

# Editorial

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## Regional economy, contexts and implications

Before offering our readers this special edition dedicated to issues relating to regional economies, I am pleased to inform you that on December 27, 2013, the results of the first annual update of the National Biographical Archive of Publibindex-Colciencias were published. The journal *Finanzas y Política Económica* was classified in Category "B". This result reflects the commitment and effort of the magazine's team: Director Dr. William Gilberto Delgado Munevar, the Editor (yours truly), the Faculty of Economic Sciences and its research department, our collaborators on the editorial and scientific committees, national and international assessors, and the Editorial Unit at the Universidad Católica de Colombia, who have ensured an editorial and scientific quality that meets national and international standards. In addition to this achievement, it is noteworthy that the magazine has been included in global databases such as the Network of Scientific Magazines of Latin America, the Caribbean, Spain and Portugal (Redalyc), the Directory of Open Access Journals (DOAJ), EBSCO, ECONLIT, Clase, Dotec-Colombia, Repec, Dialnet, E-revistas, Actualidad Iberoamericana and lastly, Ulrich's Periodical Directory, which has also raised its profile and impact to consolidate the magazine's reputation as an important source for academic study and research in the competitive market that is economical science. This also enables regional integration between academic and research bodies.

Spurred by these achievements, we use this special edition to address the idea of the regional economy. We bear in mind Serrano's observation (2008) that the concept of region has today transcended notions which have identified in terms of interdependent political, economic and geographic alliances, or which see it as a supranational subsystem within an international system, or indeed as emergent regional entities with its own dynamic.

The reality is that the most complex conflicts often occur between neighbouring countries and this hinders development. Colombia, whose main trading partners are the US and the EU, shows that regional economy is not simply about economic integration, but also involves problems relating to social cohesion, social development, citizen's liberty, and peace and conflict resolution. These issues must also be addressed if Colombia is to be respected as an upholder of human rights in the global arena in which it trades.

This special edition of the magazine contains eight articles that tackle these issues generally. In the first article, Henry Antonio Mendoza Tolosa and Carlos Andrés Yanes Guerra, of the Universidad Católica de Colombia take a look at the impact of public spending and investment on economic growth

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in the departments of Colombia over the period 2000-2011. Using statistical models, they estimate departmental production by activity, then identify the structure for production in each region, and finally how it has changed over the period studied. Results are obtained from a data model of the assets, which shows the existing difference between departments and the impact of public spending and investment within the period. The model shows a correlation between public spending and investment and healthy economic development in a department. The effect of spending in the larger economies of the wealthiest departments is compared to that in the smallest and poorest departments.

In the second article, Professors Antonio Rafael Peña Sánchez, Mercedes Jiménez García and José Ruiz Chico, of the Universidad de Cádiz study the impact of the global economic crisis on the different regions and various sectors of the Spanish economy during the years 2007 to 2010. They examine the evolution of the labour market and human capital over recent years and observe how unemployment, and to a lesser extent, the devaluation of human capital, has created a vulnerability in production and enterprise through the various regions of Spain. Results obtained show that the economic crises has had an irregular affect across different regions, seemingly becoming greater in areas with greater dependence on construction and retail-based industries and services.

In the third article Silvia Bou Ysàs and Magda Cayón Costa, of the Universidad Autónoma de Barcelona, and Albert Hernández, of the Banco de Sabadell in Madrid challenge the notion that labour legislation should be founded in the generation of job stability. They present a model which likens the employer to the holder of an investment portfolio containing two options – swap or sale. The model also allows them to analyse sensitivity to the variables that are at play in an employment contract and look at the effects that the most recent reforms in Spanish labour laws have had on contracting decisions made by employers. The results show social security benefits to be the most sensitive variable in the work contract and the study concludes that reducing the costs of dismissal does not, in fact, increase the likelihood of employers' taking on new staff.

In the fourth article Eliana Scialabba and Mariano Carpineti, of the Universidad de Ciencias Empresariales y Sociales in Buenos Aires, note that Argentina is blessed with abundant natural resources, particularly in the production of vegetable oils. This is assessed in relation to global demand and means of production, which has resulted in a very developed production infrastructure geared toward export. This generates not just revenue, but also has other positive effects, such as the creation of jobs and sustainable development. Finally, they assert that biofuel production adds multidimensional value to the vegetable oil industry and generations many spin-off industries.

In the fifth article Pedro Barrientos Felipa, of the Universidad Nacional Mayor de San Marcos in Lima, Perú, explains that because many countries in the global market offer similar things, it is important to increase competitiveness in a way that strengthens economic growth. In explaining how buyers are constantly on the lookout for better products, products that better meet their needs, he emphasizes the importance of good branding for a country. He explains how certain activities lead to better positioning within the market and a better national brand, while also examining the importance of national branding in today's global market and strategies to ensure that the brand is sustainable.

In the sixth article Gabriel Eduardo Escobar Arias, of the Universidad Nacional de Colombia's campus at Manizales, looks at cashflow in the context of the economic environment and how it forms a context for investment, finance and operational decisions. He determines the relationship between cashflow in certain service industries in Risaraldas and also the behaviour of the economic environment of the region over the period 2002-2011. Cashflow for businesses in the sector is shown and compared with macro-variables. The study finds no correlation between cashflows and macro-variables.

In the seventh article Ahmad Hussein Juma'h, of the Universidad Interamericana of Puerto Rico, examines the implications of the materiality of financial information on "income management" and how this impacts before accounting standards in law. He uses professional perspectives to confirm the difficulty that exists in following the Generally Accepted Accounting Principles (GAAP) of the United States. He explains that the terms materiality, significance and importance have been used to include materiality under different rules. He concludes that both inside and outside motives can influence practise in "income management" and that the GAAP of the United States is unclear in its directive on how to apply materiality in the making of decisions.

In our eighth and final article Rodrigo Pérez Peña, of the Universidad Piloto de Colombia, takes a look at Girardot, the most important tourist destination in the Upper Magdalena Valley, and how increased development of industry, commerce and services are contributing to the growth of the city. However, he holds that the city lacks good sources of information about investment in the various economic sectors and for this reason investors are wary of committing to the region and the opportunity to create jobs and foster development is being lost. By consulting with local entities, an index is formulated to help investors identify the financial and economic sector which offer greatest opportunity for investment.

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