

Paper accepted by the *Journal of Financial and Quantitative Analysis*
(*JFQA*) – Dr. Xiaoli Hu

Dr. Xiaoli Hu, Assistant Professor in the Department of Accountancy, has had a paper accepted for publication in the *Journal of Financial and Quantitative Analysis (JFQA)*. The paper is entitled “Positive Externality of the American Jobs Creation Act of 2004,” and is co-authored with Professor Oliver Zhen Li from Shanghai Lixin University of Accounting and Finance and the National University of Singapore, Dr. Sha Pei from Shanghai Lixin University of Accounting and Finance, and Dr. Yuehua Li from Shanghai University of Finance and Economics.

The *JFQA* is one of the world’s top four journals in financial studies, and covers corporate finance, investment, capital and security markets, and quantitative methods of particular relevance to financial researchers. The paper examines the consequences of the American Jobs Creation Act of 2004 from a new perspective. U.S. multinational enterprises repatriated over \$300 billion under the 2004 tax holiday. The repatriated funds improved the debt financing environment of non-repatriating firms, especially those that were financially constrained. Consistent with this argument, the authors document an externality of the tax holiday that increased debt financing and consequently investment for financially constrained non-repatriating firms relative to less constrained non-repatriating firms. Using private loan market data, the authors further confirm a link between repatriated funds and increased debt financing for financially constrained non-repatriating firms. Overall, the 2004 tax holiday appears to have benefited the U.S. economy by being a positive externality for the debt market.

Please visit the *JFQA* website for more details.

<https://jfq.org/2019/10/02/positive-externality-of-the-american-jobs-creation-act-of-2004/>.