

ANDREFF, Wladimir

Russian Multinationals: Russian Outward Foreign Direct Investment

Abstract: This article describes the increase in foreign direct investment (FDI) by Russian companies, in particular since 1994. Their strategies, geared to the international arena, differ from the policies followed by their Socialist predecessors. The main targets are the European Union, other transition countries and the United States, with a focus on the energy, raw materials and natural resource-related industries. Similarly, Russian banks are beginning to internationalise. The paper also analyses the strategies of the major Russian multinational companies in each industry and their specific characteristics. Finally, Russian outward FDI is classified in phase 2 on the (Dunning) investment development path model, in other words, more advanced than developing countries but less than newly industrialised countries. A discussion of the outlook for Russian multinationals is provided by way of conclusion.

Key words: transition to capitalism, economic development, multinational companies, joint ventures, direct investments, investments abroad, Russia.

JEL Classification: F21, F23, O52, O53

ARRONDO GARCÍA, Rubén and FERNÁNDEZ MÉNDEZ, Carlos

The Choice between Equities and Bonds on the Spanish Financial Market

Abstract: The purpose of this paper is to determine whether there are significant differences between companies that decide to raise funds for their investment projects with rights issues and those that prefer to issue simple bonds. More specifically, it seeks to identify standard behaviour patterns in certain variables relating to problems of adverse selection and moral hazard, for both types of companies. The results of this survey of the Spanish capital market over the period 1990-1998 indicate that problems of moral hazard, more than situations of adverse selection, may partially condition the type of fund-raising preferred by a given company.

Key words: capital markets, enterprise financing, Spain, 1990-1998.

JEL Classification: G32.

BASTIDA VILÁ, Benjamín

Social Consequences of Russian Transition

Abstract: This article analyses an important aspect of Russian transition, namely social issues, focusing on the situation of two particularly vulnerable age groups in Russia: children and adolescents on one end of the age scale, and pensioners on the other. The

risks of poverty, disease and neglect to which these two groups are subject are described, along with the underlying causes. The paper discusses the problem of the meagre benefits received by pensioners and the scant viability of the solutions proposed.

Key words: social policy, poverty, childhood, retirement pensions, Russia.

JEL Classification: H51, H52, H55, O52.

BERNAL JURADO, Enrique and PARRAS ROSA, Manuel

Factors Explaining the Demand for Bank Card Payment Services in Spain: An Empirical Approach

Abstract: Bank card use is limited in Spain, even though the country has one of the most developed card payment systems in the world, both quantitatively and qualitatively speaking. This paper focuses on the causes that would explain such scant use, providing both supply- and demand-side explanations. These are based on the results of interviews with the management of the organisations concerned – consumer associations, retailers, management entities and financial institutions. The results partially confirm the hypotheses put forward in the scarce literature on the subject, and reveal certain new causes peculiar to the Spanish market.

Key words: financial transactions and services, credit cards, debit cards, means of payment, Spain.

JEL Classification: G20.

DYKER, David A.

Foreign Direct Investment and Technology Transfer in Russia

Abstract: Inbound foreign direct investment (FDI) is comparatively small in Russia, particularly considering the country's wealth in terms of natural and human resources. This article reviews the characteristics and trends in these FDI flows, from when the funds primarily targeted the country's natural wealth to those that attempt to relate human resources to the development of technology and world-wide supply networks. FDI inflows in Russia are compared to those of neighbouring countries and their impact on the various Russian industries is discussed, with particular attention to the question of technology transfer. Finally, an attempt is made to envision the possible effects of EU enlargement on FDI in Russia.

Key words: foreign investments, direct investments, technology transfer, Russia.

JEL Classification: F21, F23, O38, O52.

ESCRIBANO SOTOS, Francisco

Junk Bonds in Spain: Present Situation and Factors Influencing Pricing

Abstract: Not only one of the markets with greatest growth potential in Spain, the junk bond market is essential to ensuring proper operation of the country's financial system in the future. This market underwent profound change in the nineties to adapt to new needs. The purpose of this paper is to provide a greater and better understanding of this market to facilitate its use by issuers and investors. The present market situation is analysed in the first part of the article, while the second discusses the factors affecting the price of the assets subject to insolvency risk as one of the preliminaries to their in-depth evaluation and the management of portfolios containing junk bonds.

Key words: financial system, securities market, credit risk, rating, Spain.

JEL Classification: E44, G30.

FERNÁNDEZ SÁNCHEZ, Rafael

Russian Trade and Institutional Relations with the European Union

Abstract: The changes taking place in the Russian economy since Vladimir Putin assumed the Presidency include the development of a new framework of relations with the European Union. Russia's interest in joining the World Trade Organisation as soon as possible and the prospects of EU enlargement towards the east have hastened the pace of rapprochement between the two areas. In October 2001 the two parties committed to creating a Common Economic Area and in May 2002 Russia was officially recognised by the European Union to be a «market economy». The purpose of this article is to discuss the key aspects of these agreements in the light of the features characterising Russian-EU trade relations.

Key words: foreign trade relations, trade agreements, economic liberalization, cooperation agreement, exchange specialization, EU, Russia.

JEL Classification: F02, O52

**FERRÁNDEZ SERRANO, Victoria and GONZÁLEZ CARBONELL,
José Francisco**

The Iberia Initial Public Offering: Analysis of Privatisation Costs

Abstract: The present articles purposes to analyse the last large-scale Spanish privatisation handled under initial public offering arrangements: namely, the privatisation

of Iberia Líneas Aéreas de España, S.A., in terms of the costs assumed by the State to ensure the operation was properly conducted. After discussing the direct costs involved in placing the offer, the review estimates the indirect costs, i.e., those ensuing from both the incentives deployed to encourage retail investor demand and financial costs in connection with the trading premium, resulting from a possible underestimation of company value.

Key words: privatization, public offering, public enterprises, capital market, Spain.

JEL Classification: E62, G34, H11, L32.

MARCH POQUET, José M^a

Demonetisation Dynamics in the Russian Economy

Abstract: This paper addresses the phenomenon of non-monetary transactions (NMT) in the Russian economy during the transition period. First, the phenomenon of Russian demonetisation is succinctly described, with a brief review of the chief NMT formulas and trends. The phenomenon is then explained from the perspective of the legacy of routine Soviet behaviour and three groups of causes. The final section of the paper discusses certain observations on the eradication of NMT in Russia.

Key words: economic transition, demonetization, currency, economic policy, institutionalism, Russia.

JEL Classification: E65, O52.

MONTIJANO GUARDIA, Francisco

Industry and Company Effects on Non-life Assurance Company Profit/Loss

Abstract: The purpose of this paper is to estimate the relative importance of structural and business behaviour characteristics in the explanation of the differences observed in the profit/loss of assurance companies operating in the non-life class of insurance. Empirical evidence supports the traditional assumption of convergence of the results for the most relevant variables in the classes where concentration is highest, as a positive and significant relationship was found between profits and market structure. However, other evidence shows that the competitiveness of companies operating in this class is associated with efficiency and the quality of the insurance product offered.

Key words: insurance companies, market survey, business strategy, Spain.

JEL Classification: G22, L11.

PALAZUELOS MANSO, Enrique

Dilemmas of the Russian Economy, Trapped between Oil-related Wealth and External Debt

Abstract: The foreign sector determines the chief characteristics of the Russian economy, subjecting it to the action of two opposing forces: on the one hand, the revenues from the export of energy products, and on the other, the outflow of resources to pay the foreign debt. The first part of the paper reviews the behaviour of the two forces, showing that the volume of the trade surplus offsets the negative figures in the rest of the items in the balance of payments. The second section analyses the effects of this surplus on production growth, development of demand and monetary stability in the economy. A final chapter contains conclusions that attempt to value the relationship between the results recorded in recent years and the structural weaknesses still afflicting the economy.

Key words: economic growth, balance of payments, foreign trade, external debt, monetary stability, Russia.

JEL Classification: F14, F34, O11, O52, P26.

SÁNCHEZ ANDRÉS, Antonio

Structure, Results and Limits to Economic Policy in Russia

Abstract: Vladimir Putin's assumption of the Presidency in Russia marked a turning point in the country's economy. In particular, one of the most importance changes was in economic policy. This article explains the content of the new economic policy implemented in Russia. After analysing the objectives of traditional policies, the paper addresses the institutional policies that intend to change the country's decision-making framework. The results obtained through early 2003 are systematically reviewed in conjunction with economic policies and the main limitations to the economic policy in place are examined.

Key words: economic policy, transition to capitalism, economic change, political change, Russia, 1992-2002.

JEL Classification: E61, O52.

SÁNCHEZ DE LA VEGA, José Carlos and BUENDÍA AZORÍN, José Daniel

Spain on International Capital Markets. Analysis of the Degree of Financial Integration

Abstract: This article analyses the degree of Spain's integration on international capital markets in the period prior to creation of monetary union, based on a variation on the quantity approach and by applying unit root testing and co-integration theory. The possible existence of structural changes in the long-term behaviour of the variables is likewise considered, using Rappoport and Reichlin testing for integrability and Gregory and Hansen tests for co-integration in models with regime shifts.

Key words: economic integration, savings, investments, bank accounts, cointegration, Spain.

JEL Classification: C22, E20, F21.

SANCHIS PALACIO, Joan Ramón

Strategic Analysis of Credit Cooperatives. Empirical Survey of Rural Savings Banks in the Valencian Region

Abstract: This paper discusses a survey conducted on credit unions to determine their present strategies and expectations. The credit unions surveyed were all located in the Valencian Region. The study consisted of field work with questionnaires, used to identify the different strategic factors that characterise the environment in which these institutions operate (competition, suppliers, customers, products, along with other more general factors such as tax treatment, legislation, the creation of the euro and monetary union and the effect of the main credit union principles), as well as the different types of strategies presently implemented (innovation, expansion and co-operation).

Key words: financial system, credit cooperatives, business strategy, Spain, 1993-2000.

JEL Classification: G21, G23, P13.

SAPIR, Jacques

Success of and Limits to Russian Stabilisation after the 1998 Crisis

Abstract: After a considerable number of turbulent vicissitudes, Russia appears to have reached a phase of relative monetary and financial stability of a sort unimaginable just a few years ago. Although after the severe financial crisis of August 1998 the country was generally regarded to be a lost cause, Russia constitutes a prime example of the successful

management of the consequences of financial disaster, particularly if compared to the course followed by Argentina after undergoing a crisis of similar virulence. This success can be explained both by the nature of the causes of the crisis and the policies adopted after it broke. Today's stabilisation is not, therefore, a question of chance, even though it has inherent limits. What a well-designed policy could do may easily be undone by a less suitable one.

Key words: economic growth, monetary stability, economic policy, economic crisis, Russia, 1998-2002.

JEL Classification: O11, O52.

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