

## Business & Economic article Links (July 2013)

1.

**Title:** [In the aftermath of the financial crisis: risk governance and the emergence of pre-emptive surveillance](#)

**Authors:** GLENN, JOHN

**Source:** [Review of International Studies](#); *FirstView* Article, Pp. 1-20, Published online: 03 July 2013

**Abstract:** This article examines the financial reforms that have been undertaken through two perspectives on risk: that of Beck's world risk society and an alternative Foucauldian approach. The former argues that, catastrophes such as the recent financial crisis will induce a political shift towards a cosmopolitan form of statehood. Yet, the lack of radical reform since the financial crisis would suggest otherwise. The article therefore argues that what we are witnessing is best understood in terms of reflexive governance in which the various rationalities of risk are reassessed and strengthened in order to avoid a similar occurrence in the future. Moreover, in response to the uncertainty that surrounds such rare events, more intense forms of surveillance have been adopted with the objective of pre-empting any future crisis. Yet, for various reasons, the reforms remain rather limited and the new rationality of pre-emption is unlikely to prevent further crises from occurring in the future.

**Note:** DOI: <http://dx.doi.org/10.1017/S0260210513000132>

**Database:** *Cambridge Journals Online*

2.

**Title:** [Hedge Funds and Equity Prices](#)

**Authors:** Jiao, Yawen

**Source:** *Review of Finance*; July 2013, Vol. 17 Issue 3, Pp. 1141-1177

**Abstract:** This article analyzes hedge funds' expansion during 2000–09 and its implications for stock returns. Hedge funds more than doubled their equity ownership prior to the 2007–09 financial crisis. In this expansion period, their trading predicts increasing one-quarter-ahead stock returns and return reversals in the 2nd year. These reversals stem from the expansion of mature funds, while young funds' trading predicts one-quarter-ahead returns without future reversals. The above price pressures disappear when hedge funds shift to contractions in the financial crisis. These findings are consistent with mature funds' expansions exerting pressures on equities and young funds possessing stock picking skills.

**Database:** *Oxford Journals Online*

3.

**Title:** [The World Business Cycle and Expected Returns](#)

**Authors:** Cooper, Ian and Priestley, Richard

**Source:** *Review of Finance*; July 2013, Vol. 17 Issue 3, Pp. 1029-1064

**Abstract:** We study the predictability of stock returns using a pure macroeconomic measure of the world business cycle, namely the world's capital to output ratio. This

variable tracks variation in expected stock returns in a group of the major industrial economies in the presence of world financial market–based predictor variables. The world's capital to output ratio exhibits strong out-of-sample predictive power in almost all countries studied. This is in contrast to financial market–based variables that almost never have out-of-sample forecasting power. Using the stock return predictability that we uncover, we find that international versions of conditional asset pricing models perform well. The world capital to output ratio also predicts bond returns, interest rate changes, and credit spreads. The results highlight the importance of world business conditions for financial markets.

**Database:** *Oxford Journals Online*

4.

**Title:** [Investment banks advising takeover targets](#)

**Authors:** Ma, Qingzhong

**Source:** Journal of Economics & Finance; Jul 2013, Vol. 37 Issue 3, Pp. 339-374

**Abstract:** Should takeover target firms hire top-tier investment bank advisors? For a sample of mergers and acquisitions between publicly traded U.S. acquirers and targets, in deals in which targets hire top-tier banks, targets earn higher premiums and abnormal returns; the probability of stock payment is lower, especially when bidder stock is potentially overvalued; acquirers, however, do not necessarily earn lower abnormal returns, and combined returns are higher. Controlling for self-selection does not erode, but, in some cases even strengthens the results. The evidence suggests that top-tier investment banks advising targets benefit shareholders of client firms by making better deals, instead of simply bargaining against the acquirers. The findings shed light on the role of advisor incentives when linking advisor quality and shareholder wealth.[ABSTRACT FROM AUTHOR]

**Note:** doi: 10.1007/s12197-011-9192-9

**Database:** *Business Source Complete*

5.

**Title:** [The Political Economy of Plunder Economic Opportunity and Modern Piracy](#)

**Authors:** Jablonski, Ryan S. and Oliver, Steven

**Source:** Journal of Conflict Resolution; August 2013, vol. 57 no. 4 Pp. 682-708

**Abstract:** Maritime piracy is a growing scourge on the international community—imposing large costs on maritime states and the shipping industry, as well as potentially undermining state capacity and funding terrorism. Using original data on over 3,000 pirate attacks, the authors argue that these attacks are, in part, a response to poor labor market opportunities. To establish this, the authors take advantage of the strong effect of commodity prices on labor market opportunities in piracy-prone states. Consistent with this theory, the authors show that changes in the price of labor- and capital-intensive commodities have consistent and strong effects on the number of pirate attacks in a country's territorial waters each month. The authors confirm these results by instrumenting for commodity prices using monthly precipitation levels.

**Note:** doi: 10.1177/0022002712448907

**Database:** *SAGE Journals Online*

6.

**Title:** [The UK Research Assessment Exercise and the narrowing of UK economics](#)

**Authors:** Lee, Frederic S., Pham, Xuan and Gu, Gyun

**Source:** Cambridge Journal of Economics; July 2013, Vol. 37 Issue 4, Pp.693-717

**Abstract:** The aim of this article is to delineate an empirically grounded, structure-causal going concern recursive model of UK economics that, in the context of the Research Assessment Exercise (RAE) and local department decision making, explains the progressive elimination of heterodox economics, the progressive homogenisation of mainstream economics from 1992 to the present and the continued rise to dominance of a select group of departments, and indicates whether these events will continue under the Research Excellence Framework selectivity exercise in 2014.

**Note:** doi: 10.1093/cje/bet031

**Database:** *Oxford Journals Online*

7.

**Title:** [ENERGY GIANT](#)

**Authors:** Holmes, Lawrie

**Source:** Financial Management; June 2013, Pp. 22-27

**Abstract:** The article profiles the politician and executive Lord John Browne, Baron Browne of Madingley, as of June 2013, focusing on his career with the energy company BP PLC. According to the article, Browne influenced the petroleum and gas industry by overseeing an industrial merger with the U.S. oil company Amoco and renaming BP. Topics include risk management, innovation management, the environmental impact of petroleum companies, and the shale gas industry. The Deepwater Horizon oil spill is mentioned.

**Database:** *Business Source Complete*

8.

**Title:** [Effect of New PTO Patent Review Proceedings on Concurrent Patent Disputes in U.S. District Court or the ITC: Have the Chances of a Stay Increased?](#)

**Authors:** Hess, Rebecca D. and Dai, Angela Y.

**Source:** Intellectual Property & Technology Law Journal; Jul2013, Vol. 25 Issue 7, p3-12.

**Abstract:** The article discusses the implications of the new U.S. Patent and Trademark Office (PTO) patent review proceedings on concurrent patent disputes in the U.S. district court or the U.S. International Trade Commission (ITC) under the new America Invents Act (AIA). It mentions that provisions regarding the PTO's review of issued patents come into effect on March 16, 2013. It notes that post-grant review and inter partes review have been added to the AIA provisions.

**Database:** *Business Source Complete*

9.

**Title:** [Profitability Analysis of Mergers and Acquisitions: An Event Study Approach](#)

**Authors:** Dilshad, Mehroz Nida

**Source:** Business and Economic Research; 2013, Vol. 3 Issue 1, Pp. n/a. Advance access.

**Abstract:** The purpose of this research is to test the efficiency of market with respect to announcements of mergers and acquisitions using an event study methodology. Specifically, this study analyzed the effects of banks mergers and their announcements on the prices of stocks, in Europe. We study 18 deals that involve banks in Merger and Acquisition from year 2001 to 2010 in order to investigate the returns of shareholder of the targets and acquirers. Evidence here supports that significant cumulative abnormal returns were short lived for the acquirers. At the end of the event window, the cumulative abnormal returns were 0. Evidence of excess returns after the merger announcement was also observed along with the leakage of information that resulted in the rise of stock prices few days before the announcement of merger or acquisition. At the same time, the results of cumulative abnormal returns showed that target banks earned abnormal returns on the merger announcement day.

**Note:** <http://dx.doi.org/10.5296/ber.v3i1.2781>

**Database:** *ABI/INFORM complete*

10.

**Title:** [Trade mark cluttering—evidence from EU enlargement](#)

**Authors:** von Graevenitz, Georg

**Source:** Oxford Economic Papers; July 2013, Vol. 65 Issue 3, Pp. 721-745.

**Abstract:** This paper exploits enlargement of the European Union as a natural experiment to provide evidence for cluttering of the trade mark register in Europe. Enlargement increased regulatory uncertainty for pharmaceutical firms because the number of medical regulators that had to approve invented names for pharmaceutical products increased sharply at the time. The effects of this regulatory shock on pharmaceutical firms' trade mark application strategies are studied using Difference-in-Differences and bias adjusted matching estimators. It is shown that enlargement had a significant and quantitatively important effect on pharmaceutical firms' incentives to clutter trade mark registers with trade marks they are unlikely to use.

**Note:** *This article appears in:* [Special Issue Innovation and Intellectual Property](#)  
doi: 10.1093/oep/gpt022

**Database:** *Oxford Journals Online*

11.

**Title:** [Mutual Help Networks and Social Transformation in Japan](#)

**Authors:** Onda, Morio

**Source:** American Journal of Economics & Sociology; July 2013, Vol. 72 Issue 3, Pp531-564.

**Abstract:** Japanese society has changed from the past as a result of modernization. However, there is one aspect of social action that has persisted at least in spirit. The purpose of the article is to show how traditional mutual help remains important, has

been transformed in the transition to modernity, and has contributed to the continuing development of Japanese society. Mutual help can be divided into three types: yui, reciprocity through exchanging labor; moyai, redistribution based on a common store of goods and resources; and tetsudai, nonreciprocal support in social rites of passage. While these customs have almost disappeared from modern life, the tradition of mutual help is still manifest in some modern civic activities. The social system of mutual help arose from indigenous conditions in order to overcome the 'tragedy of the commons.' Modern society might do well to reconsider such mutual help networks in search of ways of solving both public and private social problems in Japan and overseas as well.[ABSTRACT FROM AUTHOR]

**Database:** *Business Source Complete*

## 12.

**Title:** [Patent rights and economic growth: evidence from cross-country panels of manufacturing industries](#)

**Authors:** Hu, Albert G.Z. and Png, I.P.L.

**Source:** Oxford Economic Papers; July 2013, Vol. 65 Issue 3, Pp. 675-698.

**Abstract:** The objective of patent rights is to foster innovation and economic growth. However, to date, there is little robust evidence that patents achieve this objective. Here, we study the impact of changes in effective patent rights within panels of up to 54 manufacturing industries in up to 72 countries between 1981–2000. Stronger patent rights were associated with faster growth in more patent-intensive industries, and the effect was larger in higher-income countries. Between 1991–1995, an increase in the level of effective patent rights from Turkey to Singapore was associated with the average growth of the other chemicals and leather industries being respectively 1/6 and 1/17 higher. Patent rights were associated with faster growth through both factor accumulation and raising productivity. Our findings were robust to alternative measures of patent rights and patent intensity.

## 13.

**Title:** [Fiscal Decentralization and Economic Growth in OECD Countries Is There a Relationship?](#)

**Authors:** Baskaran, Thushyanthan and Feld, Lars P.

**Source:** Public Finance Review; July 2013, vol. 41 no. 4, Pp. 421-445

**Abstract:** We study the effect of fiscal decentralization on economic growth for twenty-three Organisation for Economic Co-operation and Development countries from 1975 to 2008. In order to proxy fiscal decentralization, we use both traditional Government Finance Statistics (GFS)–style measures and new measures that account for the degree of subnational tax autonomy. The regressions with GFS–style measures indicate that fiscal decentralization has a negative but statistically insignificant effect on growth. Regressions with the new measures also result in negative coefficient estimates. However, they are larger in absolute terms and statistically significant. For the empirical literature on fiscal federalism, these results imply that measures of fiscal decentralization that account for subnational tax autonomy should be preferred to traditional GFS–style measures. From a policy

perspective, we conclude that policy makers should be aware of the economic trade-offs when pursuing reforms toward more fiscal decentralization.

**Database:** *SAGE Journals Online*

14.

**Title:** [Network Proximity and Business Practices in African Manufacturing](#)

**Authors:** Fafchamps, Marcel and Söderbom, Måns

**Source:** The World Bank Economic Review; 2013, Advance Access. First published online: July 3, 2013

**Abstract:** Patterns of correlation in innovation and contractual practices among manufacturing firms in Ethiopia and Sudan are documented. Network data that indicate whether any two firms in the utilized sample do business with each other, buy inputs from a common supplier, or sell output to a common client are used for the analysis. Only limited support is found for the commonly held idea that firms that are more proximate in a network sense are more likely to adopt similar practices. Indeed, for certain practices, adoption decisions appear to be local strategic substitutes: if one firm in a given location uses a certain practice, nearby firms are less likely to do so. These results suggest that the diffusion of technology and new business practices may play a more limited role in spurring growth in Africa's manufacturing sector than is often assumed in the present policy discussion.

**Note:** doi: 10.1093/wber/lht020

**Database:** *Oxford Journals Online*

15.

**Title:** [Nonregulatory Approaches to the Environment: Coasean and Pigouvian Perspectives](#)

**Authors:** Banzhaf, H. Spencer, Fitzgerald, Timothy and Schnier, Kurt

**Source:** Review of Environmental Economics and Policy; Summer 2013, Vol. 7 Issue 2, Pp. 238-258. First published online: June 28, 2013

**Abstract:** This article introduces a symposium on decentralized approaches to environmental management. These approaches include voluntary contributions to public goods, bundling contributions with private goods, and bundling the use of the environment with private goods. The article compares and contrasts the Coasean property rights perspective on such arrangements with the Pigouvian perspective of public economic theory. It further evaluates the efficiency of such arrangements through the lens of the excludability and nonrivalry problems, which are common to both perspectives. We conclude that both perspectives provide important insights for a comparative analysis of nonregulatory and regulatory approaches.

**Note:** *Symposium: Decentralized Approaches to Environmental Management*  
doi: 10.1093/reep/ret013

**Database:** *Oxford Journals Online*

16.

**Title:** [Transaction Costs and Environmental Markets: The Role of Entrepreneurs](#)

**Authors:** Anderson, Terry L. and Parker, Dominic P.

**Source:** Review of Environmental Economics and Policy; Summer 2013, Vol. 7 Issue 2, Pp. 259-275. First published online: June 28, 2013

**Abstract:** At the core of environmental economics is the potential for a divergence between private and social costs (based on the work of A. C. Pigou) and the potential for private contracts to shrink this divergence (based on the work of Ronald Coase). A close examination of Pigou and Coase reveals that the two are not so far apart, with Pigou emphasizing “technical difficulties” and Coase emphasizing transaction costs as the reason that private actors do not account for all costs and benefits. Building from this emphasis on transaction costs, we identify environmental entrepreneurship as an important but underappreciated force for improving resource allocation. Entrepreneurs guide the evolution of property rights, which in turn can lower the transaction costs of using markets to solve environmental problems. We define three types of entrepreneurs—those who contract over existing property rights in innovative ways, those who create new environmental property rights, and those who elicit private payments for public goods—and provide examples of how these entrepreneurs have improved resource allocation. These examples offer lessons about how government can encourage or discourage entrepreneurship.

**Note:** *Symposium: Decentralized Approaches to Environmental Management*  
doi: 10.1093/reep/ret011

**Database:** *Oxford Journals Online*

17.

**Title:** [Voluntary- and Information-Based Approaches to Environmental Management: A Public Economics Perspective](#)

**Authors:** Kotchen, Matthew J.

**Source:** Review of Environmental Economics and Policy; Summer 2013, Vol. 7 Issue 2, Pp. 276-295. First published online: June 28, 2013

**Abstract:** Interest in decentralized approaches to environmental management has grown significantly in recent years. Along with the standard instruments of environmental policy—quantity, price, and technology regulations—is a growing number of voluntary—and information-based approaches (VIBAs) that includes more decentralized policies, programs, and market trends. This article offers a perspective on VIBAs through the lens of public economic theory. The unifying theme is that many VIBAs are based on the creation of impure public goods and/or clubs. The innovation of these arrangements is the way in which jointly produced private benefits effectively subsidize the voluntary provision of public goods. From this perspective, VIBAs can be viewed as a property rights approach because they privatize an aspect of public good provision in order to make such provision more incentive compatible with firm or individual preferences for decision making. Although VIBAs have the potential to promote environmental protection and economic efficiency, these outcomes are not assured. However, a more careful examination of the theoretical basis for VIBAs can help us identify the circumstances under which these approaches hold the greatest promise for efficient environmental policy.

**Note:** *Symposium: Decentralized Approaches to Environmental Management*  
doi: 10.1093/reep/ret012

**Database:** *Oxford Journals Online*

18.

**Title:** [Using Weather Data and Climate Model Output in Economic Analyses of Climate Change](#)

**Authors:** Auffhammer, Maximilian, Hsiang, Solomon M., Schlenker, Wolfram and Sobel, Adam

**Source:** Review of Environmental Economics and Policy; Summer 2013, Vol. 7 Issue 2, Pp. 181-198. First published online: June 28, 2013

**Abstract:** Economists are increasingly using weather data and climate model output in analyses of the economic impacts of climate change. This article introduces weather data sets and climate models that are frequently used, discusses the most common mistakes economists make in using these products, and identifies ways to avoid these pitfalls. We first provide an introduction to weather data, including a summary of the types of data sets available, and then we discuss five common pitfalls that empirical researchers should be aware of when using historical weather data as explanatory variables in econometric applications. We then provide a brief overview of climate models and discuss two common and significant errors often made by economists when climate model output is used to simulate the future impacts of climate change on an economic outcome of interest.

**Note:** doi: 10.1093/reep/ret016

**Database:** *ABI/INFORM complete*

19.

**Title:** [Positive versus Normative Justifications for Benefit-Cost Analysis: Implications for Interpretation and Policy](#)

**Authors:** Hammitt, James K.

**Source:** Review of Environmental Economics and Policy; Summer 2013, Vol. 7 Issue 2, Pp. 199-218.

**Abstract:** What is the rationale for benefit-cost analysis (BCA)? The answer is critical for determining how BCA should be conducted and interpreted, and identifying its implications for policy. This article examines two possible justifications for BCA: positive and normative. The positive rationale is that BCA identifies policy changes whereby those who benefit could, in theory, compensate those who are harmed. The normative rationale is that BCA identifies social improvements (e.g., by approximating a utilitarian calculus or protecting against cognitive error in policy choice). The standard approach to BCA assumes that the positive and normative justifications coincide. However, when human behavior differs from what is assumed in standard economic models, these justifications may conflict. In this case, individuals may dislike a change in circumstances that economic models predict they should prefer. The positive justification for BCA is consistent with respect for individual autonomy and provides clarity about methodological choices in the analysis (i.e., that the objective is to incorporate people's apparent preferences as accurately as possible), but it may also require accepting cognitive and behavioral errors that individuals would wish to avoid. The normative justification implies rejecting policies that the population may prefer and requires determining what preferences are normatively acceptable. The article argues that the choice of

justification is part of a larger issue concerning the appropriate role of representative government.

**Note:** doi: 10.1093/reep/ret009

**Database:** *Oxford Journals Online*

20.

**Title:** [The R&D tax credit in France: assessment and \*ex ante\* evaluation of the 2008 reform](#)

**Authors:** Mulkey, Benoît and Mairesse, Jacques

**Source:** Oxford Economic Papers; 2013, Advance Access. First published online: June 4, 2013

**Abstract:** This article presents an econometric analysis of the direct effects of the R&D tax credit (RTC) on private R&D in France and proposes an *ex ante* evaluation of the major reform implemented in 2008. We first estimate an error correction model of a dynamic R&D demand function on a large panel data of R&D doing firms, obtaining a preferred estimate of -0.4 for the long run elasticity of the user cost of R&D capital. We then perform a micro-simulation of the effects of the 2008 RTC reform that shows that the implicit long run budget multiplier would be about 0.7

**Database:** *Oxford Journals Online*

**Selected by Ploenchak Akvanich, Research Support Services,  
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