* gerado por aplicativos de reuniões *online*. Nesse cenário, integrando o setor responsável por confeccionar as comunicações direcionadas às partes envolvidas nas audiências (partes autoras, partes requeridas, advogados, defensores, ministério público, dentre outros), os questionamentos ganharam novas tensões e formas.

Esses meios de comunicação são diretivos, se valendo de artigos de lei e linguagem jurídica formal, indicam o aplicativo que o propenso participante precisa baixar para entrar em audiência, indicando também um passo a passo a ser seguido para conseguir entrar no ambiente virtual. Além disso, informa a data e horário em que as partes devem comparecer e quais as penalidades decorrentes, caso ocorra ausência.

Frente à produção massiva dessas comunicações e da realização dessas audiências através dessa modalidade específica, mais inquietações surgem: Como as pessoas acessam e podem exercer seu direito de participar da audiência? todas elas podem acessar por meio desse caminho que está sendo imposto ou "oferecido"? Como fica o chamado "acesso à justiça"? Uma vez que foi possível chegar até o ambiente virtual de audiência, como é que ela realmente ocorre para aquelas pessoas que estão ali?

[3] De modo informativo a partir de uma cartilha de perguntas e respostas disponível em seu sítio virtual, o Conselho Nacional de Justiça – CNJ compreende a audiência de conciliação como "uma conversa/negociação que conta com a participação de uma pessoa imparcial para favorecer o diálogo e, se necessário, apresentar ideias para a solução do conflito". Na conciliação, o terceiro facilitador da conversa interfere de forma mais direta no litígio e pode chegar a sugerir opções de solução para o conflito (art. 165, § 2º do Código de Processo Civil). Já na mediação, o mediador facilita o diálogo entre as pessoas para que elas mesmas proponham soluções (art. 165, § 3º do Código de Processo Civil). Para conflitos objetivos, nos quais não existe relacionamento duradouro entre os envolvidos, aconselha-se o uso da conciliação (CNJ, 2017). CONSELHO NACIONAL DE JUSTIÇA. Conciliação e Mediação: Dúvidas e Respostas. Brasília: CNJ, 2017. Disponível em: https://www.cnj.jus.br/wp-content/uploads/2019/09/792a36b2facd828e3b0a2cd36adf3907.pdf. Acesso em: 21 abril 2022.

[4] TJCE instala nesta sexta-feira Secretaria Regional do Crajubar e duas Varas em Juazeiro. Tribunal de Justiça do Estado do Ceará. 2019. Disponível em:https://www.tjce.jus.br/noticias/tjce-instala-nesta-sexta-feira-secretaria-regional-do-crajubar-e-duas-varas-em-juazeiro/. Acesso em: 21 abril 2022.

[5] CONSELHO NACIONAL DE JUSTIÇA. Estabelece, no âmbito do Poder Judiciário, regime de Plantão Extraordinário, para uniformizar o funcionamento dos serviços judiciários, com o objetivo de prevenir o contágio pelo novo Coronavírus – Covid-19, e garantir o acesso à justiça neste período emergencial. *Resolução Nº 313 de 19 de março de 2020*, Brasília. CNJ, 2020. Disponível em: https://atos.cnj.jus.br/atos/detalhar/3249. Acesso em: 21 abril 2022.

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Como ela está se materializando para o judiciário e principalmente para o jurisdicionado, levando em consideração todos aqueles fatores que já haviam me inquietado há anos atrás e o novo contexto virtual que trouxe nova configuração quanto à compreensão dessas problemáticas. Para muito além de uma lógica uniforme estabelecida pela legislação, como, de fato, dentro da dinamicidade de atos e fazeres judiciais, como ocorre essa audiência de conciliação virtual?

Uma última vivência foi capaz de confirmar as dúvidas que resguardava quanto à conciliação e como esta mereceria um espaço central desta dissertação. Durante a realização das audiências com as restrições do isolamento social, mesmo sendo formalmente comunicada através de veículo oficial sobre a realização da audiência de modo virtual, a parte autora e interessada na ação se dirigiu presencialmente ao Fórum da cidade de Juazeiro do Norte/CE, ao chegar, foi informada pelo vigilante que não tinha ninguém ali, que até "segunda ordem" era "todo mundo em casa". No entanto, devido ao avançar da hora, não havia mais tempo para a parte voltar para a sua casa (sem transporte público também devido às limitações da pandemia) e buscar um meio eletrônico que possibilitasse a sua participaçãona tentativa de conciliação.

Diante dessa situação, o mesmo vigilante entrou em contato com a conciliadora do Fórum para comunicar o ocorrido, a qual solicitou que ele permitisse a participação dessa parte através do seu próprio telefone celular, pois ela não possuía, naquele momento, nenhum aparelho que possibilitasse a sua entrada no ambiente virtual e, consequentemente, a sua participação na audiência. Foi a partir disso que o responsável pela vigilância cedeu seu telefone para que a senhora que estava lá, conseguisse ingressar em audiência, de modo que esse fazer judicial se realizou em diversos locais, tempos e espaços em um mesmo momento, e dentre eles, a própria calçada do Fórum serviu como cenário para a sua ocorrência.

O relato em questão foi colhido por meio de uma conversa realizada com conciliadora e ex-coordenadora do Centro Judiciário de Solução de Conflitos e Cidadania da cidade de Juazeiro do Norte - CE. São vivências e experiências como estas que precisam estar presentes nos artigos, dissertações e teses, que pese a necessidade de aproximar essas compreensões empíricas das concepções acadêmicas que em muitos momentos evidencia apenas planos ideal desses fazeres.

Após a notícia desse episódio, observou-se que a visualização de todo esse contexto não possuía um rigorcientífico, surgindo assim, a necessidade de analisar esse fazer através de um caminho que oferecesse esse elemento e que construísse um conjunto de pressupostos cientificamente estabelecidos e que respaldassem as compreensões colhidas em campo. Para isso, não seria suficiente compreender a audiência através de processos e estudos meramente jurídicos e formalistas, visualizando apenas o que os mecanismos dogmáticos dizem sobre como ela deve ser aplicada.

Nesse sentido, ingressei como recém aluna do Programa Associado de Pós-Graduação em Antropologia da UFC-UNILAB no ano de 2020, na oportunidade, tive a chance de ter os primeiros contatos com obras referenciais que buscam compreender fazeres formadores e modificadores de culturas[6]. No entanto, não realizando a conclusão do Mestrado em Antropologia, retornei ao campo do Direito e retomei os estudos dessa vez no atual programa de Pós-Graduação da UFERSA o qual faço parte até hoje.Diante da abordagem interdisciplinar dele, percebi a possibilidade de reunir e combinar referências e abordagens sociojurídicas e socioantropológicas que colhi durante a breve passagem pelo campo da antropologia, para tentar compreender fazeres típicos do meio jurídico e judicial[7].

Nesse paradigma de vivências, atuando como servidora pública e sendo aluna da Pós-Graduação, entendi que poderia muito bem compilar e uniresses referencias de informações de experiências e buscar aplicar os recursos interdisciplinares para compreender o fazer conciliatório tão comum para o Direito dentro do próprio Direito, mas através de uma construção menos dogmática. Através dessa dinâmica múltipla de frentes de compreensão e investigação é possível realizar um movimento de intersecções único, no qual ao mesmo tempo em que se é autor, também é possível ser ator do meio (VELHO, 1987).

Através dessa vontade iniciada dentro das salas de audiência e da atuação institucional no Tribunal de Justiça foi possível entender a necessidade de buscar outras configurações para compreensão dessa prática jurídica. Então, identifiquei a chance de falar do fazer conciliatório que ocorre na dinâmica institucional do CEJUSC da cidade de Barbalha/CE através das pessoas que buscam seus direitos e dos agentes que são representantes estatais e responsáveis

[6] Através do contato inicial com o Programa de Pós-Graduação em Antropologia tive a oportunidade de conhecer e ler autores como Clifford James Geertz; Roy Wagner; Bronisław Kasper Malinowski; Claude Lévi-Strauss, dentre outros. Somada a experiência que tive como aluna especial no PPGAS - Programa de Pós-Graduação em Antropologia Social da Universidade de São Paulo, no qual pude conhecer e ler autores e autoras como Ana Lúcia Pastore Schritzmeyer; Fernando de Castro Fontainha; Susana Durão; Gilberto Velho; Roberto Kant de Lima; Norbert Roulande outros.

[7] No Pós-Graduação em Direito na Universidade Rural do Semi-Árido pude ler o resultado das pesquisas iniciais do Observatório de Prática Jurídicas que é capitaneado pelos professores do programa Mário Sérgio Falcão Maia e Felipe Araújo Castro, o qual possibilita e da aportes iniciais para a aproximação do Direito e outros campos, além de evidenciar as possibilidades de analises sociológicas e antropológicas do Direito por profissionais da área jurídica.

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pela sua condução. Pontos estes que dentro da lógica jurídica-burocrática são muitas vezes ocultados.

O direcionamento da pesquisa ao CEJUSC de Barbalha ocorreu de modo que a própria execução levou a essa delimitação. Inicialmente, o objetivo era acompanhar durante um certo período de tempo (desconsiderando o prévio conhecimento sobre a prática forense), buscando estranhar o familiar (VELHO, 1987), ao tentar colher percepções e dinâmicas iniciais sobre os CEJUSCs das comarcas contíguas de Crato/CE, Juazeiro do Norte –CE e Barbalha –CE. Para, após o período de acompanhamento de observação das audiências, introduzir um diálogo direto com seus interlocutores.

No entanto, os caminhos do campo e suas imprevisibilidades levaram a lugar diverso do primeiramente pretendido. A primeira tentativa foi a de acompanhar as audiências de conciliação virtuais no Centro Judiciário de Juazeiro do Norte/CE[8]. Realizou-se a solicitação com detalhamento do que se tratava a pesquisa e qual sua finalidade para o servidor coordenador setor em novembro de 2021, em seguida ele concordou com a observação das audiencias pela pesquisadora em questão, que foi iniciada exatamente em 8 de novembro de 2021, foi possível realizar tal prática durante cerca de duas semanas.

Após esse período fui surpreendida com a notícia que o mesmo e único servidor responsável pela coordenação do CEJUSC responsável por designar e realizar audiências de três varas cíveis e duas varas de família, estava se afastando das suas funções em razão do diagnóstico de uma doença grave decorrente da atividade que exercia, acarretando a necessidade de afastar-se das suas atribuições.

Diante da limitação de tempo que uma pesquisa de mestrado impõe, sem um novo coordenador para mediar e autorizar essa introdução no campo estudado, entendi pela viabilidade de tentar realizar a pesquisa em outras comarcas. Dessa forma, uma nova solicitação foi feita através do contato do CEJUSC da cidade de Crato, mas, com dificuldades no diálogo e aderência diante da explicação apresentada quanto à pesquisa, não se obteve também retorno sobre a anuência para prosseguimento do estudo nesta localidade. Pelo breve diálogo realizado virtualmente com a conciliadora, as limitações institucionais de condução do setor não permitiramum maior interesse em compreender os objetivos buscados pelo estudo e consequentemente em aceitar o desafio de pesquisa proposto, dando abertura para a minha inserção nesse campo.

Mais uma vez, diante da ausência de uma resposta conclusiva e da impossibilidade de aguardarvisto a limitação temporal, busquei a comarca de Barbalha/CE através do seu Centro Judiciário de Resolução de Conflitos. Realizada a solicitação diretamente ao conciliador dessa unidade, sendo também detalhad-amente informado sobre quais os pontos e propósitos da pesquisa, obtivedessa vez, uma resposta foi positiva para o acompanhamento das audiências e realização das aproximações.

De modo imediato, talvez não seja perceptível como esses entraves, dificuldades e busca pela autorização e acesso para atuar como pesquisadora em um ambiente institucionalfuncionam como verdadeiros dados ofertados pelo desafio que é assumir a realização da pesquisa de campo. O ambiente do judiciário, independentemente de onde está sendo considerada a sua atuação ou função, possui restrições, procedimentos e diversas burocracias que muitas vezes vão contra o chamado "acesso à justiça". Muitas vezes, essas nuances e dificuldades existentes não são expostas e ainda enfrentam diversas dificuldades internas e institucionais para que se tornem de amplo acesso e conhecimento não apenas acadêmico científico. É importante conhecer as ocultações que estão relacionadas com essas práticas para visualizar o que, de fato, ocorre nas rotinas judiciais de modo não facilmente observado (LATOUR, 2020).

Nesse sentido, tais dificuldades e os impactos gerados aos que buscam essa resposta e até mesmo àqueles que a integram serão futuramente mais trabalhados neste estudo. Conhecer atuações do judiciário de forma interna e democrática com viés de produção de conhecimento é pressuposto importante para que a visão de "superpoder" como ainda é construída, seja gradativamente desconstruída e desmistificada (VIANNA, 1999).

A compreensão desses fazeres só é possível, através da identificação da humanidade que reside nessas realidades responsáveis por atribuir vida aos sistemas e organizações. A partir desse pressuposto, essa concepção teórica estabelece que os processos e dimensões dadas pelas relações são mais valiosas que as formas finais. Ou seja, existem dados e contribuições valiosas a serem compreendidas pelos fazeres que são meio, não sendo atribuído valor apenas ao produto final.

Decorrente desse contexto é possível esclarecer como foi possível chegar até a delimitação final de que o CEJUSC da cidade de Barbalha[9]seria o

[8] A escolha dessa localidade ocorreu inicialmente por ser o local de exercício da atividade de observação, não como pesquisadora, mas como serventuária da justiça. Ou seja, o local que possibilitou, preliminarmente, o surgimento das primeiras inquietações antes mesmo de decidir desenvolver um projeto de pesquisa para a pós-graduação sobre esse tema em específico.

[9] Barbalha é uma das cidades que compõem o chamado triângulo CRAJUBAR" na Região do Cariri. Ou seja, Crato, Juazeiro do Norte e Barbalha. Sendo esta última a que está apresentando uma crescente

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espaço para realização da pesquisa. Além disso, a observação e análise sociojurídicae socioantropológica do que ocorre durante a audiência de conciliação realizada peloCentro Judiciário de Resolução de conflitos desta comarca no interior do Ceará não permitirá a conclusão ou a colheita de percepções de caráter universal e totalizantes sobre esse fazer judicial, especificamente. A proposta se compromete em justamente sair dessa lógica reiteradamente travada pelo campo jurídico de generalização e apresentar percepções de uma parcela de estudos e de visualizações práticas do Direito que podem funcionar como elementos reflexivos e de reconstrução dos instrumentos jurídicos através de uma lente materialista (CASTRO, 2021). A análise centralizada, como a aqui realizada, pode trazer contribuições valiosas de compreensão.

Por todo esse contexto construído foi possível desenvolver e buscar responder - ou abrir margem para mais inquietações - a seguinte pergunta: Como ocorre a audiência virtual de conciliação na comarca de Barbalha/CE através da prática institucional e dos seus atores participantes?

Nesse ínterim, apresenta-se como objetivos específicos necessários de serem traçados de modo preliminar: apresentar o referencial sociojurídico e socioantropológico que não é tipicamente utilizado pelo campo do direito e que atua como lente para visualização do campo e realização desta pesquisa; desenvolver a construção teórica dogmática e institucional da conciliação e do CEJUSC diante de um concepção crítica; examinar como ocorre a audiência de conciliação através dos agentes identificados na sua realização, dado espaço e voz a esses interlocutores para apresentação das suas percepções sobre fatores temáticos que se mostramram reincidentes através da observação participante do CEJUSC da cidade de Barbalha.

Quanto à hipótese, cabe uma ressalva. A resistência pela aplicação de pesquisas sociojurídicas que transitam entre a sociologia e antropologiano Direito é fundada em diversas razões, uma delas é o fato de que a pesquisa empiricamente construída, considerando as subjetividades do campo, pode, ao final do estudo, apresentar mais interrogações perturbadoras do que confirmações de hipóteses restritivas (DA SILVA; PEDDE; NUNES, 2019).

Todavia, para fins de suprimento dessa questão e considerando que a pesquisa não restará limitada por ela. A hipótese é de que existe um profundo afastamento entre as previsões dogmáticas legais e as ocorrências práticas da audiência de conciliação virtual, questão esta que evidencia falhas, vulnerabilidades e desafios que só podem ser identificados a partir da escuta e aproximação dos próprios participantes.

Ainda se menciona a existência de um tratamento, condução, formatação diferente em audiência de acordo com o olhar que é direcionado ao ator que está participando. Não obstante, esse interlocutor precisa, antes de tudo, ser visto como pessoa repleta de subjetividades e atravessamentos, não apenas como parte dentro de um processo representado por um referencial numérico (MAUSS, 2003).

Ademais, esses desencontros e afastamentos do modelo teórico construído para um possível acesso à justiça, se mostra na prática, de forma muito dissonante, ao passo que esse acesso se dá de modo desigual, em especial na dinâmica virtual de realização da audiência. Entender isso é essencial para desconstruir lógicas coloniais e mantenedoras de estruturas que são formadoras do direito (SANTOS, 2003).

Fatores como tempo, espaço de fala, poder de diálogo, compreensão dos fatos, poderio e domínio das ferramentas e tecnologias necessárias à interação virtual não são atribuídos com o mesmo rigor a todos os agentes. Dessa forma, apesar da audiência ganharvezes de mero procedimento dentro da esfera judicial, é por meio da sua execução que se reafirma padrões e estruturas comportamentais e de poder (BOURDIEU, 2001). Além disso, existem complexidades que perpassam seus agentes e que interferem diretamente na sua aplicação e que, sobretudo no campo do jurídico, não são consideradas. É por isso então que é preciso, no direito,fazer mais "ciência" que veja e escute o "outro".

III. A Partir Do "Ser": A Audiência De Conciliação Virtual Compreendida Através Das Percepções Dos Seus Participantes

Desenvolvido todo o desenho metodológico e esboço teórico para a realização dessa pesquisa, remonta-se, agora, para as percepções que foram colhidas através do efetivo acompanhamento das audiências realizadas no CEJUSC da cidade de Barbalha/CE. Diante da observação e posterior diálogo com os participantes alguns contextos e situações foram, por suas falas e contribuições, evidenciados.

Nesse caminho, o ideal principal dessa breve contribuição é, de modo inicial, introduzir de modo não dogmático e roteirizado, qual o papel e forma que a audiência de conciliação ganha através da sua realização e das trocas entre seus agentes

demanda de judicialização, devido ao crescimento da própria cidade e por ser reconhecida como um dos principais polos de tratamentos de saúde, possuindo, também, projetos de instauração de um juizado especial cível e criminal somente para atender as demandas dessa cidade.Disponível em: https://www.badalo.com.br/featured/nos-175-anos-de-barbalha-prefeitura-anuncia-importantes-obras-e-servicos-para-o-municipio/. Acesso em: 21 abril 2022.

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construtores. É possível, a partir desse trabalho direcionado em cenas muito específicas de momentos delimitados, compreender entraves e desencontros do que se compreende no tocante à conciliação com base tão somente em bases teóricas e uniformes.

a) Quem Tem Voz Durante A Audiência?

Entre as trocas e interferências presenciadas, a monopolização do diálogo pelos personagens que possuem conhecimento técnico ficou bem demarcada. Ao passo que a proposta da audiência é abrir um espaço para que as partes possam dialogar a fim de construir um acordo, preponderantemente, quem se manifesta durante elas não são as partes, mas sim, os advogados que as representam. A exceção remonta-se nos casos das partes que não possuem representação técnica. Ocorrendo, inclusive, situações em que não ocorreu nenhuma fala em audiência da parte interessada, manifestando-se apenas através do *"chat"*. Questiona-se, então, qual o grau de autonomia que esse participante tem para materialmente participar e influir na audiência e na sua finalização?

A manifestação dos discursos e falas de maneira muito tecnicistas também foi algo notado, mesmo sendo esclarecido inicialmente que aquele momento é conduzido pela informalidade, a persistência em se valer de termos estritamente jurídicos, técnicos e segregadores foram reincidentes. O impacto diante das partes que não possuem esse conhecimento específico é o distanciamento do discurso e não compreensão do que está efetivamente sendo trabalhado naquele momento.

Nesse sentido, por diversas vezes termos como "data vênia", "pela ordem", "produção probatória, "réplica", "excelência", perpassam a audiência que teoricamente não necessita de nenhuma condução juridicamente formal e preza pela melhor e mais simples comunicação, que possibilite dessa forma, a ampla participação de todos os envolvidos presentes.

A utilização de terminologias de fundo tão tecnicista aproxima a discussão apenas daqueles que também falam "a mesma língua" e a afasta consideravelmente quem não possui a formação necessária para compreender questões tão específicas. Mais uma vez o domínio de um capital simbólico quanto a compreensão e fala (BOURDIEU, 2001) se mostra presente e reflete de modo a distanciar os agentes.

A fala seletiva também aproxima as representações técnicas das partes com a representação do poder judiciário, o conciliador. Mesmo que os advogados estejam ali evidenciando a demanda dos seus respectivos clientes, não são capazes de transmitir com toda a autenticidade o que a própria parte interessada deseja. Além de possuir, evidentemente, seus próprios interesses nas demandas. O relato adiante demonstra as proximidades e afastamentos mencionados:

> *Advogado da parte requerida:* "- Eu não juntei a procuração porque eu estou viajando, peço prazo de 5 dias".
>
> *Advogado da parte requerente:* "-Pela ordem, Excelência, me recuso a continuar em audiência sem que seja acostado ao autos procuração que fixe os devidos poderes necessários, inclusive, para transigir".
>
> *Advogado da parte requerida:* "-Infelizmente como minha mulher saiu pro centro de Gramado eu to sem meu documento da OAB porque ela levou junto, mas como eu sou conhecido em Juazeiro, o senhor mesmo me conhece".

Nesse momento referenciado não ocorreu manifestação entre as partes que não possuíam conhecimento técnico ou proximidade profissional ou pessoal com a realidade judiciária. Notou-se ainda, um esforço de algumas partes em se aproximar-se das formas e das falas técnicas repetidas em audiência, se valendo dos mesmos termos que foram utilizados por outros agentes antes da sua fala, possibilitando uma ideia de pertencimento àquele determinado ambiente a partir da reprodução das mesmas formas.

Resta uma barreira comunicativa e de expressão quando se molda um diálogo preponderantemente não compreendido pelos personagens que construíram os fatos. O grau de autonomia e liberdade para manifestações e debates de posições nesse caso, mostra-se, consideravelmente, comprometido e centralizado em alguns agentes.

Além disso, a prevalência por manter uma ideia de litigância afasta do momento conciliatório a ideia de comunicação ampla e desmuniciada para se chegar a um acordo comum que pressupõe vantagens e concessões dos participantes, mantendo e reafirmando a ideia de polaridade, disputa e de lados vencedores e perdedores.

Ainda existe uma expectativa de reciprocidade (MALINOWSKI, 2003) com relações futuras, a forma como as falas são postas pelos representantes das partes, os advogados, demonstra uma expectativa de reconhecimento em face da conduta tomada, de fundo eminentemente cultural:

> *Advogado da parte requerida:* "- Tudo bem, Excelência (mesmo o juiz estando aqui ocupando a posição não de magistrado, mas sim, de conciliador)! Eu vou melhorar a proposta de acordo, mas só em consideração ao Senhor, pela condução excelente do Senhor."
>
> *Advogado da parte requerente:* "- Então, eu também vou aceitar o acordo em consideração à Vossa Excelência, mas é só por isso mesmo, porque não está valendo a pena para mim não, mas eu sei que essa é uma semana importante e tudo mais".

Ainda existe uma expectativa de reciprocidade (MALINOWSKI, 2003) com relações futuras, a forma como as falas são postas pelos representantes das partes, os advogados, demonstra uma expectativa de reconhecimento em face da conduta tomada, de fundo eminentemente cultural.

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Percebe-se através das manifestações, tanto do advogado da parte requerida como da parte autora, respectivamente, que existe uma reciprocidade que perpassa essa fala, sobretudo de uma expectativa para com quem está conduzindo a audiência, nesse caso, em específico, o juiz de direito, que ocupa dentro do sistema de justiça uma posição de respeitabilidade e simbolismo de poder. Nessa senda, é perceptível a ideia de que, muitas vezes, a reciprocidade é quem rege diversas relações (MALINOWSKI, 2003), funcionado como norma cultural posta, por vezes mais determinante que a própria norma jurídica.

IV. Considerações Finais

A partir da fala acima, visualiza-se uma manifestação, ainda que involuntária, de que o agente, na sua posição de condutor, projeta e trabalha em cima de um tempo de duração específico. Ademais, é complexo indicar que aquele momento durou mais que o devido, tendo em vista que cada demanda carrega suas especificidades e que o tempo para trabalhar cada uma delas será sempre muito relativo e não padronizado.

A Conciliação promovida pelo Conselho Nacional de Justiça ocorre nos mais diversos tribunais brasileiros, para tanto, o órgão fiscalizador do judiciário fixa metas que possuem base quantitativa preponderante de avaliação. Diante dessa realidade, o trabalho se propôs a visualizar quais questões perpassam a ocorrência dessas audiências, considerando que existem os interesses pessoais e institucionais daqueles que construíram a cena da sessão conciliatória.

Nesse sentido, também existem normativas que direcionam como essa audiência deve ser realizada, com normas e princípios que regulam a sua execução. Não obstante o desenho legalista dado a audiência não é capaz de abordar todos os entraves práticos que perpassam a sua ocorrência.

Diante da análise, diversas percepções foram colhidas entre os acordos realizados e entre a pressão e interesse pelas metas do judiciário. Evidenciou-se a vulnerabilidade tecnologia de algumas partes frente o super preparo tecnológico e técnico de outra; quem realmente possui protagonismo e voz durante a ocorrência da audiência; como os objetos, pessoas e símbolos que aparecem nas câmeras dizem muito sobre as pessoas e suas relações debatidas; como o silêncio representa um espaço, por vezes, predominante; e como os interesses pessoais e institucionais modulam a forma e como a audiência acontece, sobretudo, quando se mencionam as metas.

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Tool for Measuring Economic Justice in the Sacha Inchi Fruit

By John Jairo Silva Munar

Abstract- This publication describes the results obtained, from the development of the main research objective of generating a fair trade measurement instrument in each of the stages of the supply chain of sacha inchi fruit in the Amazon region of Colombia. The study allows us to answer the question: ¿How fair or unfair is trade in each of the stages of the Sacha Inchi fruit supply chain in the Amazon region of Colombia? For its fulfillment, it was necessary to first determine the main variables, the assessment scale, the degrees of compliance, the relationship between the assessment and the ideal achievement, the comprehensive scope; and finally, the methodology for monitoring, assessment of opportunities for improvement, resulting from the evaluation of the comprehensive scope of economic justice in each of the stages of the supply chain. A mixed methodology is used, a type of probabilistic sampling; where the sample is 913 companies (Production 500 and marketing 413).

Keywords: sacha inchi, supply chain, production, fair trade, marketing.

GJMBR-B Classification: JEL Code: Q13



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Tool for Measuring Economic Justice in the Sacha Inchi Fruit

Herramienta Para La Medición De Justicia Económica En La Fruta Sacha Inchi

John Jairo Silva Munar

Resumen- Esta publicación describe los resultados obtenidos, a partir del desarrollo del objetivo principal de investigación de generar un instrumento de medición del comercio justo en cada una de las etapas de la cadena de suministros de la fruta sacha inchi en la zona amazónica de Colombia. El estudio permite responder a la pregunta: ¿Qué tan justo o injusto es el comercio en cada una de las etapas de la cadena de suministros de la fruta Sacha Inchi en la zona amazónica de Colombia? Para su cumplimiento, fue necesario determinar en primer lugar las principales variables, la escala de valoración, los grados de cumplimiento, la relación existente entre la valoración y el logro ideal, el alcance integral; y finalmente, la metodología para el seguimiento, valoración de las oportunidades de mejora, resultantes de la evaluación del alcance integral de la justicia económica en cada una de las etapas de la cadena de suministros. Se emplea una metodología mixta, un tipo de muestreo probabilístico; en donde la muestra es de 913 empresas (Producción 500 y comercialización 413). Esto poner a prueba una serie de hipótesis investigativas que permiten identificar la existencia de un comercio justo y/o injusto en cada una de las etapas de la cadena de suministros de la fruta Sacha Inchi en la zona amazónica de Colombia. Lo anterior, plantea un precedente académico e investigativo acerca de la fruta sacha inchi, con un fundamento teórico-práctico valioso para la gestión de la cadena de suministros en la zona amazónica de Colombia.

Palabras Claves: *sacha inchi, cadena de suministros, producción, comercio justo, comercialización.*

Abstract- This publication describes the results obtained, from the development of the main research objective of generating a fair trade measurement instrument in each of the stages of the supply chain of sacha inchi fruit in the Amazon region of Colombia. The study allows us to answer the question: ¿How fair or unfair is trade in each of the stages of the Sacha Inchi fruit supply chain in the Amazon region of Colombia? For its fulfillment, it was necessary to first determine the main variables, the assessment scale, the degrees of compliance, the relationship between the assessment and the ideal achievement, the comprehensive scope; and finally, the methodology for monitoring, assessment of opportunities for improvement, resulting from the evaluation of the comprehensive scope of economic justice in each of the stages of the supply chain. A mixed methodology is used, a type of probabilistic sampling; where the sample is 913 companies (Production 500 and marketing 413). This will test a series of investigative hypotheses that allow identifying the existence of fair and/or unfair trade in each of the stages of the Sacha Inchi fruit supply chain in the Amazon region of Colombia. The foregoing raises an academic and research precedent about the sacha inchi fruit, with a valuable theoretical-practical foundation for the management of the supply chain in the Amazon region of Colombia.

Keywords: *sacha inchi, supply chain, production, fair trade, marketing.*

I. Introducción

El sacha inchi (*Plukenetia Volubilis L.*) en Colombia, hace parte de la colección de frutales amazónicos existentes en Colombia. Esta es una oleaginosa silvestre cultivada a gran escala en la amazonia colombiana, siendo esta planta mayormente cultivada inicialmente por los pueblos indígenas en los últimos 10 años. En muchas investigaciones que se han realizado dentro y fuera del país, se ha determinado que el aceite del sacha inchi ha sido utilizado como alimento por diversas poblaciones. Siendo este último, condecorado y reconocido internacionalmente gracias a sus propiedades saludables especialmente por su extraordinaria fuente de ácidos grados poliinsaturados, además de ser altamente utilizada en las grandes industrias cosméticas como también, por cadenas hoteleras para uso alimenticio. En Colombia, es una de las tantas fuentes de ingreso económico para las poblaciones ubicadas en la zona amazónica de Colombia, sin embargo, como se menciona en la problemática, no existe un modelo que permita controlar la justicia o injusticia económica en la cadena de suministros de la fruta amazónica, según lo citado por los autores Maldonado, et al. (2019) y; Rogel y Yumaria (2019) en sus respectivas investigaciones.

Para el desarrollo de la presente investigación, se planteó como principal objetivo la "*identificación del comercio justo en cada una de las etapas de la cadena de suministros de la fruta Sacha Inchi en la zona amazónica de Colombia*"; con el fin de brindar un análisis académico que permita a futuros proyectos, generar nuevas estrategias que regulen el comercio justo en cada una de las etapas de esta importante fruta para la región amazónica del país. Por otra parte, en el estudio desarrollado por Rodríguez, et al. (2021), se detalla la intención de llevar a cabo el "*análisis*

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financiero de toda la cadena de suministros del sacha inchi (Plukenetia Volubilis, L.) en el departamento del Norte de Santander, Colombia", el cual fue publicado en la Revista iberoamericana de Bioeconomía y cambio climático. El objetivo principal de este estudio fue el de "*realizar un análisis financiero de la cadena de suministros del sacha inchi en los eslabones de producción, agro transformación y comercialización de los productos y subproductos de sacha inchi*".

La muestra establecida fue probabilística estratificada en donde la población de 913 empresas amazónicas se distribuyó en segmentos de acuerdo con el alcance al cual pertenecen. Según Vergara, *et al*. (2019), "la cadena de valor tiene como objetivo maximizar la creación de valor mientras se minimizan los costos". Esta herramienta como instrumento de determinación de justicia económica, proporciona datos importantes al momento de clasificar las actividades que permiten generar valor agregado en una organización. De igual manera, permite la identificación de actividades que le proporcionan una ventaja competitiva sustentable. Una de las tantas investigaciones realizadas acerca del sacha inchi fue la realizada por los autores Kumar, *et al.* (2019), en donde tuvo como objetivo hipotetizarlos posibles fitoquímicos responsables de la estabilización y la limitación de las nanopartículas de la fruta sacha inchi, Camargo y Rodríguez (2020).

La razón de este estudio está direccionada desde la pregunta investigativa: ¿Qué tan justo o injusto es el comercio en cada una de las fases de la cadena de suministros de la fruta Sacha Inchi en la zona amazónica de Colombia?; constituyendo como objeto principal de trabajo, la generación de un instrumento de medición del comercio justo para cada una de las etapas de la cadena de suministros de la fruta sacha inchi en la zona amazónica de Colombia. Con el fin de dar cumplimiento al objetivo principal se plantea en primer lugar, la necesidad de determinar las principales variables que van a permitir tomar como referencia para medir el comercio justo para cada una de las etapas de la cadena de suministros de la fruta sacha inchi. Una vez se determinen las variables, se procede a establecer la escala de valoración, que generará el nivel de justicia o injusticia del comercio de la fruta en mención, según lo indican Núñez, Carvajal y Ramírez (2021).

De igual manera, es importante determinar los grados de cumplimiento y generadores de juicios numéricos que permitan cumplir el objetivo principal. En la misma dirección, se logrará determinar la relación existente entre la valoración y el logro ideal de la justicia económica en cada una de las etapas de la cadena de suministros. Para lograr datos puntuales, se pretende definir el porcentaje de alcance integral de la justicia económica y finalmente; establecer una guía metodológica que permita llevar a cabo el proceso de seguimiento, valoración y mejora continua de las oportunidades de mejoramiento, resultantes de la evaluación del alcance integral de la justicia económica en cada una de las etapas de la cadena de suministros de la fruta sacha inchi en la zona amazónica de Colombia. Metodológicamente hablando para el presente proyecto investigativo, se emplea una metodología mixta con el fin de analizar cada uno de los eslabones de la cadena de suministros.

Logrando llegar a cabo este estudio, se pone a prueba una serie de hipótesis investigativas que permiten identificar la existencia de un comercio justo y/o injusto en cada una de las etapas de la cadena de suministros de la fruta Sacha Inchi en la zona amazónica de Colombia. Lo anterior, permite plasmar un precedente académico e investigativo acerca de la fruta sacha inchi, con un fundamento teórico práctico valioso para la gestión de la cadena de suministros en la zona amazónica de Colombia. Las limitaciones que se debieron enfrentar al momento de desarrollar este proyecto investigativo, fueron de diferentes índoles, tales como: contexto sociocultural del centro de estudios en donde se desarrolló la investigación, contactar cada uno de los productores, motivándolos a continuar con el modelo de negocio.

II. Metodología

a) Diseño

La investigación realizada fue de carácter mixto, en donde se aplicaron datos cualitativos con la implementación de variables cuantitativas, en donde se permitió revisar cada una de las etapas de la cadena de suministros de la fruta Sacha Inchi en la zona amazónica de Colombia. Esta investigación fue de tipo estadístico-descriptivo, en donde se recolectó, se describió y se resumió un conjunto de datos específicos relacionados al tema propuesto. La estadística descriptiva, se define como un método para describir numéricamente conjuntos de datos numerosos. Por tratarse de un método de descripción numérica, utiliza un número como medio para describir un conjunto, ya que las permanencias estadísticas no se dan en los casos raros, según Cauas (2019).

Tabla 1: Alcance de la cadena de suministros de la fruta sacha inchi.

Alcance	Cantidad de empresas
Producción	500.
Comercialización	413.

Fuente: elaboración propia (2022).

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Tabla 2: Datos técnicos determinantes para el estudio.

Determinantes	Descripción
Segmentación geográfica	Zona amazónica de Colombia.
Tamaño de la población	913 empresas (Producción 500 y Comercialización 413).
Tamaño de la muestra	639 empresas (Producción 341 y Comercialización 298).
Tipo de la muestra	Probabilística
Instrumento de recolección de datos	Encuesta.
Cuestionario para el estudio	Producción 341 y Comercialización 298.
Número de cuestionarios para tabular	639
Nivel de confianza	95%
Tasa de error	3%
Trabajo de campo	Junio 2021 – Junio 2022.

Fuente: elaboración propia (2022).

b) Población Y Muestra

Para calcular la muestra de la población total de la etapa de producción, se tuvo en cuenta los siguientes datos:

N = Tamaño de la población = 500 productores.

Z = Nivel de confianza (%) = 95%

C = Margen de error (%) = 3%

n = Tamaño de la muestra = 341 encuestas a aplicar a productores.

Finalmente, para calcular la muestra de la población total de la etapa de comercialización, se tuvo en cuenta los siguientes datos:

N = Tamaño de la población = 413 empresas comercializadoras.

Z = Nivel de confianza (%) = 95%

C = Margen de error (%) = 3%

n = Tamaño de la muestra = 298 encuestas a aplicar a los consumidores.

Tabla 3: Población y muestra de las etapas de la cadena de suministro.

Alcance	Población	Muestra
Producción	500.	341 encuestas.
Comercialización	413.	298 encuestas.

Fuente: elaboración propia (2022).

c) Instrumentos De Investigación

El proceso de recolección de datos se hizo mediante la implementación de encuesta en cada uno de los eslabones de producción y comercialización, parte integral de la cadena de suministros de la fruta sacha inchi. Se aplicó un tipo de encuesta con preguntas cerradas con única respuesta, de tipo dicotómicas y algunas Politómicas; para los productores y comercializadores (personas) de la fruta Sacha Inchi en la zona amazónica de Colombia.

d) Análisis De Datos

Una vez desarrollada la fase de recopilación de datos con base al procedimiento establecido, se realiza el análisis de la respectiva información cualitativa y cuantitativa, a través de la plataforma de Software IBM® SPSS® (*Statistical Package for the Social Sciences*), el cual ofrece un análisis estadístico avanzada. La facilidad de uso, flexibilidad y escalabilidad, hacen que SPSS sea accesible para usuarios con cualquier nivel de conocimiento. Esta plataforma es adecuada para proyectos de todos los tamaños y niveles de complejidad, y puede ayudar a encontrar nuevas oportunidades, mejorar la eficiencia y minimizar el riesgo. Según los autores Borda, *et al*. (2019), la plataforma de Software IBM® SPSS®, permite realizar el trabajo analítico de los datos obtenidos a nivel cualitativo como también cuantitativos, con el fin de lograr construir modelos a partir de datos específicos, según Cauas (2019).

III. Resultados

a) Escala De Valoración Resultado De Investigación

La jerarquización de las variables se obtuvo mediante la respuesta a la pregunta por la condición de *estratégico*, *fundamental*, *de apoyo*. La condición denominado *estratégico*, hace referencia a las variables que proporcionan directrices a todas las demás variables o indicadores; y son responsables de la funcionalidad de la justicia económica; en ellos se sustenta los propósitos y los procesos organizacionales. La condición denominado *fundamental*, se refiere a las variables asociadas a las funciones esenciales de la justicia o injusticia económica: producción y comercialización. Finalmente, la condición denominada *de apoyo*, se refiere a las variables que sustentan el desarrollo de la vida organizacional en su conjunto. Además de ello, se tiene en cuenta las sugerencias o recomendaciones presentadas por cada

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uno de los actores involucrados en el desarrollo de la cadena de suministros de la fruta sacha inchi en la zona amazónica de Colombia de esta forma, se conformaron tres grupos de variables jerarquizados según su grado de importancia:

Tabla 4: Clasificación de variables y ponderación porcentual.

Clasificación	Peso Porcentual Del Grupo	Variable	Peso Porcentual De La Variable
Fundamental	68%	Producción de subproductos de sacha inchi	20%
		Comercialización de subproductos de sacha inchi	20%
De apoyo	14%	Exportación de subproductos de sacha inchi	15%
		Análisis financiero de los eslabones de la cadena de suministro	10%
Estratégico	18%	Comercio justo	15%
		Cadena de suministros	10%
		Inversión agroindustrial en la región	10%
Total	**100%**	**Total**	**100%**

Fuente: elaboración propia (2022).

Para asignar valores a cada una de las variables, se consultó la normatividad vigente a la fecha del desarrollo en cuento a los criterios que estipula cada variable, Planes de Desarrollo Municipal, Departamental y Nacional. El investigador del presente proyecto, consideró establecer un 68% al grupo *fundamental*, puesto que constituyen la carta de navegación de la organización, contando con la filosofía empresarial como orientadora de sus acciones esenciales: producción y comercialización. Por otra parte, se estable un 14% al grupo *de apoyo*, ya que es un factor que aporta las condiciones suficientes y necesarias en el ámbito administrativo para el desarrollo de las políticas y propósitos organizacionales. Finalmente, al grupo *estratégico*, se le asigna el 18% de la total ponderación, ya que son variables claves para el correcto desempeño de la cadena de suministros de la fruta sacha inchi en la zona amazónica de Colombia. Además de las razones expuestas, es el factor que integra el comercio justo, cadena de suministros y la inversión que se realiza a nivel agroindustrial en la región evaluada. Para valorar el nivel de justicia o injusticia económica en cada una de los eslabones de la cadena de suministros de la fruta sacha inchi en la zona amazónica de Colombia, se establece la siguiente escala de valoración:

Tabla 5: Escala de valoración y su alcance de calidad.

Grado De Cumplimiento	Grado No Numérico	Gradación Numérica		Valores Porcentaje	
		Desde	Hasta	Desde	Hasta
No se cumple	E	1	1.9	10%	19%
Se cumple insatisfactoriamente	D	2	2.9	20%	39%
Se cumple aceptablemente	C	3	3.4	40%	59%
Se cumple en alto grado	B	3.5	4.4	60%	79%
Se cumple plenamente	A	4.5	5	80%	100%

Fuente: elaboración propia (2022).

Para determinar la valoración de justicia o injusticia económica en cada una de las variables identificadas preliminarmente, se definió el siguiente procedimiento:

- Análisis crítico de cada una de las actividades desarrolladas por la organización en procura del alcance de las metas asociadas a cada uno de las variables.
- Se determina el porcentaje de alcance de cada meta definida a corto y a mediano plazo. El promedio de estos porcentajes define el porcentaje de alcance de la actividad evaluada.
- Cada una de las actividades se califica en una escala de 0 a 5 de acuerdo al porcentaje de meta alcanzado.
- Se determina la calificación de cada proyecto en la escala 0 a 5, teniendo en cuenta el promedio de las calificaciones asignadas a cada actividad.
- Se determina la calificación de cada una de las variables, teniendo en cuenta la ponderación definida para cada actividad.
- Se valora (V) la variable en función de la ponderación (P) asignada (V=PxC)
- Se determina la relación entre la valoración (V) y el logro ideal (LI): (R = V / LI).
- Finalmente se define el porcentaje de alcance integral de las metas establecidas en el Plan de Mejoramiento. (Alcance = Rx100).

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b) Grado De Cumplimiento Y Emisión De Juicios Resultado De Investigación

Para el desarrollo investigativo se entendió el proceso de ponderación como el reconocimiento diferenciado de la importancia de las diferentes variables de tipo: *fundamental*, *de apoyo* y *estratégico*, evaluadas. Así mismo, la ponderación es un proceso discrecional para cada organización, en donde asume que éste, es un paso fundamental para determinar el grado de cumplimiento de los objetivos organizacionales. La siguiente ponderación de variables con sus respectivas justificaciones, obedece únicamente como resultados de la experiencia del investigador principal y la información direccionada a partir de otros estudios investigativos.

Tabla 6: Ponderación y justificación de las variables.

Clasificación	Variable	Ponderación	Justificación
Fundamental	Producción de subproductos de sacha inchi	10	La organización lleva a cabo el conjunto de actividades para producir en el campo la fruta amazónica Sacha Inchi, con criterios de justicia económica sin afectar su normal desarrollo.
	Comercialización de subproductos de sacha inchi	10	La empresa lleva a cabo la comercialización de productos terminados del Sacha Inchi en la zona amazónica de Colombia, a través de los altos estándares de justicia económica.
De apoyo	Exportación de subproductos de sacha inchi	9	La organización fundamenta el conjunto de bienes y servicios vendidos por un país en territorio extranjero para su utilización, de manera justa y equitativa.
	Análisis financiero de los eslabones de la cadena de suministro	10	La empresa determina de manera cuantitativa y monetaria el costo de la operación del proyecto y su aceleración. De igual manera, evalúa la rentabilidad del proyecto de negocio y, visualiza su rentabilidad y recuperación del mismo en el tiempo determinado.
Estratégico	Comercio justo	9	La organización evaluada lleva a cabo un comercio justo tal como un conjunto de actividades operaciones en la industrialización de la fruta amazónica Sacha Inchi.
	Cadena de suministros	10	La empresa lleva a cabo aquellas actividades para el desarrollo operacional del Sacha Inchi en la zona amazónica de Colombia.
	Inversión agroindustrial en la región	9	La organización cuenta con una inversión limitada de dinero que se pone a disposición de terceros, de una empresa o de un conjunto de acciones, con la finalidad de que se incremente con las ganancias que genere dicho proyecto empresarial.

Fuente: elaboración propia (2022).

Tabla 7: Evaluación de la calidad de las variables fundamentales.

Gradación De Variables Fundamentales						
Variable	A. Ponderación (escala de 0 a 10)	B. Grado de cumplimiento (escala de 0 a 5)	C. Evaluación (A*B)	D. Logro ideal: Cada elemento evaluado con 5 (A*5):	E. Relación con el logro ideal: Máximo: 100 (C/D)	Grado de Cumplimiento
Producción de subproductos de sacha inchi	10	4,3	43	50	86%	Se cumple plenamente
Comercialización de subproductos de sacha inchi	10	3,2	32	50	64%	Se cumple en alto grado
Total	**20**	**3,8**	**75**	**100**	**75%**	**Se cumple en alto grado**

Fuente: elaboración propia (2022).

Según lo desarrollado y orientado a través de la tabla 8 escala de valoración y su alcance de calidad, la evaluación realizada acerca del nivel de justicia en la evaluación de calidad de las variables fundamentales,

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se encuentra enmarcada en un cumplimiento en alto grado con un porcentaje de desarrollo del 75% con base en lo ejecutado a través del instrumento de medición del comercio justo elaborado en la presenta investigación. Sin embargo, al observarse en detalle cada una de las variables determinadas como fundamentales, se tiene que la comercialización de subproductos de sacha inchi aunque tiene un nivel de cumplimiento en alto grado, es la menor calificación con un 64% de ejecución; esto quiere decir que las nuevas políticas gubernamentales deberán apuntar a la generación de estrategias que permitan el libre desarrollo comercial para cada uno de los sub-productos de la fruta sacha inchi específicamente en la zona amazónica de Colombia. Por otro lado, uno de los puntos más altos es la producción de semilla sacha inchi en la zona amazónica, que para los entes de control es notorio puesto que la producción ha ido aumentando paulatinamente; esta se encuentra en un cumplimiento plenamente con un 86%.

Tabla 8: Evaluación de la calidad de las variables de apoyo.

Gradación de variables de apoyo						
Variable	A. Ponderación (escala de 0 a 10)	B. Grado de cumplimiento (escala de 0 a 5)	C. Evaluación (A*B)	D. Logro ideal: Cada elemento evaluado con 5 (A*5):	E. Relación con el logro ideal: Máximo: 100 (C/D)	Grado de Cumplimiento
Exportación de subproductos de sacha inchi	9	2,5	23	45	50%	Se cumple aceptablemente
Análisis financiero de los eslabones de la cadena de suministro	10	3,5	35	50	70%	Se cumple en alto grado
Total	**19**	**3,0**	**57**	**95**	**60%**	**Se cumple en alto grado**

Fuente: elaboración propia (2022).

Teniendo en cuenta lo expuesto en la tabla 9 escala de valoración y su alcance de calidad, la evaluación que se realiza para las variables de apoyo se identifica que la exportación de subproductos de sacha inchi es el punto más crítico que se encuentra en la zona amazónica de Colombia. La falta de oportunidades de desarrollo, conocimiento y orientaciones acerca del procedimiento de exportación de cualquier tipo de producto a base de esta importante fruta, ha ocasionado que su cumplimiento aceptable de justicia económica esté sobre el 50%. Sin embargo, es claro que para las pocas organizaciones que existen en este tema económico, han llevado algunos análisis financieros, pero no es suficiente, lo anterior debido a que se requiere un análisis de mercado y viabilidad financiera en cada uno de los eslabones involucrados para su correcto desarrollo investigativo o de innovación. Estas dinámicas que son claras y evidentes para los entes que controlan la economía, permiten que el nivel de justicia económica para variables de tipo apoyo es del 60% con un cumplimiento en alto grado, sin embargo, con la oportunidad de desarrollar las estrategias suficientes que permitan generar una justicia económica en cada una de sus fases o eslabones.

Tabla 9: Evaluación de la calidad de las variables estratégicas.

Gradación De Variables Estratégicas						
Variable	A. Ponderación (escala de 0 a 10)	B. Grado de cumplimiento (escala de 0 a 5)	C. Evaluación (A*B)	D. Logro ideal: Cada elemento evaluado con 5 (A*5):	E. Relación con el logro ideal: Máximo: 100 (C/D)	Grado de Cumplimiento
Comercio justo	9	1,5	14	45	30%	Se cumple insatisfactoriamente
Cadena de suministros	10	3,6	36	50	72%	Se cumple en alto grado
Inversión agroindustrial en la región	9	4,0	36	45	80%	Se cumple plenamente
Total	**28**	**3,0**	**85**	**140**	**61%**	**Se cumple en alto grado**

Fuente: elaboración propia (2022).

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Finalmente, en cuanto al desarrollo evaluativo de las variables estratégicas, se logra evidenciar que su cumplimiento general es de alto grado ubicándose sobre el 61%, teniendo en cuenta lo indicado en la tabla 10 escala de valoración y su alcance de calidad. Sin embargo, al observarse una de las variables principales denominada comercio justo, es valorada insatisfactoriamente debido a la falta de organización de las actividades operacionales en la industrialización de la fruta amazónica sacha inchi en Colombia. La inexistencia de federaciones, corporaciones o entes territoriales que velen por los derechos y deberes de los productores y comercializadores de sacha inchi, siempre se verá reflejada la injusticia económica en este importante eslabón del Producto Interno Bruto colombiano. La inexistencia de políticas que regulen el desarrollo comercial para los actores interesados en el sacha inchi, ocasiona la injusticia económica que es el diario vivir de los productores y comercializadores. Por otro lado, un cumplimiento en alto grado la claridad en la definición de la cadena de valor y la inversión agroindustrial, se ubica con un 72% y 80% respectivamente. Esto es el reflejo de los pocos esfuerzos que se vienen adelantando en la estandarización y legalización de la economía del sacha inchi en Colombia.

c) Análisis Valoración Vs Logro Ideal De Justicia Económica

En cuanto a la valoración obtenida para cada una de las variables previamente identificadas y analizadas vs el logro ideal de justicia económica para cada una de ellas, se puede indicar que todas se encuentran por debajo del logro ideal. Lo anterior, destaca el reto de los entes territoriales y gubernamentales en la generación de políticas nacionales que permitan el desarrollo óptimo de la producción y comercialización de la fruta sacha inchi en la zona amazónica de Colombia. Este análisis permite determinar que la variable de producción de subproductos de sacha inchi, es la más cercana al logro ideal con 43 puntos obtenida en su evaluación. Sin embargo, la más lejana al logro ideal es acerca de la variable estratégica denominada comercio justo. Esta se encuentra con una calificación de 14 puntos como resultado de la autoevaluación realizada en el modelo de negocio de la fruta sacha inchi en la zona amazónica de Colombia. En la tabla 11, se encuentran descritas las relaciones de valoración y logro ideal para cada una de variables debidamente clasificadas en: *fundamental, de apoyo y estratégicas*.

Tabla 10: Análisis de valoración vs logro ideal de justicia económica.

Clasificación	Variable	Valoración	Logro ideal
Fundamental	Producción de subproductos de sacha inchi	43	50
	Comercialización de subproductos de sacha inchi	32	50
De apoyo	Exportación de subproductos de sacha inchi	23	45
	Análisis financiero de los eslabones de la cadena de suministro	35	50
Estratégico	Comercio justo	14	45
	Cadena de suministros	36	50
	Inversión agroindustrial en la región	36	45

Fuente: elaboración propia (2022).

Existen puntos intermedios tales como la variable de apoyo exportación de subproductos de sacha inchi, las cuales se deberá intensificar el trabajo político y mediático que permita generar estrategias que viabilicen los procesos de exportación de la fruta sacha inchi encaminadas al desarrollo económico de un nuevo eslabón prometedor para los indicadores del Producto Interno Bruto. Esta variable ha sido calificada con 23 puntos de los 45 posibles en el logro ideal. Otras variables tales como: cadena de suministros y la inversión agroindustrial en la región, se encuentran valoradas con 36 puntos de los 45 y 50 posibles respectivamente. Esto permite identificar las grandes necesidades en la regulación a través de una federación, corporación o fundación que brinde los lineamientos necesarios para que exista una justicia económica en la producción y comercialización de la fruta sacha inchi en la zona amazónica de Colombia.

d) Porcentaje De Alcance Integral De Justicia Económica

El alcance integral de justicia económica hace referencia al estado actual del nivel de justicia en el que se encuentra en la actualidad la producción y comercialización de la fruta sacha inchi en la zona amazónica de Colombia. Según los cálculos desarrollados en el instrumento formulado para la medición de comercio justo de la fruta sacha inchi en la zona amazónica de Colombia, se logra determinar que el porcentaje de alcance integral logrado a la fecha es del 65% estableciendo un cumplimiento en alto grado, según como se ilustra en la tabla 12 del presente documento. Lo descrito anteriormente se debe a la información suministrada por parte de los actores productores y comercializadores de la fruta en mención, información documental y no documental relacionada para su desarrollo evaluativo. Esto permite determinar un plan de mejora, con el objetivo de asegurar el

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comercio justo para uno de los ingresos importantes desde el punto de vista social y económico para el país. El cumplimiento en alta grado, no significa que todo esté en buenos términos, puesto que es importante establecer una metodología de seguimiento a las acciones de mejora propuestas para este modelo agroindustrial amazónico.

Tabla 11: Porcentaje de alcance integral de justicia económica.

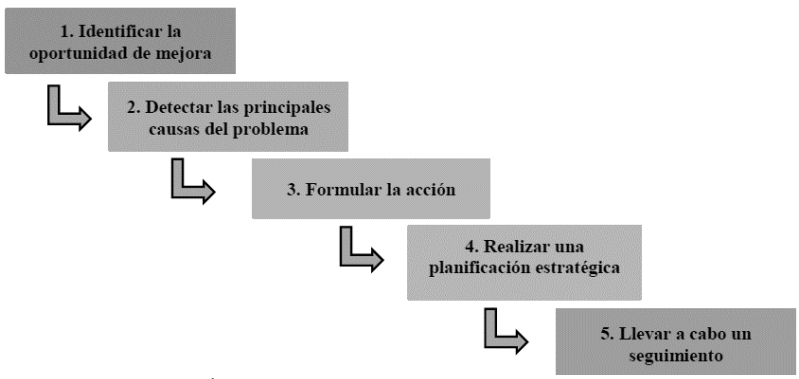
Clasificación	Variable	Relación logro ideal	% alcance integral
Fundamental	Producción de subproductos de sacha inchi	43	65% Cumplimiento en alto grado
	Comercialización de subproductos de sacha inchi	32	
De apoyo	Exportación de subproductos de sacha inchi	23	
	Análisis financiero de los eslabones de la cadena de suministro	35	
Estratégico	Comercio justo	14	
	Cadena de suministros	36	
	Inversión agroindustrial en la región	36	

Fuente: elaboración propia (2022).

e) *Metodología De Seguimiento, Valoración Y Mejora Continua*

En cuanto a la ruta metodológica que permita llevar a cabo un seguimiento, valoración y mejora continua para el caso de la identificación del comercio justo en la zona amazónica de Colombia en cuanto a la fruta sacha inchi, se estableció el proceso de direccionamiento estratégico para el monitoreo y control del plan de mejora para los eslabones que se vean involucrados en el proceso continuo. De esta manera, la evaluación como instrumento de transformación permanente, debe dar cuenta de las principales características de la empresa y las variables que sean definidas para el desarrollo evaluativo de justicia económica, con el fin de prever mecanismos de retroalimentación y acciones de mejoramiento que apunten a la realización de la cadena de valor deseable, respondiendo a ideales colectivos que se presentan en el Proyecto Empresarial y el Plan de Desarrollo Local, Regional y Nacional.

Garantizar una cultura de autoevaluación implica que la oferta y el desarrollo de productos y subproductos se realicen en condiciones de calidad y que las empresas aliadas rindan cuentas ante la comunidad, la sociedad y el Estado. Sin embargo, para que la evaluación de la calidad, orientada por la misión, la visión y los principales objetivos organizacionales, se dé sistemáticamente y sus resultados indiquen una serie de actividades plasmadas en un Plan de Mejoramiento, se requiere que la evaluación se realice como un proceso administrativo y económico, de manera permanente y necesario. En la *Figura 1*, detallan las orientaciones metodológicas para llevar a cabo el seguimiento, valoración y mejora continua de cada uno de los eslabones de la cadena de suministros para la fruta sacha inchi en la zona amazónica de Colombia.



Fuente: elaboración propia (2022).

Figura 1: Metodología de seguimiento, valoración y mejora continua

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f) Instrumento De Medición Del Comercio Justo

UNINI UNIVERSIDAD INTERNACIONAL IBEROAMERICANA

INSTRUMENTO DE MEDICIÓN DEL COMERCIO JUSTO

CÓDIGO:	VERSIÓN:	FECHA:	PÁGINA
FO-M-DC-01-01	1	07-08-2022	1 de 1

GRADACIÓN DE LOS FACTORES Y CARACTERÍSTICAS

Factor y Característica	A. Ponderación (escala de 0 a 10)	B. Grado de cumplimiento (escala de 0 a 5)	C. Evaluación (A*B)	D. Logro ideal: Cada elemento eval. con 5 (A*5):	E. Relación con el logro ideal: Máximo: 100 (C/D)	Grado de Cumplimiento	Ponderación en porcentaje (%) (B)
Producción de subproductos de sacha inchi	10	4,3	43	50	86%	Se cumple plenamente	36%
Comercialización de subproductos de sacha inchi	10	3,2	32	50	64%	Se cumple en alto grado	15%
Total Variables Fundamentales	**20**	**3,8**	**75**	**100**	**75%**	**Se cumple en alto grado**	**30%**
Exportación de subproductos de sacha inchi	9	2,5	23	45	50%	Se cumple satisfactoriamente	13%
Análisis financiero de los eslabones de la cadena de suministro	10	3,5	35	50	70%	Se cumple en alto grado	15%
Total Variables de Apoyo	**19**	**3,0**	**57**	**95**	**60%**	**Se cumple en alto grado**	**28%**
Comercio justo	9	1,5	14	45	30%	Se cumple insatisfactoriamente	13%
Cadena de suministros	10	3,6	36	50	72%	Se cumple en alto grado	15%
Inversión agroindustrial en la región	9	4,0	36	45	80%	Se cumple plenamente	13%
Total Variables Estratégicas	**28**	**3,0**	**85**	**140**	**61%**	**Se cumple en alto grado**	**42%**
Resultado Total	**67**	**3,3**	**218**	**335**	**65%**	**Se cumple en alto grado**	**100%**



Grado de cumplimiento	Grado no numérico	Gradación numérica		Valores porcentaje	
		Desde	Hasta	Desde	Hasta
No se cumple	E	desde 1	hasta 1.9	desde 10	hasta 19
Se cumple insatisfactoriamente	D	desde 2	hasta 2.9	desde 20	hasta 39
Se cumple satisfactoriamente	C	desde 3	hasta 3.4	desde 40	hasta 59
Se cumple en alto grado	B	desde 3.5	hasta 4.4	desde 60	hasta 79
Se cumple plenamente	A	desde 4.5	hasta 5	desde 80	hasta 100

Fuente: elaboración propia (2022).

Figura 2: Instrumento de medición del comercio justo

Este instrumento desarrollado (*Figura 2*), permite visualizar aspectos de: *ponderación de variables, grados de cumplimiento, evaluación integral, logro ideal, relación del logro ideal, grados de cumplimiento*. Esto genera mayor exactitud al momento de evaluar las particularidades que presente un modelo de negocio o cadena de suministros; para este caso ha sido evaluada la fruta sacha inchi en la zona amazónica de Colombia. Tal como se ha determinado en los análisis anteriores, la valoración de justicia o injusticia económica en cada una de las variables identificadas preliminarmente, se define el procedimiento.

IV. Discusión

Según la investigación realizada por Flores (2019) denominada "John Rawls y la Teoría de la Justicia", donde estableció que uno de los modelos más importantes en el campo industrial es la identificación de justicia económica, puesto que todo ser humano merece un trato justo en las relaciones interpersonales con otros sin tener en cuenta su credo, color, estudio, raza o en su defecto condición social. Sin embargo, en el marco del reconocimiento que la justicia económica en Colombia es uno de los términos más elocuentes en cuanto a la asignación de los recursos económicos, sociales, culturales y políticos, en el cual satisface las necesidades de cada uno de los individuos considerados en el producto que se esté analizando; en la presente investigación, sedefine un modelo de ponderación para los procesos de autoevaluación de los niveles de cumplimiento de la justicia o injusticia económica en cada uno de los eslabones de la cadena de suministros de la fruta sacha inchi en la zona amazónica de Colombia. Lo anterior, con el fin de facilitar los procesos de análisis e interpretación de la información obtenida a través de la recolección de la información desde diferentes canales o herramientas, fuentes documentales o no documentales; los cuales constituyen el nivel de cumplimiento de la justicia o injusticia en el mercado que se esté evaluando.

John Rawls busca a través de la teoría de la justicia, una sociedad más justa basándose en la libertad y obligaciones para con los demás y con sí mismo. En la misma dirección, el investigador Westwood (2017), destaca la importancia del autorrespeto en la teoría de la justicia del filósofo Rawls, a partir de las nociones de valor moral y mérito y su acceso con el autorrespeto como forma de autovaloración. Por otro lado, Rawls (2020) pretende expresar principalmente en su reciente publicación denominada "Una Teoría de la Justicia", una parte esencial del núcleo común de la tradición democrática la justicia como equidad y proporcionar una alternativa al utilitarismo, que había dominado la tradición anglosajona del pensamiento político desde el siglo XIX.

Sin embargo, como resultado de la presente investigación se logró determinar que, lamayoría de los encuestados valora como "Muy Bajo" la justicia económica en la producción y comercialización de la fruta Sacha Inchi en su región, que representa el 22.69%, seguido del 16.12% que lo valora como "Muy Bajo", frente a valoraciones como "Mediano" y "Alto", ambas igualmente con el 20.81%, y "Muy Alto" con el 19.56% restante de los encuestados. De acuerdo con lo anterior, es posible afirmar que, de manera acumulada, existe la impresión que casi el 39% de los encuestados consideran que la justicia económica en cuanto a producción y comercialización de Sacha Inchi en su región es Baja y Muy Baja.

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Tabla 12: Prueba de KMO y Bartlett.

Medida Kaiser-Meyer-Olkin de adecuación de muestreo		,952
Prueba de esfericidad de Bartlett	Aprox. Chi-cuadrado	44945,374
	Gl	300
	Sig.	,000

Fuente: elaboración propia (2022).

Una vez se obtienen los resultados de investigación, en la *Tabla 12*, se presentan los resultados de las Pruebas de KMO y de esfericidad de Barlett, con el fin de corroborar si es factible proceder con un análisis factorial, por ello se tiene que: el coeficiente KMO es de 0.952, indica que como es muy cercano a 1, se puede efectuar un análisis factorial y la prueba de esfericidad de Bartlett contrasta la hipótesis nula de que la matriz de correlaciones observada es en realidad una matriz identidad. Asumiendo que los datos provienen de una distribución normal multivariante, el estadístico de Bartlett se distribuye aproximadamente según el modelo de probabilidad Chi-Cuadrado y es una transformación del determinante de la matriz de correlaciones. Si el nivel crítico (Sig.) es mayor que 0,05, no podremos rechazar la hipótesis nula de esfericidad y, consecuentemente, no podremos asegurar que el modelo factorial sea adecuado para explicar los datos, sin embargo, el nivel crítico (Sig.) para este estudio NO es mayor a 0.05, pues ha salido mucho menor, por tanto, se acepta la hipótesis nula de esfericidad, por lo que podemos asegurar que el modelo factorial es adecuado de implementar.

Navarrete (2016), establece en su investigación denominada ¿desigualdad y crecimiento?, la injusticia económica como un "tópico más debatido en los últimos años en Colombia, en especial en la identificación de las variables que permiten determinar si un producto se trabaja bajo una justicia o injusticia económica". En la misma dirección, los encuestados durante la presente investigación, indicaron una valoración de "Muy Alto" a la necesidad de la inclusión de justicia en la comercialización de la fruta Sacha Inchi, que representa el 51.49%, de igual manera, el 36.62% lo valora como "Alto", seguido de un 8.61% que lo considera como "Mediano", frente a valoraciones como "Bajo" con el 1.88% y "Muy Bajo" que representó solo el 1.41% de los encuestados. De acuerdo con lo anterior, es posible afirmar que, la valoración es positiva y representa un porcentaje por encima del 90% de la muestra.

V. Conclusiones

En cuanto a la valoración obtenida para cada una de las variables previamente identificadas y analizadas vs el logro ideal de justicia económica para cada una de ellas, se puede indicar que todas se encuentran por debajo del logro ideal. Lo anterior, destaca el reto de los entes territoriales y gubernamentales en la generación de políticas nacionales que permitan el desarrollo óptimo de la producción y comercialización de la fruta sacha inchi en la zona amazónica de Colombia. Este análisis permite determinar que la variable de producción de subproductos de sacha inchi, es la más cercana al logro ideal con 43 puntos obtenida en su evaluación. Sin embargo, la más lejana al logro ideal es acerca de la variable estratégica denominada comercio justo. Se determinó que, la ponderación de variables parte del análisis reflexivo por parte de la comunidad administrativa en coherencia con la naturaleza y las particularidades de la empresa, proceso realizado antes de iniciar su respectiva valoración. El desarrollo de la ponderación de variables con sus respectivas justificaciones, obedece únicamente como resultados de la experiencia del investigador principal y la información direccionada a partir de otros estudios investigativos.

En cuanto a resultados importantes, se destaca que la evaluación realizada acerca del nivel de justicia en la evaluación de calidad de las variables fundamentales, se encuentra enmarcada en un cumplimiento en alto grado con un porcentaje de desarrollo del 75% con base en lo ejecutado a través del instrumento de medición del comercio justo elaborado en la presenta investigación. Sin embargo, al observarse en detalle cada una de las variables determinadas como fundamentales, se tiene que la comercialización de subproductos de sacha inchi aunque tiene un nivel de cumplimiento en alto grado, es la menor calificación con un 64% de ejecución; esto quiere decir que las nuevas políticas gubernamentales deberán apuntar a la generación de estrategias que permitan el libre desarrollo comercial para cada uno de los subproductos de la fruta sacha inchi específicamente en la zona amazónica de Colombia. Por otro lado, uno de los puntos más altos es la producción de semilla sacha inchi en la zona amazónica, que para los entes de control es notorio puesto que la producción ha ido aumentando paulatinamente; esta se encuentra en un cumplimiento plenamente con un 86%.

Por otro lado, la falta de oportunidades de desarrollo, conocimiento y orientaciones acerca del procedimiento de exportación de cualquier tipo de producto a base de esta importante fruta, ha ocasionado que su cumplimiento aceptable de justicia económica esté sobre el 50%. Sin embargo, es claro

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que para las pocas organizaciones que existen en este tema económico, han llevado algunos análisis financieros, pero no es suficiente, lo anterior debido a que se requiere un análisis de mercado y viabilidad financiera en cada uno de los eslabones involucrados para su correcto desarrollo investigativo o de innovación. Estas dinámicas que son claras y evidentes para los entes que controlan la economía, permiten que el nivel de justicia económica para variables de tipo apoyo es del 60% con un cumplimiento en alto grado, sin embargo, con la oportunidad de desarrollar las estrategias suficientes que permitan generar una justicia económica en cada una de sus fases o eslabones.

Finalmente, en cuanto al desarrollo evaluativo de las variables estratégicas, se logra evidenciar que su cumplimiento general es de alto grado ubicándose sobre el 61%. Sin embargo, al observarse una de las variables principales denominada comercio justo, es valorada insatisfactoriamente debido a la falta de organización de las actividades operacionales en la industrialización de la fruta amazónica sacha inchi en Colombia. La inexistencia de federaciones, corporaciones o entes territoriales que velen por los derechos y deberes de los productores y comercializadores de sacha inchi, siempre se verá reflejada la injusticia económica en este importante eslabón del Producto Interno Bruto colombiano. La inexistencia de políticas que regulen el desarrollo comercial para los actores interesados en el sacha inchi, ocasiona la injusticia económica que es el diario vivir de los productores y comercializadores. Por otro lado, un cumplimiento en alto grado la claridad en la definición de la cadena de valor y la inversión agroindustrial, se ubica con un 72% y 80% respectivamente. Esto es el reflejo de los pocos esfuerzos que se vienen adelantando en la estandarización y legalización de la economía del sacha inchi en Colombia.

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Perspectives of the World Economy from a Geopolitical Perspective

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Abstract- Global economic activity proved highly resilient during the disinflationary period 2022-2023. Employment and income growth remained relatively steady, as favorable supply and demand developments supported the major economies, despite rising central bank interest rates aimed at restoring price stability. As inflation converges towards target levels and central banks move towards an easing policy stance, a tightening of fiscal policies aimed at reducing the high level of public debt, with higher taxes and lower public spending, is expected to affect overall economic growth. The pace of expansion is also expected to remain subdued by historical standards, reflecting factors including the longer-term consequences of the COVID-19 pandemic, Russia's invasion of Ukraine, weak productivity growth and rising geo-economic fragmentation.

The economic outlook has been realized through a statistical approach of the indicators provided by the International Monetary Fund by extrapolating them through linear regression until 2029, using credible and reliable sources of information from specialized economic publications, through an innovative proprietary approach.

Keywords: world economy, geopolitics, inflation, public debt, economic resilience.

GJMBR-B Classification: JEL Code: E66



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I. Introduction

Forecasting trends in the world economy is very important, given the fact that without a relevant and pertinent forecast, it is not possible to carry out certain analyses that are useful for increasing the profitability of companies and, implicitly, for raising the standard of living worldwide. Major global geopolitical changes and the COVID-19 pandemic have had an impact on macroeconomic indicators, and the outlook is not encouraging, given the relatively indefinite continuation of the military conflict between the Russian Federation and Ukraine and the ongoing conflict in the Middle East. The outbreak of the COVID-19 pandemic has caused major disruptions in supply chains, and the military conflict provoked by the Russian Federation against Ukraine has triggered an unprecedented European energy crisis and a major food crisis, as well as a considerable increase in inflation leading to a synchronized global tightening of monetary policy.

Another important phenomenon to be taken into account in the evolution of the world economy is the dynamization of the flow of war refugees (in particular from Ukraine and Africa). A major risk is the possibility of an escalation of the military conflict in the Middle East, i.e. the generalization of the war between Israel and the Islamic Republic of Iran, which will lead to a massive flow of refugees from Israel in particular to Europe and the United States. For Europe, this refugee flow will overlap with the flow of economic and war-related migrants from the African region, which will put additional pressure on the European Union and on testing the resilience of European crisis prevention and crisis coping mechanisms. (European Union, 2024) The increase in the flows of war refugees and illegal migrants has led to the exacerbation of nationalist and sovereignist currents in several European countries, with effects including in the economic sphere, with populist measures being taken which will lead to a reduction in investment appetite and, implicitly, to a fall in economic growth.

Notwithstanding these negative developments, the global economy has shown a high degree of resilience, with stable and relatively steady growth, while inflation has returned to a normal trend, demonstrating the resilience and efficiency of the banking system. At the same time, the surge in inflation, despite its severity and the associated cost of living crisis, has not triggered uncontrolled price spirals worldwide. Thus, according to the International Monetary Fund (IMF) forecasts, global inflation is expected to fall from an annual average of 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025, with advanced economies returning to their inflation targets faster than emerging and developing economies. The latest forecast for global growth over five years - 3.1% - is at its lowest level in decades. The pace of convergence towards higher living standards for low- and middle-income countries has slowed, implying a persistence of large global economic disparities.

II. Situation of the World Economy

Financial markets have reacted very well to the prospect of central banks exiting restrictive monetary policy. As a result, financial lending policies have eased, equities that had previously declined have risen by significant percentages, leading to a boost in capital flows to most emerging market economies. At the same time, resilient growth and faster disinflation point to favorable supply-side developments in international markets, including the unwinding of earlier shocks related to higher energy commodity prices, a remarkable rebound in labor supply supported by strong

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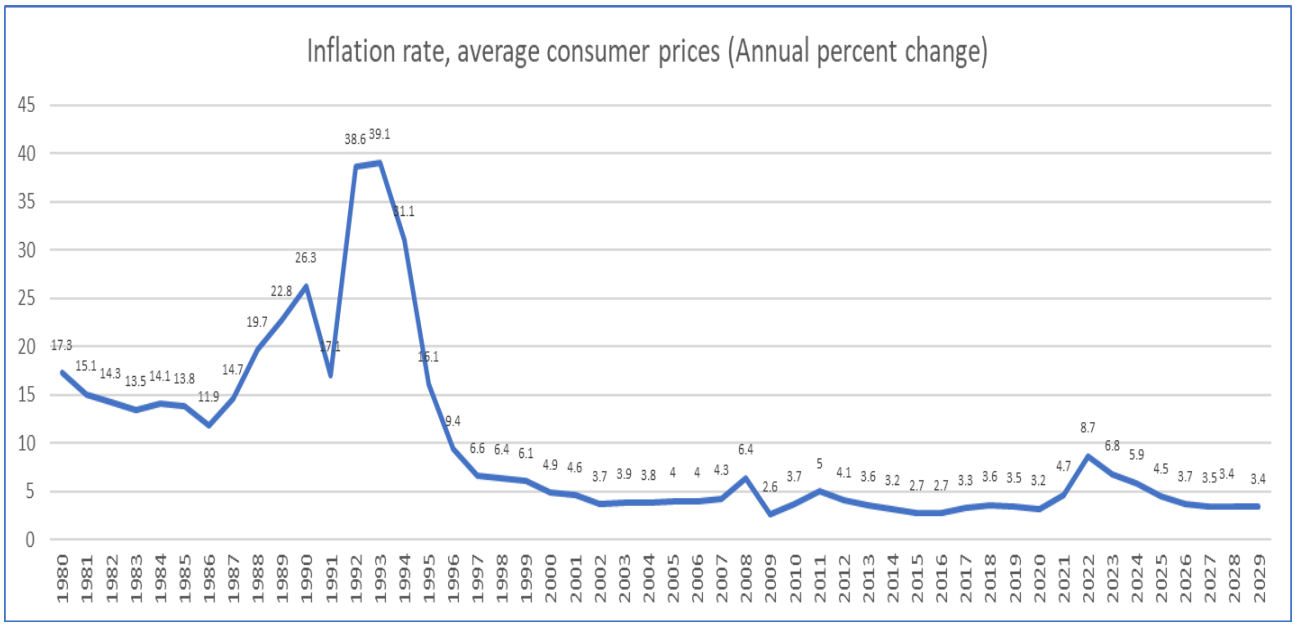
immigration flows in many advanced economies, particularly in the European area.

Despite these positive developments, many challenges remain and bold and decisive action is needed in view of the effects on the global economy. First, while inflationary trends are encouraging, long-term equilibrium in this economic indicator has not yet been reached. Somewhat worrying from a macro-economic point of view are the recent average headline and core inflation figures, which are on the rise. This may be short-term, but prudent measures need to be put in place that do not lead to higher inflation in the medium to long term.



Data source: IMF, own processing

Graph No. 1: Estimated World Inflation Rate Relative to Average Consumer Prices (Annual Percent Change)

Most of the progress in inflation came mainly from the fall in energy prices and consumer goods inflation below the average of recent years. Consumer goods inflation has been helped by the resolution of supply-chain disruptions as well as lower export prices of goods from China. A risk factor identified by economists is services inflation, which remains high and could derail disinflation. For the period ahead, it is essential that inflation rates return to a normal trend as estimated by the IMF in the graph above.

Second, the global outlook may mask strongly diverging trends both across countries and regions. The exceptional recent performance of the United States is certainly impressive and an important driver of global growth, but it also reflects strong demand factors, including a fiscal stance that is inconsistent with long-term fiscal sustainability. This poses short-term risks to the disinflation process, as well as longer-term risks to the fiscal and financial stability of the global economy, as it risks increasing overall financing costs.

In the euro area, growth will pick up in 2024, but from very low levels, as the lasting effects of monetary policy and past energy costs, as well as planned fiscal consolidation, weigh on economic activity. Continued high wage growth and persistently high inflation in the services sector could delay the return of inflation to equilibrium in the medium to longer term. However, unlike in the United States, there is little evidence of a stable economic recovery, and the European Central Bank will need to calibrate and proceed cautiously with monetary easing to avoid an excessive slowdown in economic growth and inflation below the current level. (International Monetary Fund, 2024).

An important economic factor is global population growth. Currently the global population is 7.85 billion, and forecasts for 2029 estimate a global population of around 8.29 billion people. Global population growth must be matched by growth in the resources needed for life, especially food and water. This must be understood by economically developed countries, which must identify the resources needed to provide the necessities of life in disadvantaged areas in Africa and the Middle East in order to limit economic migration. One example of this is Ukraine, which exports large quantities of cereals to Africa, but, as a result of the war with the Russian Federation, there have been major shortfalls in the delivery of these quantities of cereals needed by African countries, which has made it necessary to find economically and logistically viable solutions quickly.

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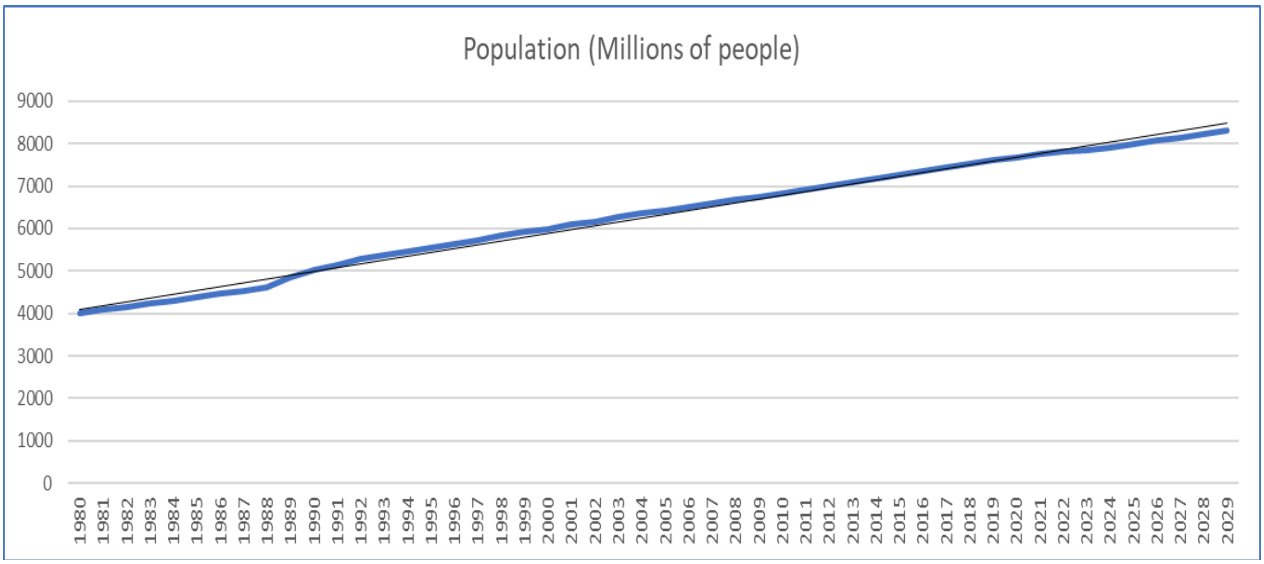
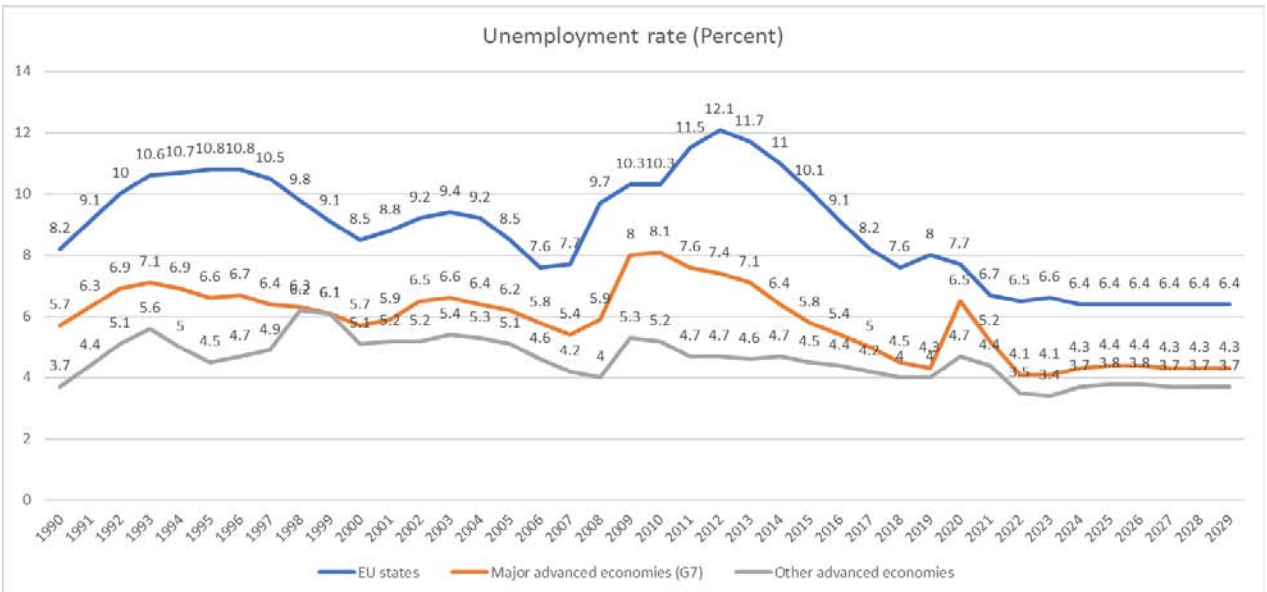


Data source: IMF, own processing

Graph No. 2: World Population Estimates (1980-2029)

As can be seen from Graph 2, global population growth is a linear phenomenon, mainly due to the increase in life expectancy, against the background of the relevant development of medicine and the pharmaceutical industry worldwide. This population growth is not a brake on the world economy, given that there are enough resources on Planet Earth to feed a population perhaps twice as large as today. Technological progress in all areas can make up for the relative scarcity of resources, and the phenomenon of food wastage and over-allocation of resources that do not necessarily produce added value must be stopped as far as possible in developed countries.

Population growth is not uniform at global level, for example in European countries there is a decrease in the native population, but the lack of employees on the labor market is replaced by migrants, who are generally cheap labor, given that most of them coming from Africa and the Middle East do not have higher education, accepting jobs that do not require a high qualification and lower wages. For a while this policy had spectacular economic results in European countries, but with the extraordinary technological developments (e.g. the rapid development of artificial intelligence, automation of productive companies), some jobs will no longer be of interest in the medium and long term, which will lead to



Data source: IMF, own processing

Graph No. 3: Estimated World Unemployment Rate (%)

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The analysis in Graph no. 3 reveals differences in inflation rates across EU Member States, G7 and other advanced economies. Thus, the highest unemployment rate will be recorded in the EU Member States, which are not so well adapted to cope with the major technological changes that will become more pronounced in the near future, while the G7 Member States, particularly the United States, are investing heavily in technological developments, especially in the IT area and especially in the technological development of artificial intelligence. In fact, artificial intelligence is the inflection point for a new technological revolution, and the driving force behind this development is the USA, where the main companies developing this innovative and pioneering technology are based. In this context, we should also not overlook the technological development of China, which has recently been investing heavily in education and fundamental and applied research, with the aim of overcoming the technological gap with the USA and the developed economic countries as quickly as possible. In the meantime, European states, especially EU Member States, benefiting from US technological support will catch up with the existing technological gaps by adapting its policies to maximize the use of modern technologies and benefit from the gains brought by them. (European Union, 2024).

At the same time, there is a phenomenon of rejection of migrants in European society, with direct societal effects in the sense that nationalist and sovereignist currents have gained strength recently in some EU Member States. Even within the European Union there are divergent positions on the acceptability and reception of migrants and war refugees. Hungary and Austria, for example, strongly advocate banning migrants on their territory and deporting them to their countries of origin. Banning migrants in Europe is by no means a medium and long term solution, the only viable solution is to implement effective policies for their full inclusion in European culture through paradigm shifts and a flexible and open approach from European society as a whole.

Although the labor market appears solid, this solidity could prove illusory if European companies have been hoarding labor in anticipation of a recovery that has so far failed to materialize. Unfortunately, the European economy seems more traditionalist, in the sense that change is slower and economic reforms in the EU institutions are relatively late in coming, amid excessive bureaucracy in Brussels, due to the cumbersome and slow economic and political decision-making process. Already in some EU Member States (e.g. Germany) the economic momentum has slowed down considerably due to rising utility prices, especially energy prices, resulting in reduced exports and, in turn, rising unemployment and social tensions in German society. This substantial reduction in exports will also have horizontal repercussions. An example in this respect is Romania, which statistically exports the most to the German market, especially to the automotive industry. The fall in Germany's export figures will also have repercussions on the Romanian economy, with effects including an increase in unemployment and, implicitly, an increase in tensions at a societal level.

China's economy is being hurt by a sustained slowdown in real estate. Credit booms and crises are never resolved quickly and this is no exception. Domestic demand will remain weak for some time unless strong measures and reforms address the root cause. Public debt dynamics are also worrying, especially if the housing crisis turns into a local public finance crisis. With weak domestic demand, external surpluses could rise on the back of low prices charged by Chinese companies, which have a major advantage in that environmental regulations are very lax, and the fact that in some cases they receive substantial subsidies from the Beijing government authorities. The risk is that this will further exacerbate trade tensions in an already tense geopolitical environment, particularly on the relationship with the US and EU Member States. (OECD, 2024).

At the same time, many other large emerging market economies are performing robustly (e.g. India), sometimes even benefiting from the reconfiguration of global supply chains and rising trade tensions between China and the United States. Their footprint on the world economy is now growing and they will play an increasingly important role in sustaining global growth in the coming years.

A worrying development is the growing divergence between many low-income developing countries and the rest of the world. For these economies, growth is revised down while inflation is revised up. Worse, unlike in most other regions, the estimates for low-income developing countries, including some large countries, have been revised upwards, suggesting that the poorest countries are not yet in a position to recover from the pandemic and the cost of living crisis. In addition, conflicts continue to cause loss of life and increase geopolitical uncertainty. These effects are predominantly felt in sub-Saharan Africa, where countries relatively rich in mineral resources face persistent and bloody military conflicts. In this context, the following African states where bloody conflicts have occurred or are still occurring are worth mentioning: Burkina Faso, Burundi, Cameroon, the Central African Republic (CAR), Chad, the Democratic Republic of the Congo (DRC), Ethiopia, Kenya, Mali, Mozambique, Niger, Nigeria, Somalia, South Sudan and Sudan. (World Bank, 2024).

For these countries, investing in structural reforms to promote domestic and foreign direct investment that foster growth and enhance domestic resource mobilization can help manage borrowing costs

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and reduce financing needs while achieving development objectives. Efforts also need to be made to improve the human capital of the young and large population by providing education and by offering high quality health services to reduce mortality, especially infant mortality.

Third, even as inflation is falling, real interest rates have risen and sovereign debt dynamics have become less favorable, especially for highly leveraged emerging markets. In this context, these highly indebted countries should turn their attention to efficient mechanisms to collect taxes and duties from companies and the population. Only credible fiscal consolidation contributes to reducing financing costs and genuinely strengthening financial stability.

In a world with much more frequent adverse shocks than in other historical periods, characterized by major disruptions in the supply of raw materials and growing fiscal needs, adaptation to climate change, digital transformation, energy security and defence consolidation should be a policy priority. However, this is never easy to achieve, given that fiscal consolidations are more likely to succeed when they are credible and implemented in periods when the economy is growing, rather than when markets dictate their terms.

In countries where inflation is under control and which are engaged in a credible multi-year effort to strengthen fiscal policies, monetary policy can help support activity. The successful policy of fiscal consolidation and monetary accommodation of 1993 in the US can be evoked in this context.

Fourth, medium-term growth prospects remain historically weak. The main cause is the lower growth of the total productivity of the relevant economic factors. A significant part of the decline stems from the misallocation of capital and labor within productive sectors and states. Facilitating a faster and more efficient allocation of resources used in the production process can help stimulate sustainable growth in the medium and long term. Currently, economists are mainly counting on the fact that artificial intelligence (AI) will generate strong increases in productivity in the medium and long term. It is statistically possible for this to happen, but the potential for serious disruption to labor and financial markets is extremely high. Maximizing the potential of AI for all relevant actors (e.g. government institutions, companies, population) will require states to be able to improve their digital infrastructure, invest in human capital and coordinate on global norms on movement of goods and services.

Also, medium and long-term growth prospects are affected by increasing geo-economic fragmentation and the sharp increase in trade restrictions and industrial policy measures, as early as 2019. Global trade linkages are already changing as a result, which may lead to potential efficiency losses and lower production yields. But the bigger damage is the one brought to global cooperation and multilateralism, aspects that will lead to affecting the business climate at the global level. At the same time, economists believe that huge global investments are needed for an ecological future and resistant to climate changes that produce relevant economic losses through the devastating effects of natural cataclysms produced worldwide.

As can be seen in recent decades, emission reductions are compatible with economic growth, where growth has become much less emissions intensive. However, emissions continue to rise amid environmental non-compliance by certain states (e.g. China, India) that do not have and/or implement effective environmental regulations to produce sustainable growth and with strict adherence to menu items dedicated to reducing the carbon footprint. Much more needs to be done in this area, and much faster. Thus, investments in ecology have expanded at a healthy pace in advanced Western states, but there are still many states that consider that these investments in protecting nature and environmental factors are not a priority at the moment.

Reducing subsidies to help reduce the use of fossil fuels cannot effectively contribute to the creation of the necessary fiscal space for the continuation of ecological investments. The greatest efforts must be made by other emerging and developing market economies, which must massively increase the growth of green investments and reduce their investments in fossil fuels. This will require technology transfer from other advanced economies as well as financing, much of it coming from the private sector. In terms of resolving these issues there is little hope for progress outside multilateral frameworks and consistent international cooperation worldwide.

Global economic development cannot be achieved without increasing the sovereign debt of states. In this context, it is necessary for the states to be able to borrow from the financial markets, but a lot of attention is needed in the efficiency with which the amounts of money coming from government or private loans are used to achieve the proposed objectives. In this context, it is necessary for each state to act prudently with regard to the degree of indebtedness, with the aim of effectively managing the balance of trade and payments.

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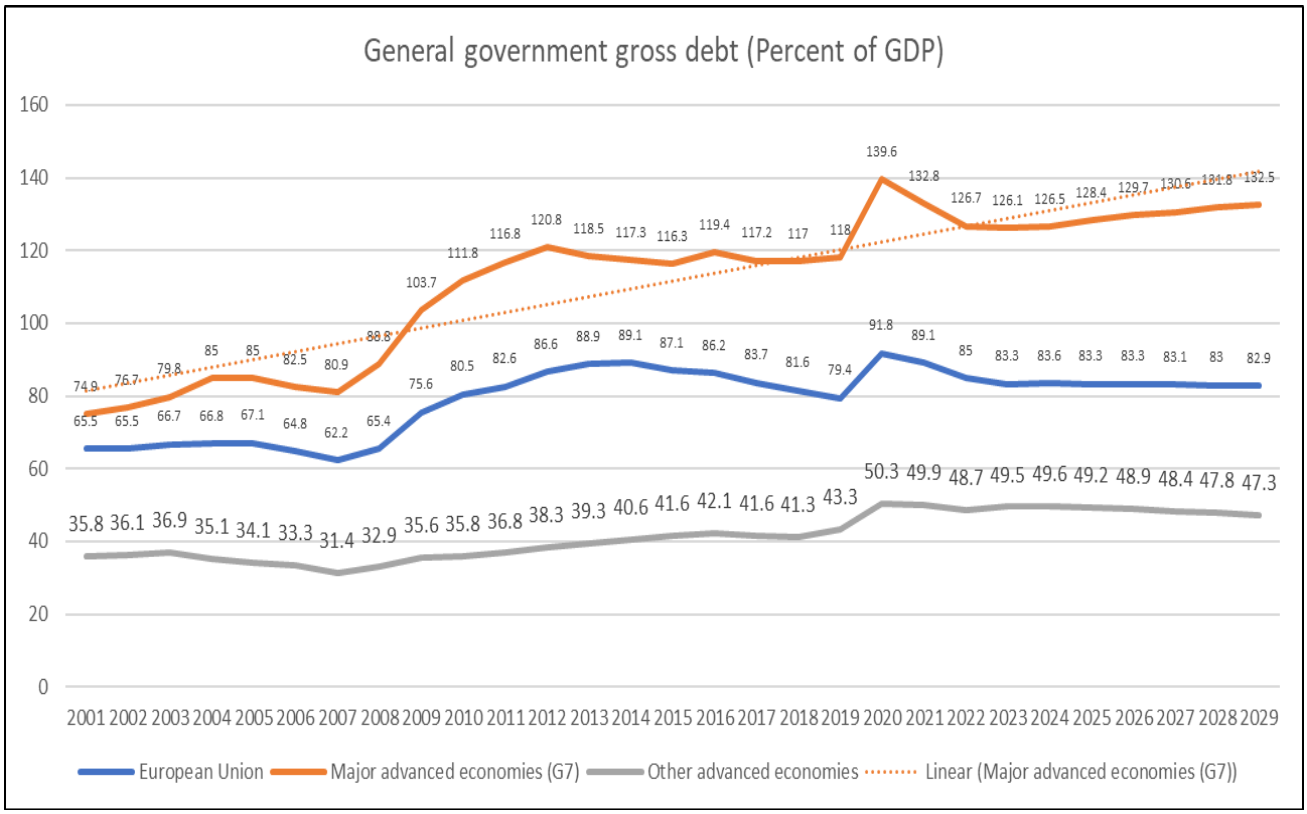

Data source: IMF, own processing

Graph No. 4: Estimated Global Debt (Percentage of GDP)

Analysis of Chart no. 4 reveals the increasing trend of government and private debts in the most economically developed states (G7 Group), while at the level of the EU member states and other advanced economies, the decreasing trend of these debts will be noted, on the background of more restrictive commercial policies that aim to reduce the trade balance deficit, including by sharply reducing budget expenditures.

III. Conclusions

Risks to the global outlook are currently largely balanced. On the negative side, further increases in prices, including energy raw materials, generated by geopolitical tensions, including those generated by the war in Ukraine generated by the Russian Federation and the conflict in Gaza and Israel, could, together with persistent core inflation in the conditions where labor markets are still tight, to raise interest rate expectations and lower asset prices.

The resilience of global economic activity has been compatible with falling inflation due to a post-pandemic supply-side expansion. Better-than-expected labor force growth amid robust employment growth supported activity and disinflation in advanced economies and several large emerging market and middle-income economies.

Also, a divergence in the pace of disinflation among major economies could cause currency moves that put financial sectors under pressure. High interest rates could have a bigger-than-expected chilling effect as fixed-rate mortgages reset and households face high debt, causing financial stress. In China, without a comprehensive response to the property sector experiencing major problems, economic growth could be inconsistent in the medium to long term, affecting trading partners. Against the backdrop of high public debt in many economies, a disruptive shift towards raising taxes and cutting spending could weaken economic activity, erode confidence and reduce support for reforms and spending to reduce the risks of climate change.

Geoeconomic fragmentation could intensify, with greater barriers to the flow of goods, capital and people, implying a slowdown in the world economy. On the other hand, a looser fiscal policy than needed and assumed in the projections could increase economic activity in the short term, although it risks a more costly adjustment of economic policy in the long run. Inflation could fall faster than expected amid further increases in labor force participation, allowing central banks to get ahead of easing plans. Artificial intelligence and stronger-than-anticipated structural reforms could boost labor productivity.

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In conclusion, as the world economy approaches a linear and relatively slow securitization trend, the short-term priority of central banks is to ensure that inflation settles on a safe trend, without prematurely relaxing financial policies and monetary prudential and without delaying too much the adoption of economic, fiscal and monetary reforms to overcome possible risk situations.

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Early View

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International Investment Position of Serbia

By Dr. Dragovan Milicevic

Introduction- The International Investment Position (IIP) of the Republic of Serbia is prepared quarterly and represents the state at the end of the period, which is the result of realized balance of payments transactions, currency changes, price changes, and other changes, and represents the balance sheet of its external financial assets and liabilities. The standard components of IIP are structured primarily on assets and liabilities and on a functional basis on direct investments (equity and debt instruments), portfolio investments (equity and debt securities), financial derivatives and other investments (other equity capital, ready money and deposits, loans, insurance and pension programs and standardized guarantee schemes, trade credits and advances, other claims/debts, and SDRs allocation) and foreign exchange reserves (monetary gold, special drawing rights, reserve position with the IMF, other reserve assets, cash and deposits, securities, financial derivatives, and other receivables). The definitions of the standard components of IIP are fully methodologically harmonized with the components of the financial account of the balance of payments. In IIP, the following sectors are shown separately: central banks, states, depository institutions other than the central bank, and other sectors. IIP components (where it makes sense) are also shown according to original maturity, with a division into short-term (up to one year) and long-term (over one year) financial assets and liabilities.

GJMBR-B Classification: *FOR Code: F21, F32*



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In addition to the balance of payments and external debt, the balance of the international investment position is an integral part of the statistics of economic relations with foreign countries. By definition, it is a balance sheet. The International Investment Position (IIP) includes financial assets and liabilities that have an international character. IIP is the balance sheet of a country's foreign financial assets and liabilities. Foreign financial assets (FIA) include financial claims of residents on non-residents and monetary gold, which is part of the country's reserve assets. Foreign financial liabilities (FIL) include financial obligations of residents to non-residents. IIP, as a rule, shows the situation at the beginning and at the end of the accounting period (most often a quarter or a year). Changes in financial assets and liabilities at the beginning and end of the period are caused by changes resulting from transactions (covered by the balance of payments) or other changes during the observation period. Other changes include changes based on write-off, revaluation, reclassification, or the or the creation or disappearance of liabilities and are not the result of transactions between non-residents and residents. As the difference between foreign financial assets and liabilities, IIP clearly shows the difference between the financial assets that an economy has and the assets it owes. Depending on the sign of the IIP, the country can be a net creditor or a net debtor in relation to the rest of the world. The IIP represents the basis for assessing the country's risk exposure in economic relations with other countries since it contains a presentation of the level, sectoral distribution, and maturity of foreign liabilities, especially foreign indebtedness, as well as the volume and structure of claims from non-residents. The IIP is a statistical report that the IMF member countries, in accordance with Article VIII, Section 5 of the Statute of this institution, are obliged to submit to the IMF according to the established dynamics. The IIP is prepared in accordance with the IMF Manual for preparing the balance of payments and international investment position, sixth edition (Balance of Payments and International Investment Position Manual, Sixth Edition, BPM6, 2008), and with the IMF Manual for preparing external debt. In addition to foreign debt, a country with a passive investment position is also a debtor based on the inflow of foreign investments, because these funds are the investor's inalienable right to dispose of them in the home country in accordance with the defined rules and laws of the recipient country. The impact of investment inflows on international liquidity and the country's position is two-sided. In casethe inflow of foreign investments into the country's assets increases with the amount of invested funds; foreign exchange liquidity increases and has a positive impact on the balance of payments. The effect of apparent liquidity and positive impact on the balance of payments is created. In the event of an outflow based on the reinvestment of profits, the transfer of part of the capital or, in the last instance, the withdrawal of invested capital, in the case of fragile international liquidity, the country falls into insurmountable difficulties that threaten

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the entire economic and monetary system (excess unemployment, outflow of capital, reduction of economic activity, etc.).

Serbia's international investment position in millions of euros

(mill EUR)									
ITEM		Position as of	Position as of	Position as of	Position as of	Position as of	Position as of	Position as of	Position as of
		31.12.2017	31.12.2018	31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023	31.3.2024
1.	**Assets**	**21.112**	**24.037**	**26.681**	**28.539**	**33.403**	**37.484**	**44.785**	**46.426**
1.1	**Direct investment**	**3.014**	**3.339**	**3.641**	**3.723**	**4.014**	**4.279**	**4.593**	**4.784**
1.1.1	Equity and investment fund shares	2.608	2.925	3.218	3.277	3.569	3.667	3.908	4.090
1.1.1.1	Equity other than reinvestment of earnings	1.758	2.028	2.251	2.310	2.519	2.594	2.723	2.899
1.1.1.2	Reinvestment of earnings	850	897	967	967	1.049	1.074	1.185	1.191
1.1.2	Debt instruments	406	415	422	446	446	611	685	694
1.2	**Portfolio investment**	**237**	**249**	**290**	**438**	**618**	**580**	**727**	**1.003**
1.2.1	Equity and investment fund shares	82	101	154	223	270	152	206	251
1.2.1.4	Other sectors	31	41	58	86	116	137	206	251
1.2.2	Debt securities	155	147	136	215	348	428	521	752
1.2.2.2	Deposit-taking corporations, except central bank	149	143	127	208	338	422	490	723
1.2.2.2.1	Short-term	0	0	0	0	0	0	34	171
1.2.2.2.2	Long-term	149	143	127	208	338	422	456	552
1.3	**Financial derivatives (other than reserves) and employee stock options**	**29**	**50**	**51**	**54**	**54**	**54**	**54**	**54**
1.4	**Other investment**	**7.870**	**9.137**	**9.321**	**10.832**	**12.262**	**13.156**	**14.502**	**15.644**
1.4.2	**Currency and deposits**	**4.423**	**4.999**	**4.774**	**5.374**	**6.304**	**6.887**	**7.238**	**8.128**
1.4.2.2	Deposit-taking corporations, except central bank	1.234	1.781	1.561	2.176	3.083	2.947	3.248	4.164
1.4.2.4	Other sectors	3.189	3.217	3.213	3.197	3.220	3.940	3.990	3.964
1.4.3	**Loans**	**265**	**399**	**447**	**470**	**521**	**547**	**566**	**516**
1.4.3.2	Deposit-taking corporations, except central bank	252	386	436	462	513	542	561	511
1.4.3.2.1	Short-term	23	21	33	26	45	35	23	7
1.4.3.2.2	Long-term	230	365	403	436	467	507	537	504
1.4.3.3	General government	10	10	10	7	6	5	5	5
1.4.4	**Insurance, pension, and standardized guarantee schemes (F60)**	**30**	**114**	**88**	**56**	**59**	**50**	**85**	**85**
1.4.5	**Trade credit and advances**	**3.143**	**3.617**	**4.006**	**4.930**	**5.375**	**5.667**	**6.602**	**6.905**
1.4.5.4	Other sectors	3.143	3.617	4.006	4.930	5.375	5.667	6.602	6.905
1.4.5.4.1	Short-term	3.105	3.578	3.977	4.901	5.346	5.638	6.474	6.777
1.4.5.4.2	Long-term	39	39	28	28	28	28	128	128
1.4.6	**Other accounts receivable/payable**	**8**	**8**	**6**	**3**	**3**	**5**	**10**	**10**
1.5	**Reserve assets**	**9.962**	**11.262**	**13.378**	**13.492**	**16.455**	**19.416**	**24.909**	**24.942**
1.5.1	Monetary gold	675	736	1.337	1.760	1.931	2.105	2.393	2.687
1.5.4	Other reserve assets	9.219	10.457	11.973	11.666	13.678	17.241	22.448	22.185
1.5.4.1	Currency and deposits	3.078	3.949	4.543	4.956	6.384	8.782	9.958	8.070
1.5.4.2	Securities	6.140	6.509	7.430	6.710	7.294	8.459	12.490	14.115
1.5.4.2.1	Debt securities	6.140	6.509	7.430	6.710	7.294	8.459	12.490	14.115
1.5.4.2.1.1	Short-term	2.278	2.915	3.161	2.812	2.531	4.049	3.436	4.297
1.5.4.2.1.2	Long-term	3.862	3.593	4.269	3.898	4.762	4.410	9.054	9.818

Source: nbs.rs/statistics of economic relations with foreign countries/international financial position

Serbia is a net debtor based on foreign investments for more than 50 billion euros, namely, liabilities based on the inflow of foreign investments are 96.5 billion, while the funds invested by Serbia cumulatively as of 3103.2024 amount to 46.4 billion.

On the asset side, other investments dominate 15.6, and of course foreign exchange reserves of over 24.9 billion euros. Other investments consist mainly of trade and commercial loans and cash on accounts abroad. In terms of liabilities based on foreign investments, the positions of reinvestment of profits of over 10 billion and debt instruments of over 11.8 billion are particularly sensitive. Practically, in the scenario that for various reasons investors decide to withdraw funds from Serbia, the foreign exchange reserves would be completely canceled and the country would end up in a chaotic scenario of maintaining external liquidity. Economic and social life is practically maintained through a very fragile and unstable environment of accumulation of public debt of the state, external debt of the state and the economy, and ownership of the economy and financial system by non-resident owners.

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ITEM		Position as of 31.12.2017	Position as of 31.12.2018	Position as of 31.12.2019	Position as of 31.12.2020	Position as of 31.12.2021	Position as of 31.12.2022	Position as of 31.12.2023	Position as of 31.3.2024
2.	**Liabilities**	**56.691**	**61.591**	**67.158**	**70.813**	**77.713**	**86.874**	**94.790**	**96.589**
2.1	**Direct investment**	**31.524**	**35.208**	**39.029**	**42.572**	**46.126**	**50.207**	**54.784**	**56.258**
2.1.1	Equity and investment fund shares	26.248	29.507	32.944	35.009	37.226	39.848	43.415	44.456
2.1.1.1	Equity other than reinvestment of earnings	21.725	23.841	26.092	27.776	29.287	31.098	33.484	34.267
2.1.1.2	Reinvestment of earnings	4.523	5.665	6.852	7.233	7.939	8.750	9.931	10.189
2.1.2	Debt instruments	5.275	5.701	6.085	7.563	8.900	10.359	11.369	11.802
2.2	**Portfolio investment**	**5.421**	**4.749**	**5.126**	**6.955**	**8.796**	**8.789**	**9.860**	**9.778**
2.2.1	Equity and investment fund shares	29	19	20	23	33	26	38	35
2.2.1.4	Other sectors	29	19	14	14	12	21	33	30
2.2.2	Debt securities	5.393	4.729	5.106	6.932	8.763	8.764	9.821	9.743
2.2.2.3	General government	5.393	4.729	5.101	6.927	8.763	8.757	9.810	9.731
2.2.2.3.2	Long-term	5.393	4.729	5.101	6.927	8.763	8.757	9.810	9.731
2.3	**Financial derivatives (other than reserves) and employee stock options**	**1**	**1**	**1**	**1**	**25**	**144**	**217**	**213**
2.4	**Other investment**	**19.745**	**21.634**	**23.002**	**21.284**	**22.766**	**27.733**	**29.929**	**30.340**
2.4.1	**Other equity**	**2**	**3**	**3**	**3**	**4**	**6**	**21**	**25**
2.4.2	**Currency and deposits**	**996**	**1.029**	**1.086**	**984**	**1.256**	**1.839**	**2.101**	**2.248**
2.4.2.2	Deposit-taking corporations, except central bank	996	1.029	1.086	984	1.256	1.839	2.101	2.248
2.4.3	**Loans**	**15.885**	**17.439**	**18.579**	**17.908**	**19.138**	**23.027**	**24.147**	**24.296**
2.4.3.2	Deposit-taking corporations, except central bank	2.336	3.063	3.404	3.821	3.985	4.328	3.681	3.457
2.4.3.2.1	Short-term	817	1.346	1.445	1.473	1.356	1.672	343	213
2.4.3.2.2	Long-term	1.519	1.717	1.959	2.348	2.629	2.657	3.338	3.245
2.4.3.3	General government	9.686	10.053	10.426	9.751	10.825	12.719	14.927	15.027
2.4.3.3.3	Other Long-term	9.686	10.053	10.426	9.751	10.825	12.719	14.927	15.027
2.4.3.4	Other sectors	3.836	4.302	4.736	4.332	4.328	4.998	5.540	5.811
2.4.3.4.1	Short-term	13	23	52	28	101	398	108	49
2.4.3.4.2	Long-term	3.823	4.278	4.684	4.304	4.227	4.600	5.431	5.763
2.4.4	**Insurance, pension, and standardized guarantee schemes (F60)**	**19**	**26**	**17**	**23**	**48**	**59**	**76**	**76**
2.4.5	**Trade credit and advances**	**2.297**	**2.572**	**2.741**	**1.810**	**951**	**1.428**	**2.250**	**2.344**
2.4.5.4	Other sectors	2.297	2.572	2.741	1.810	951	1.428	2.250	2.344
2.4.5.4.1	Short-term	2.127	2.400	2.579	1.718	820	1.343	2.169	2.259
2.4.5.4.2	Long-term	169	171	162	92	131	86	81	85
2.4.6	**Other accounts receivable/payable**	**18**	**25**	**26**	**36**	**42**	**34**	**34**	**34**
2.4.7	**Special drawing rights**	**529**	**541**	**549**	**521**	**1.327**	**1.340**	**1.300**	**1.317**
NET IIP		**-35.579**	**-37.555**	**-40.478**	**-42.274**	**-44.310**	**-49.390**	**-50.005**	**-50.163**
Source: NBS									
NOTE: The presentation of IIP is, as far as possible, in line with the guidelines contained in the sixth edition of the IMF Balance of Payments and International Investment Position Manual, 2009 (BPM6). Data are subject to corrections in line with the official data sources.Table is in accordance with data available until June 28,									

When the total debt on all bases is added up, the state (24 billion), the economy and the population (24) are indebted over 110 billion euros through internal public debt (10 billion), external debt of the economy and population of 21 billion and debt based on incoming foreign investments that is, property that non-residents dispose of. If we add to that the liabilities of banks that are almost 100% foreign-owned, i.e. cash reserves at the NBS in the amount of over 1,000 billion dinars or 9 billion euros, foreign liabilities of 643 billion and capital and reserves of 804 billion, the total open position of banks is 21 billion euros. Certainly, a part of foreign investments in the international investment position refers to the banking sector. Be that as it may, this position makes the state very vulnerable to external shocks and the possibility of "capital flight", which in the extreme case significantly affects the overall sovereignty of the state and its international, first of all, political and, consequently, economic position.

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Acknowledgments

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7. Revise what you wrote: When you write anything, always read it, summarize it, and then finalize it.

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9. Produce good diagrams of your own: Always try to include good charts or diagrams in your paper to improve quality. Using several unnecessary diagrams will degrade the quality of your paper by creating a hodgepodge. So always try to include diagrams which were made by you to improve the readability of your paper. Use of direct quotes: When you do research relevant to literature, history, or current affairs, then use of quotes becomes essential, but if the study is relevant to science, use of quotes is not preferable.

10. Use proper verb tense: Use proper verb tenses in your paper. Use past tense to present those events that have happened. Use present tense to indicate events that are going on. Use future tense to indicate events that will happen in the future. Use of wrong tenses will confuse the evaluator. Avoid sentences that are incomplete.

11. Pick a good study spot: Always try to pick a spot for your research which is quiet. Not every spot is good for studying.

12. Know what you know: Always try to know what you know by making objectives, otherwise you will be confused and unable to achieve your target.

13. Use good grammar: Always use good grammar and words that will have a positive impact on the evaluator; use of good vocabulary does not mean using tough words which the evaluator has to find in a dictionary. Do not fragment sentences. Eliminate one-word sentences. Do not ever use a big word when a smaller one would suffice.
Verbs have to be in agreement with their subjects. In a research paper, do not start sentences with conjunctions or finish them with prepositions. When writing formally, it is advisable to never split an infinitive because someone will (wrongly) complain. Avoid clichés like a disease. Always shun irritating alliteration. Use language which is simple and straightforward. Put together a neat summary.

14. Arrangement of information: Each section of the main body should start with an opening sentence, and there should be a changeover at the end of the section. Give only valid and powerful arguments for your topic. You may also maintain your arguments with records.

15. Never start at the last minute: Always allow enough time for research work. Leaving everything to the last minute will degrade your paper and spoil your work.

16. Multitasking in research is not good: Doing several things at the same time is a bad habit in the case of research activity. Research is an area where everything has a particular time slot. Divide your research work into parts, and do a particular part in a particular time slot.

17. Never copy others' work: Never copy others' work and give it your name because if the evaluator has seen it anywhere, you will be in trouble. Take proper rest and food: No matter how many hours you spend on your research activity, if you are not taking care of your health, then all your efforts will have been in vain. For quality research, take proper rest and food.

18. Go to seminars: Attend seminars if the topic is relevant to your research area. Utilize all your resources.

19. Refresh your mind after intervals: Try to give your mind a rest by listening to soft music or sleeping in intervals. This will also improve your memory. Acquire colleagues: Always try to acquire colleagues. No matter how sharp you are, if you acquire colleagues, they can give you ideas which will be helpful to your research.

20. Think technically: Always think technically. If anything happens, search for its reasons, benefits, and demerits. Think and then print: When you go to print your paper, check that tables are not split, headings are not detached from their descriptions, and page sequence is maintained.

21. Adding unnecessary information: Do not add unnecessary information like "I have used MS Excel to draw graphs." Irrelevant and inappropriate material is superfluous. Foreign terminology and phrases are not apropos. One should never take a broad view. Analogy is like feathers on a snake. Use words properly, regardless of how others use them. Remove quotations. Puns are for kids, not grunt readers. Never oversimplify: When adding material to your research paper, never go for oversimplification; this will definitely irritate the evaluator. Be specific. Never use rhythmic redundancies. Contractions shouldn't be used in a research paper. Comparisons are as terrible as clichés. Give up ampersands, abbreviations, and so on. Remove commas that are not necessary. Parenthetical words should be between brackets or commas. Understatement is always the best way to put forward earth-shaking thoughts. Give a detailed literary review.

22. Report concluded results: Use concluded results. From raw data, filter the results, and then conclude your studies based on measurements and observations taken. An appropriate number of decimal places should be used. Parenthetical remarks are prohibited here. Proofread carefully at the final stage. At the end, give an outline to your arguments. Spot perspectives of further study of the subject. Justify your conclusion at the bottom sufficiently, which will probably include examples.

23. Upon conclusion: Once you have concluded your research, the next most important step is to present your findings. Presentation is extremely important as it is the definite medium though which your research is going to be in print for the rest of the crowd. Care should be taken to categorize your thoughts well and present them in a logical and neat manner. A good quality research paper format is essential because it serves to highlight your research paper and bring to light all necessary aspects of your research.

Informal Guidelines of Research Paper Writing

Key points to remember:

- Submit all work in its final form.
- Write your paper in the form which is presented in the guidelines using the template.
- Please note the criteria peer reviewers will use for grading the final paper.

Final points:

One purpose of organizing a research paper is to let people interpret your efforts selectively. The journal requires the following sections, submitted in the order listed, with each section starting on a new page:

The introduction: This will be compiled from reference matter and reflect the design processes or outline of basis that directed you to make a study. As you carry out the process of study, the method and process section will be constructed like that. The results segment will show related statistics in nearly sequential order and direct reviewers to similar intellectual paths throughout the data that you gathered to carry out your study.

The discussion section:

This will provide understanding of the data and projections as to the implications of the results. The use of good quality references throughout the paper will give the effort trustworthiness by representing an alertness to prior workings.

Writing a research paper is not an easy job, no matter how trouble-free the actual research or concept. Practice, excellent preparation, and controlled record-keeping are the only means to make straightforward progression.

General style:

Specific editorial column necessities for compliance of a manuscript will always take over from directions in these general guidelines.

To make a paper clear: Adhere to recommended page limits.

Mistakes to avoid:

- Insertion of a title at the foot of a page with subsequent text on the next page.
- Separating a table, chart, or figure—confine each to a single page.
- Submitting a manuscript with pages out of sequence.
- In every section of your document, use standard writing style, including articles ("a" and "the").
- Keep paying attention to the topic of the paper.



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- Use paragraphs to split each significant point (excluding the abstract).
- Align the primary line of each section.
- Present your points in sound order.
- Use present tense to report well-accepted matters.
- Use past tense to describe specific results.
- Do not use familiar wording; don't address the reviewer directly. Don't use slang or superlatives.
- Avoid use of extra pictures—include only those figures essential to presenting results.

Title page:

Choose a revealing title. It should be short and include the name(s) and address(es) of all authors. It should not have acronyms or abbreviations or exceed two printed lines.

Abstract: This summary should be two hundred words or less. It should clearly and briefly explain the key findings reported in the manuscript and must have precise statistics. It should not have acronyms or abbreviations. It should be logical in itself. Do not cite references at this point.

An abstract is a brief, distinct paragraph summary of finished work or work in development. In a minute or less, a reviewer can be taught the foundation behind the study, common approaches to the problem, relevant results, and significant conclusions or new questions.

Write your summary when your paper is completed because how can you write the summary of anything which is not yet written? Wealth of terminology is very essential in abstract. Use comprehensive sentences, and do not sacrifice readability for brevity; you can maintain it succinctly by phrasing sentences so that they provide more than a lone rationale. The author can at this moment go straight to shortening the outcome. Sum up the study with the subsequent elements in any summary. Try to limit the initial two items to no more than one line each.

Reason for writing the article—theory, overall issue, purpose.

- Fundamental goal.
- To-the-point depiction of the research.
- Consequences, including definite statistics—if the consequences are quantitative in nature, account for this; results of any numerical analysis should be reported. Significant conclusions or questions that emerge from the research.

Approach:

- Single section and succinct.
- An outline of the job done is always written in past tense.
- Concentrate on shortening results—limit background information to a verdict or two.
- Exact spelling, clarity of sentences and phrases, and appropriate reporting of quantities (proper units, important statistics) are just as significant in an abstract as they are anywhere else.

Introduction:

The introduction should "introduce" the manuscript. The reviewer should be presented with sufficient background information to be capable of comprehending and calculating the purpose of your study without having to refer to other works. The basis for the study should be offered. Give the most important references, but avoid making a comprehensive appraisal of the topic. Describe the problem visibly. If the problem is not acknowledged in a logical, reasonable way, the reviewer will give no attention to your results. Speak in common terms about techniques used to explain the problem, if needed, but do not present any particulars about the protocols here.

The following approach can create a valuable beginning:

- Explain the value (significance) of the study.
- Defend the model—why did you employ this particular system or method? What is its compensation? Remark upon its appropriateness from an abstract point of view as well as pointing out sensible reasons for using it.
- Present a justification. State your particular theory(-ies) or aim(s), and describe the logic that led you to choose them.
- Briefly explain the study's tentative purpose and how it meets the declared objectives.

Approach:

Use past tense except for when referring to recognized facts. After all, the manuscript will be submitted after the entire job is done. Sort out your thoughts; manufacture one key point for every section. If you make the four points listed above, you will need at least four paragraphs. Present surrounding information only when it is necessary to support a situation. The reviewer does not desire to read everything you know about a topic. Shape the theory specifically—do not take a broad view.

As always, give awareness to spelling, simplicity, and correctness of sentences and phrases.

Procedures (methods and materials):

This part is supposed to be the easiest to carve if you have good skills. A soundly written procedures segment allows a capable scientist to replicate your results. Present precise information about your supplies. The suppliers and clarity of reagents can be helpful bits of information. Present methods in sequential order, but linked methodologies can be grouped as a segment. Be concise when relating the protocols. Attempt to give the least amount of information that would permit another capable scientist to replicate your outcome, but be cautious that vital information is integrated. The use of subheadings is suggested and ought to be synchronized with the results section.

When a technique is used that has been well-described in another section, mention the specific item describing the way, but draw the basic principle while stating the situation. The purpose is to show all particular resources and broad procedures so that another person may use some or all of the methods in one more study or referee the scientific value of your work. It is not to be a step-by-step report of the whole thing you did, nor is a methods section a set of orders.

Materials:

Materials may be reported in part of a section or else they may be recognized along with your measures.

Methods:

- Report the method and not the particulars of each process that engaged the same methodology.
- Describe the method entirely.
- To be succinct, present methods under headings dedicated to specific dealings or groups of measures.
- Simplify—detail how procedures were completed, not how they were performed on a particular day.
- If well-known procedures were used, account for the procedure by name, possibly with a reference, and that's all.

Approach:

It is embarrassing to use vigorous voice when documenting methods without using first person, which would focus the reviewer's interest on the researcher rather than the job. As a result, when writing up the methods, most authors use third person passive voice.

Use standard style in this and every other part of the paper—avoid familiar lists, and use full sentences.

What to keep away from:

- Resources and methods are not a set of information.
- Skip all descriptive information and surroundings—save it for the argument.
- Leave out information that is immaterial to a third party.

Results:

The principle of a results segment is to present and demonstrate your conclusion. Create this part as entirely objective details of the outcome, and save all understanding for the discussion.

The page length of this segment is set by the sum and types of data to be reported. Use statistics and tables, if suitable, to present consequences most efficiently.

You must clearly differentiate material which would usually be incorporated in a study editorial from any unprocessed data or additional appendix matter that would not be available. In fact, such matters should not be submitted at all except if requested by the instructor.



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Content:

- Sum up your conclusions in text and demonstrate them, if suitable, with figures and tables.
- In the manuscript, explain each of your consequences, and point the reader to remarks that are most appropriate.
- Present a background, such as by describing the question that was addressed by creation of an exacting study.
- Explain results of control experiments and give remarks that are not accessible in a prescribed figure or table, if appropriate.
- Examine your data, then prepare the analyzed (transformed) data in the form of a figure (graph), table, or manuscript.

What to stay away from:

- Do not discuss or infer your outcome, report surrounding information, or try to explain anything.
- Do not include raw data or intermediate calculations in a research manuscript.
- Do not present similar data more than once.
- A manuscript should complement any figures or tables, not duplicate information.
- Never confuse figures with tables—there is a difference.

Approach:

As always, use past tense when you submit your results, and put the whole thing in a reasonable order.

Put figures and tables, appropriately numbered, in order at the end of the report.

If you desire, you may place your figures and tables properly within the text of your results section.

Figures and tables:

If you put figures and tables at the end of some details, make certain that they are visibly distinguished from any attached appendix materials, such as raw facts. Whatever the position, each table must be titled, numbered one after the other, and include a heading. All figures and tables must be divided from the text.

Discussion:

The discussion is expected to be the trickiest segment to write. A lot of papers submitted to the journal are discarded based on problems with the discussion. There is no rule for how long an argument should be.

Position your understanding of the outcome visibly to lead the reviewer through your conclusions, and then finish the paper with a summing up of the implications of the study. The purpose here is to offer an understanding of your results and support all of your conclusions, using facts from your research and generally accepted information, if suitable. The implication of results should be fully described.

Infer your data in the conversation in suitable depth. This means that when you clarify an observable fact, you must explain mechanisms that may account for the observation. If your results vary from your prospect, make clear why that may have happened. If your results agree, then explain the theory that the proof supported. It is never suitable to just state that the data approved the prospect, and let it drop at that. Make a decision as to whether each premise is supported or discarded or if you cannot make a conclusion with assurance. Do not just dismiss a study or part of a study as "uncertain."

Research papers are not acknowledged if the work is imperfect. Draw what conclusions you can based upon the results that you have, and take care of the study as a finished work.

- You may propose future guidelines, such as how an experiment might be personalized to accomplish a new idea.
- Give details of all of your remarks as much as possible, focusing on mechanisms.
- Make a decision as to whether the tentative design sufficiently addressed the theory and whether or not it was correctly restricted. Try to present substitute explanations if they are sensible alternatives.
- One piece of research will not counter an overall question, so maintain the large picture in mind. Where do you go next? The best studies unlock new avenues of study. What questions remain?
- Recommendations for detailed papers will offer supplementary suggestions.

Approach:

When you refer to information, differentiate data generated by your own studies from other available information. Present work done by specific persons (including you) in past tense.

Describe generally acknowledged facts and main beliefs in present tense.

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Topics	Grades		
	A-B	**C-D**	**E-F**
Abstract	Clear and concise with appropriate content, Correct format. 200 words or below	Unclear summary and no specific data, Incorrect form Above 200 words	No specific data with ambiguous information Above 250 words
Introduction	Containing all background details with clear goal and appropriate details, flow specification, no grammar and spelling mistake, well organized sentence and paragraph, reference cited	Unclear and confusing data, appropriate format, grammar and spelling errors with unorganized matter	Out of place depth and content, hazy format
Methods and Procedures	Clear and to the point with well arranged paragraph, precision and accuracy of facts and figures, well organized subheads	Difficult to comprehend with embarrassed text, too much explanation but completed	Incorrect and unorganized structure with hazy meaning
Result	Well organized, Clear and specific, Correct units with precision, correct data, well structuring of paragraph, no grammar and spelling mistake	Complete and embarrassed text, difficult to comprehend	Irregular format with wrong facts and figures
Discussion	Well organized, meaningful specification, sound conclusion, logical and concise explanation, highly structured paragraph reference cited	Wordy, unclear conclusion, spurious	Conclusion is not cited, unorganized, difficult to comprehend
References	Complete and correct format, well organized	Beside the point, Incomplete	Wrong format and structuring

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