Business & Economic Article Links (February 2015)

1.

Title: The Early History of Environmental Economics
Authors: Agnar Sandmo
Source: Review of Environmental Economics and Policy; Winter 2015. Vol. 9, Issue 1, Pp. 43-63. First published online: January 23, 2015
Abstract: This article traces the history of economists' treatment of environmental problems prior to the establishment of environmental economics as a separate field in the 1960s. I examine the economics literature from the late eighteenth century onward, searching for an awareness among early economists of both the effects of economic activity on the natural and social environment and the feedback from the environment to the economy. I argue that the way in which economic theory developed made it increasingly relevant for the study of environmental issues and the design of appropriate economic policies.
Note: doi: 10.1093/reep/reu018
Database: Oxford Journals Online

2.

Title: Conservation Planning: A Review of Return on Investment Analysis
Authors: Boyd, James, Epanchin-Niell, Rebecca and Siikamäki, Juha
Source: Review of Environmental Economic Policy; Winter 2015. Vol. 9, Issue 1, Pp. 23-42. First published online: January 23, 2015
Abstract: Land and natural resource conservation programs are increasingly being evaluated on the basis of their return on investment (ROI). Conservation ROI analysis quantitatively measures the costs, benefits, and risks of investments, which allows conservation organizations to rank or prioritize them. This article surveys the literature in this area. We organize our discussion around the way studies treat the core elements of ROI, which include the definition and measurement of the conservation objective, identification of relevant baselines, the types of conservation investments considered, and investment costs. We discuss the state of the art of ROI analysis, highlight some unresolved issues, and make suggestions for improvements. We also describe options for extending ROI analysis beyond biodiversity conservation, which is the typical objective. The literature indicates that conservation planning that uses ROI analysis can considerably alter the location and targets of conservation, lead to more protection and higher quality conservation outcomes, and result in significant savings. The measurement and prediction of baseline ecological conditions and threats remains a central challenge for conservation ROI analysis, as does accounting for landowner and developer responses to conservation investments. Another key priority for future research is the identification of ways to more comprehensively incorporate ecosystem services and multiple environmental objectives into the assessment framework.
Note: doi: 10.1093/reep/reu014
Database: Oxford Journals Online

3.

Title: Natural Gas: An Overview of a Lower-Carbon Transformation Fuel
Authors: Neumann, Anne and Hirschhausen, Christian von
Source: Review of Environmental Economic Policy; Winter 2015. Vol. 9, Issue 1, Pp. 64-84. First published online: January 24, 2015

Abstract: This article provides an overview of the natural gas industry, which we view as a bridge fuel toward a lower-carbon energy system in many countries and regions around the world. Based on a review of the literature, an econometric analysis of natural gas prices and contracts, and the authors' experience with the natural gas industry, this introductory article to the symposium on the *Prospects for Natural Gas in a Lower-Carbon Context* provides an overview of research on natural gas markets over the last decade and examines various features of the natural gas industry, including its technical structure, activities in the value-added chain, trade and market trends, short- and long-term price developments, and the geopolitical landscape. More specifically, we describe the natural gas sector and provide an overview of production, reserves, and consumption. We also examine the evolution of long-term contracts between producers and large-scale buyers of natural gas and present some recent empirical evidence. Finally, we discuss the changing geopolitics of natural gas, focusing in particular on the future roles of the United States as a potential natural gas exporter and Asia as the major importing region.
Note: Symposium: Prospects for Natural Gas in a Low-Carbon Context;
doi: 10.1093/reep/reu022
Database: Oxford Journals Online

4.

Title: A Global Perspective on the Future of Natural Gas: Resources, Trade, and Climate Constraints
Authors: Holz, Franziska, Richter, Philipp M. and Egging, Ruud
Source: Review of Environmental Economic Policy; Winter 2015. Vol. 9, Issue 1, Pp. 85-106. First published online: January 24, 2015
Abstract: Natural gas plays an important role in the global energy system as an input to power generation, heating, and industry. This article identifies key drivers and uncertainties for natural gas markets in the coming decades. These include the availability of natural gas from conventional and unconventional sources, the role of international trade, and the impact of climate policies. We build on model-based research as well as an up-to-date survey of natural gas resource availability. We find that natural gas is an abundant fossil fuel and that the Asia-Pacific region will be most important in future global natural gas markets, especially under stringent international climate change mitigation. This means that an increasingly large share of future natural gas trade flows and infrastructure expansions will be directed to the Asia-Pacific region and that the role of liquefied natural gas will continue to increase globally.
Note: Symposium: Prospects for Natural Gas in a Low-Carbon Context;
doi: 10.1093/reep/reu016
Database: Oxford Journals Online

5.

Title: Regulation of Natural Gas in the United States, Canada, and Europe: Prospects for a Low Carbon Fuel
Authors: Makholm, Jeff D.
Source: Review of Environmental Economic Policy; Winter 2015. Vol. 9, Issue 1, Pp. 107-127. First published online: January 24, 2015
Abstract: The United States and Canada have seen a competitive and technological revolution in unconventional natural gas production in the 21st Century—dramatically lowering the price of gas and displacing high-carbon coal with low-carbon gas for power generation. This gas revolution came from an earlier revolution in the regulation of gas pipelines, which ended the obstruction of gas markets by pipeline interests. Neither

revolution has spread to Europe, where increasingly protectionist EU legislation has effectively blocked competitive pipeline entry and related gas markets. As a result, unconventional gas is untapped, coal displaces gas for power generation, and oil-linked gas prices have cost EU consumers a staggering $425 billion more than their US counterparts have paid since 2009 for about the same quantity of gas. Europe faces a serious institutional challenge to adopting the kind of pipeline regulation that facilitates the competitive flow of natural gas supplies and the accompanying lower carbon emissions.
Note: Symposium: Prospects for Natural Gas in a Low-Carbon Context;
doi: 10.1093/reep/reu017
Database: Oxford Journals Online

6.

Title: Some Implications of Investment Cost Reduction Policies in Energy Markets Employing Green Certificate Systems
Authors: Currier, Kevin M.
Source: Environmental and Resource Economics; Feb 2015, Vol. 60, Issue 2, Pp 317-323
Abstract: Around the world, green certificate systems are widely employed as support mechanisms for the promotion of renewable energy production. Due to large initial capital costs for renewable energy projects, investment cost reduction policies are often employed by policy makers as complementary support measures. In this note, we study some implications of the use of investment cost reduction policies in an energy market operated under a green certificate system. We demonstrate that, paradoxically, use of (or intensification of) investment cost reduction policies results in increased emissions from fossil fuel ("black") producers. Welfare effects depend on the distribution of costs and benefits to the relevant interest groups. However, if the policy objective requires maintaining a constant level of emissions, investment cost mitigation must be accompanied by a simultaneous upward adjustment in the renewables target.
Note: DOI: 10.1007/s10640-014-9774-z
Database: SpringerLink

7.

Title: Administrative costs of regulation and foreign direct investment: the Standard Cost Model in non-OECD countries
Authors: Torriti, Jacopo and Ikpe, Eka
Source: Review of World Economics; Feb 2015, Vol. 151, Issue 1, Pp 127-144
Abstract: In recent years both developed and developing countries have experienced an increasing number of government initiatives dedicated to reducing the administrative costs (AC) imposed on businesses by regulation. We use a bi-linear fixed-effects model to analyze the extent to which government initiatives to reduce AC through the Standard Cost Model (SCM) attract foreign direct investment (FDI) among 32 developing countries. Controlling for standard determinants of the SCM, we find that the SCM in most cases leads to higher FDI and that the benefits are more significant where the SCM has been implemented for a longer period.
Note: DOI: 10.1007/s10290-014-0200-y
Database: SpringerLink

8.

Title: Foreign direct investment and the ease of doing business
Authors: Corcoran, Adrian and Gillanders, Robert

Source: Review of World Economics; Feb 2015, Vol. 151, Issue 1, Pp 103-126

Abstract: This paper examines the effect that a country's business regulatory environment has on the amount of foreign direct investment it attracts. We use the World Bank's *Ease of Doing Business* ranking to capture the costs that firms face when operating in a country. Several interesting results emerge. Firstly, the Doing Business rank is highly significant when included in a standard empirical foreign direct investment (FDI) model estimated on data averaged over the period 2004–2009. Secondly, the significance of the overall Doing Business is driven by the *Ease of Trading Across Borders* component. Thirdly, the relationship is significant for middle income countries, but not for the World's poorest region, Sub-Saharan Africa, or for the OECD. Finally, we find no evidence that the ease of doing business of nearby countries has an effect on the FDI that a country gets in general.

Note: DOI: 10.1007/s10290-014-0194-5

Database: SpringerLink

9.

Title: External Finance and the Foreign Direct Investment Decision: Evidence from Privately Owned Enterprises in China

Authors: Duanmu, Jing-Lin

Source: International Journal of the Economics of Business; Latest Article. Published online: 14 Jan 2015

Abstract: Access to external finance is found to be a statistically significant factor explaining the probability of privately owned enterprises (POEs) in China undertaking foreign direct investment (FDI). The significance of external finance is magnified in industries featuring a heavy dependence on external finance, high technology, low tangibility, and high inventory. The external finance and FDI linkage is weaker for POEs with group affiliation, but stronger for those with generous employment welfare practices.

Note: DOI:10.1080/13571516.2014.992118

Database: Taylor & Francis Online

10.

Title: A comparative analysis of macroprudential policies

Authors: Tavman, Yaprak

Source: Oxford Economic Papers; 2015. Advance Access. First published online: January 21, 2015

Abstract: The global financial crisis has clearly shown that macroeconomic stability is not sufficient to guarantee the stability of the financial system. Hence, the recent policy debate has focused on the effectiveness of macroprudential tools and their interaction with monetary policy. This article aims to contribute to the macroprudential policy literature by presenting a formal comparative analysis of three macroprudential tools: (i) reserve requirements, (ii) capital requirements, and (iii) a regulation premium. Using a new Keynesian general equilibrium model with financial frictions, I find that capital requirements are the most effective macroprudential tool in mitigating the negative effects of the financial accelerator mechanism. Deriving welfare-maximizing monetary and macroprudential policy rules, I also conclude that irrespective of the type of the shock affecting the economy, use of capital requirements generates the highest welfare gains.

Note: doi: 10.1093/oep/gpu053

Database: Oxford Journals Online

11.

Title: Opportunism and Diversification: Entrepreneurship and Livelihood Strategies in Uncertain Times
Authors: Knight, D.M.
Source: Ethnos; Jan 2015, Vol. 80, Issue 1, Pp. 117-144
Abstract: As economic crisis deepens across Europe people are forced to find innovative strategies to accommodate circumstances of chronic uncertainty. Even with a second multi-billion euro bailout package secured for Greece, the prospects of a sustainable recovery in the near future look bleak. However, crisis has also created dynamic spaces for entrepreneurial opportunism and diversification resulting in social mobility, relocation, shifts in livelihood strategy and a burgeoning informal economy. Although economic systems are currently undergoing radical reassessment, social demands such as competitive consumption remain. Opportunities for investment in renewable energy programmes, especially photovoltaics, are also pervasive. By considering cases of business opportunism and livelihood diversification in relation to Max Weber's concept of wertrational and notions of uncertainty, this article brings new perspectives to strategies of negotiating the worst economic crisis in living memory.
Note: DOI: 10.1080/00141844.2013.822012
Database: Scopus

12.

Title: Delocation and Trade Agreements in Imperfectly Competitive Markets
Authors: Bagwell, Kyle, Staiger, Robert W.
Source: Research in Economics; In Press, Accepted Manuscript. Available online 22 January 2015
Abstract: We consider the purpose and design of trade agreements in imperfectly competitive environments featuring firm-delocation effects. In both the segmented-market Cournot and the integrated-market monopolistic competition settings where these effects have been identified, we show that the only rationale for a trade agreement is to remedy the inefficiency attributable to the terms-of-trade externality, the same rationale that arises in perfectly competitive markets. Furthermore, and again as in the perfectly competitive benchmark case, we show that the principle of reciprocity is efficiency enhancing, as it serves to “undo” the terms-of-trade driven inefficiency that occurs when governments pursue unilateral trade policies. Our results therefore indicate that the terms-of-trade theory of trade agreements applies to a broader set of market structures than previously thought.
Note: doi:10.1016/j.rie.2015.01.001
Database: ScienceDirect

13.

Title: Corporate yield curves as predictors of future economic and financial indicators
Authors: Saar, Dan, Yagil, Yossi
Source: Applied Economics; Latest Article. Published online: 19 Jan 2015
Abstract: The government yield curve is known for its ability to predict the future growth rate of the economy. Later studies showed that credit spreads can assist in predicting macroeconomic behaviour as well. We extend this notion by utilizing corporate yield curves and demonstrating that corporate yield curve spreads can predict future economic growth, the future state of the economy and stock market behaviour. In addition, our sample covers the most recent data available, and it also includes the crash year of 2008 and the recovery period following it. Our results reveal a trade-off effect between the government yield curve, which is a better predictor for long-term forecasting, and the corporate yield curves, which are better predictors for short-term predictions. In addition, we show that both the

government and corporate yield curves are more effective in predicting negative rather than positive economic changes.
Note: DOI:10.1080/00036846.2014.1002898
Database: Taylor & Francis Online

14.

Title: Ladder Pricing – A New Form of Wholesale Price Discrimination
Authors: Dobbs, Ian Mcquin
Source: International Journal of the Economics of Business; Latest Article. Published online: 13 Jan 2015
Abstract: Wholesale 'ladder pricing' involves setting the wholesale price a retailer faces as a non-linear (generally increasing) function of the price chosen by that retailer. The special case where the ladder-pricing contract is linear is shown to be equivalent to a form of revenue sharing. Optimal profit maximizing ladder pricing/revenue sharing is examined, given that retailers are privately informed of their demands and costs, and have control over whether they participate, and if so, what retail price they set. The profit performance of the solution is compared with the alternative of wholesale quantity discounting, as the relative level of retailer demand/cost heterogeneity is varied; ladder pricing/revenue sharing tends to outperform quantity discounting by an increasing amount the greater retailer demand heterogeneity is relative to cost heterogeneity. Ladder pricing has recently been implemented for 08 and related calls in UK telecoms and has been subject to extended legal dispute; the case and issues involved are discussed.
Note: DOI:10.1080/13571516.2014.991558
Database: Taylor & Francis Online

15.

Title: Job satisfaction in aging workforces: an analysis of the USA, Japan and Germany
Authors: Drabe, David, Hauff, Sven, and Richter, Nicole Franziska
Source: International Journal of Human Resource Management; Mar 2015, Vol. 26 Issue 6, Pp.783-805.
Abstract: In light of the dramatically aging workforces in many industrialized countries, age diversity management will become a major challenge in human resource management. To successfully handle an age-diverse workforce, it is crucial to understand how employees of different ages can be motivated. This paper analyzes age's moderating role in the relationship between situational job characteristics and job satisfaction. To control for the potential influence of the cultural and institutional context, we use data from the USA, **Japan** and Germany. Findings show that older employees' job satisfaction is driven by different factors than younger employees: older employees put more emphasis on good relationships with colleagues, while income, advancement opportunities, job security and having an interesting job are less important. However, these effects are mostly nation-dependent, which underlines the importance of conducting cross-cultural or cross-national aging research. [ABSTRACT FROM PUBLISHER]
Note: DOI:10.1080/09585192.2014.939101
Database: Business Source Complete

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Research Support Service,
Chulalongkorn University