

# Live and let die: Exports at the time of the double dip recession

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- 1 The great recession and its long and painful and asymmetric aftermath strongly depressed internal aggregate demand and asked for sustainable and feasible ways out from the downturn → looking for an **export-led growth strategy**
- 2 The astonishing improvement in the export performance observed in Tuscany asked for a deeper investigation of the **behavior of exporters**
- 3 A renewed attention to firms competitiveness as a driver of macro performance at the European level (e.g., **CompNet**) → the micro origins of the macro growth

- 1 Uncovering the performance of Tuscan exporters vis-à-vis non exporters during the double dip recession
- 2 Characterizing better the exporters distinguishing among: old exporters, new exporters, exporters which have accrued their propensity to export
- 3 Disentangling self-selection within international markets vs. learning by exporting

- 1 Exporters performed better than non exporters over several dimensions
- 2 Pre 2008 exporters per se did not experience better performance than non exporters during the 2008-2012 period. However, **export intensity matters a lot**: those relying more on external sales at the beginning of the crisis performed better (lower mortality, higher sales growth, higher productivity growth)
- 3 The main gains in terms of performance came from i) **new exporters**; ii) those which **accrued their propensity to export**; iii) **heavy exporters**
- 4 There is evidence of **self-selection** but not significant gains in terms of growth in the post entry period (**no learning by exporting**)

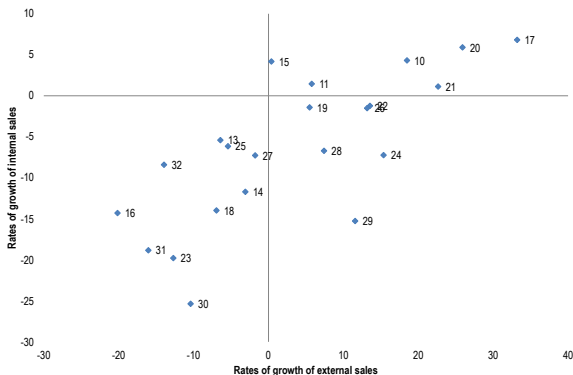
## Background: Tuscan exports and the crisis

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This dynamics is far from homogeneous at the sectoral level



## Background: The export-premium

Tuscan Exporters are **bigger** and **more productive** than non-exporters

Dependent variable	<i>year</i>				
	2008	2009	2010	2011	2012
Sales	0.82 (***)	0.78 (***)	0.79 (***)	0.77 (***)	0.77 (***)
Employment	0.18 (***)	0.13 (***)	0.11 (***)	0.16 (***)	0.16 (***)
TFP	0.19 (***)	0.18 (***)	0.14 (***)	0.20 (***)	0.22 (***)

- 1 Did exporters experience lower mortality and higher growth than non-exporters during the crisis?
- 2 Are there any differences among exporters? e.g., new exporters vs. old exporters
- 3 Did firms self-select into international markets?
- 4 Is there evidence of learning by exporting?



- 1 We focus on Tuscan manufacturing corporations (alive in 2008)
- 2 We mix information from different data sources: ASIA, AIDA, COE
- 3 Data on sector, balance sheets, regional exports, employment etc.
- 4 We cover the whole 2008-2012 period

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- 7 For robustness: year-by-year estimates

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Outcome (method)	with respect to non exporters (significance level)				
	TFP	prod	sales	emp	capital
binary (mle)	+	+ (***)	+ (**)	-	+ (*)
binary (matching)	+	+ (***)	+ (***)	+	+
growth rates (ols)	+ (***)	+ (**)	+ (***)	+	+
growth rates (matching)	+	+ (*)	+ (***)	+	+

Robustness analysis yields qualitatively similar results

We may face many types of firms:

- 1 non exporters
- 2 old exporters (before 2008)
- 3 old exporters by export intensity in 2008
- 4 new exporters (starting exporting from 2008)
- 5 those increasing their propensity to export (distinguishing among old exporters and new exporters)

## RQ2: Characterizing the exporters *con't*

Different exporters vis-à-vis non exporters

Exporter type	with respect to non exporters (significance level)				
	TFP	Prod	Sales	Emp	Capital
pre 2008 (not increasing)	-	+	-	-(***)	-
pre 2008 (increasing)	+(**)	+(***)	+(***)	-	+
new exporters	+(**)	+(***)	+(***)	+(***)	+(***)
heavy 2008	+(***)	+(***)	+(**)	-	-
mild 2008	-	-	-	-	-

Outcome (Method): binary (mle)

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- 4 Methods: OLS regression, matching
- 5 Controls: sector, province, size

## RQ3: Self-selection (Results)

Dependent variable	<i>t</i>		
	0	-1	-2
sales	+ (***)	+ (***)	+ (***)
employment	+ (***)	+	+
TFP	+ (***)	+ (***)	+ (***)

## RQ4: Learning by exporting? (Methods)

- 1 “Treatment” variable: dummy variable (interaction *exporters \* time*);
- 2 Outcomes: TFP, labor productivity, sales, capital, employment
- 3 Methods: differences in differences
- 4 Controls: sector, ebit sales ratio, short-term debt, province, age class, dimensional class, leading and lagged interaction terms

## RQ4: Learning by exporting? (Results)

$y_t$  is regressed on time dummies, exporter dummy, an interaction term (our interest)

We add controls and 1 lag and 1 lead of the interaction term.

Dependent variable	Equation		
	Baseline	1 lead	1 lag & 1 lead
sales	+ (***)	+ (***)	+ (**)
employment	+ (***)	+ (***)	+/-
TFP	+	-	+
labor productivity	+ (***)	+ (***)	+
capital	+ (**)	+	+

In red when the leading interaction term is positive and significantly different from 0

## Concluding remarks & further research

- ① We assess the performance of exporters vis-à-vis non-exporters during the Double-Dip recession
- ② We show that exporters have performed better
- ③ This is mainly due to new exporters and those which have been able to increase their propensity to export
- ④ Exporters are bigger and more productive than non-exporters (export premium)
- ⑤ This seems to be driven by self-selection, whereas we do not find convincing evidence of learning-by-exporting

- 6 Expanding the time span may give further insights about whether the new exporters of the Double-Dip recession are different with respect to those of the previous periods, and in which dimensions
- 7 A unique coherent estimation framework will be used to answer to all the research questions; looking for methods taking into account for unobserved time varying components; applying De Loecker (2013)'s method to detect learning by exporting