Economics & Business articles Links

❶ 2012 Nobel Prize in Economic Sciences 10 most-cited articles

Alvin E. Roth and Lloyd S. Shapley were named recipients of the 2012 Nobel Prize for economics. They were honored for "the theory of stable allocations and the practice for marketing design," according to a statement from the royal Swedish Academy of Scientists.

According to the Organ Procurement and Transplantation Network, the research of Roth and Shapley has helped to match nearly 2,000 kidney donors to recipients nationwide; the matches were based on mathematical studies involving blood types and antigens.

A Nobel award in economics, officially called the **Sveriges Riksban Prize in Economics Sciences in Memory of Alfred Nobel**, has been given since 1969. The honor has been bestowed on 71 people so far, including one woman, Elinor Ostrom.

Alvin E. Roth

Department of Economics and Harvard Business School, Harvard University, Soldiers Field Road, Boston, MA 02163, USA. At the present he is moving to Stanford University.

Lloyd S. Shapley

Department of Mathematics, University of California, Los Angeles, CA 90095-1555, USA.

1.

Title: Learning in extensive-form games: Experimental data and simple dynamic models in the intermediate term
Authors: **Roth, Alvin E.;** Erev, Ido
Source: *Games and Economic Behavior*; 1995 Vol. 8 Issue 1, p. 164-212 (Symposium Article)
Abstract: We use simple learning models to track the behavior observed in experiments concerning three extensive form games with similar perfect equilibria. In only two of the games does observed behavior approach the perfect equilibrium as players gain experience. We examine a family of learning models which possess some of the robust properties of learning noted in the psychology literature. The intermediate term predictions of these models track well the observed behavior in all three games, even though the models considered differ in their very long term predictions. We argue that for predicting observed behavior the intermediate term predictions of dynamic learning models may be even more important than their asymptotic properties.
Database: *ScienceDirect*   Cited = 472

2.

Title: [Weak versus strong domination in a market with indivisible goods.](#)
Authors: **Roth, Alvin E.;** Postlewaite, Andrew
Source: *Journal of Mathematical Economics*; August 1977, Vol. 4 Issue 2, p. 131–137

Abstract: The core of a market in indivisible goods can be defined in terms of strong domination or weak domination. The core defined by strong domination is always non-empty, but may contain points which are unstable in a dynamic sense. However, it is shown that there are always stable points in the core, and a characterization is obtained. The core defined by weak domination is always non-empty when there is no indifference, and has no instability problems. In this case, the core coincides with the unique competitive allocation.
Database: *ScienceDirect*   Cited = 87

3.

Title: [The college admissions problem is not equivalent to the marriage problem](#)
Authors: **Roth, Alvin E.**
Source: *Journal of Economic Theory*; August 1985, Vol. 36 Issue 2, p. 277–288

Abstract: Two-sided matching markets of the kind known as the "college admissions problem" have been widely thought to be virtually equivalent to the simpler "marriage problem" for which some striking results concerning agents' preferences and incentives have been recently obtained. It is shown here that some of these results do not generalize to the college admissions problem, contrary to a number of assertions in the recent literature. No stable matching procedure exists that makes it a dominant strategy for colleges to reveal their true preferences, and some outcomes may be preferred by all colleges to the college-optimal stable outcome.
Database: *ScienceDirect*   Cited = 80

4.

Title: [Incentive compatibility in a market with indivisible goods](#)
Authors: **Roth, Alvin E.**
Source: *Economics Letters*; 1982, Vol. 9 Issue 2, p. 127–132

Abstract: In a market in which each trader's initial endowment is one unit of an indivisible good, there exists an incentive compatible procedure for reaching a competitive allocation. This contrasts with some recent results for similar problems.
Database: *ScienceDirect*   Cited = 60

5.

Title: [Late and multiple bidding in second price Internet auctions: Theory and evidence concerning different rules for ending an auction](#)
Authors: Ockenfels, Axel; **Roth, Alvin E.**
Source: *Games and Economic Behavior*; May 2006, Vol. 55 Issue 2, p. 297–320
(Mini Special Issue: Electronic Market Design)

Abstract: In second price Internet auctions with a fixed end time, such as those on eBay, many bidders submit their bids in the closing minutes or seconds of an auction. We propose an internet auction model, in which very late bids have a

positive probability of not being successfully submitted, and show that late bidding in a fixed deadline auction can occur at equilibrium in auctions both with private values and with uncertain, dependent values. Late bidding may also arise out of equilibrium, as a best reply to incremental bidding. However, the strategic advantages of late bidding are severely attenuated in auctions that apply an automatic extension rule such as auctions conducted on Amazon. Field data show that there is more late bidding on eBay than on Amazon, and this difference grows with experience. We also study the incidence of multiple bidding, and its relation to late bidding.

6.

Title: [Potential Games](#)
Authors: Monderer, Dov; **Shapley, Lloyd S.**
Source: *Games and Economic Behavior*; May 1996, Vol. 14 Issue 1, p. 124–143
Abstract: We define and discuss several notions of potential functions for games in strategic form. We characterize games that have a potential function, and we present a variety of applications.

7.

Title: [Fictitious Play Property for Games with Identical Interests](#)
Authors: Monderer, Dov; **Shapley, Lloyd S.**
Source: *Journal of Economic Theory*; January 1996, Vo. 68 Issue 1, p. 258–265
Abstract: An n-person game has identical interests if it is best response equivalent in mixed strategies to a game with identical payoff functions. It is proved that every such game has the fictitious play property.

8.

Title: [On market games](#)
Authors: **Shapley, Lloyd S**; Shubik, Martin
Source: *Journal of Economic Theory*; June 1969, Vol. 1 Issue 1, p. 9-25
Abstract: The "market games"—games that derive from an exchange economy in which the traders have continuous concave monetary utility functions, are shown to be the same as the "totally balanced games"—games which with all their subgames possess cores. (The core of a game is the set of out-comes that no coalition can profitably block.) The coincidence of these two classes of games is established with the aid of explicit transformations that generate a game from a market and vice versa. It is further shown that any game with a core has the same *solutions*, in the von Neumann-Morgenstern sense, as some totally balanced game. Thus, a market may be found that reproduces the solution behavior of any game that has a core. In particular, using a recent result of Lucas, a ten-trader tencommodity market is described that has no solution.

9.

Title: <u>Noncooperative general exchange with a continuum of traders: Two models</u>.
Authors: Dubey, Pradeep; **Shapley, Lloyd S.**
Source: *Journal of Mathematical Economics*; May 1994, Vol. 23 Issue 3, p. 253-293

Abstract: Price formation and trade in a large exchange economy is modelled as a non-atomic strategic game in two contrasting forms. (1) The 'pay-later' form uses paper money or IOUs which the players must redeem at the final accounting or face overdraft penalties. (2) The 'cash-in-advance' form uses a valuable commodity as money with no need for a central clearing house. Several results connecting *strategic equilibrium* (Cournot-Nash) and *competitive equilibrium* (Walras) are obtained for (1) and (2). In the final section, a basic problem of measurability when strategies are selected independently by a continuum of agents is raised, and a way of resolving it is proposed.
Database: *ScienceDirect*   Cited = 26

10.

Title: <u>On authority distributions in organizations: equilibrium</u>
Authors: Hu, Xingwei; **Shapley, Lloyd S.**
Source: *Games and Economic Behavior*; October 2003, Vol. 45 Issue 1, p. 132–152
(First World Congress of the Game Theory Society)

Abstract: One assumption in the Shapley–Shubik power index is that there is no interaction nor influence among the voting members. This paper will apply the command structure of Shapley (1994) to model members' interaction relations by simple games. An equilibrium authority distribution is then formulated by the power-in/power-out mechanism. It turns out to have much similarity to the invariant measure of a Markov chain and therefore some similar interpretations are followed for the new setting. In some sense, one's authority distribution quantifies his general administrative power in the organization and his long-run influence on all members. We provide a few applications in conflict resolution, college and journal ranking, and organizational choice.
Database: *ScienceDirect*   Cited = 10

❷ Hot Issues in October 2012

1.

Title: <u>Does Management Really Work?</u>
Authors: Bloom, Nicholas; Sadun, Raffaella; Van Reenen, John
Source: *Harvard Business Review*; Nov2012,Vol.90 Issue11,p1-6

Abstract: HBR's 90th anniversary is a sensible time to revisit a basic question: Are organizations more likely to succeed if they adopt good management practices? The answer may seem obvious to most HBR readers, but these three economists cast their net much wider than that. In a decade long study of thousands of organizations in 20 countries, they and their interview team assessed how well manufacturers, schools, and hospitals adhere to three management basics: targets, incentives, and monitoring. They found that huge numbers of companies follow none

of those fundamentals, that adopting the basics yields big improvements in outcomes such as productivity and longevity, and that good nuts-and-bolts management at individual firms shapes national performance. At 14 textile manufacturers in India, for example, an intervention-involving free, high-quality advice from a consultant who was on-site half-time for five months-cut defects by half, reduced inventory by 20%, and raised output by 10%. A control group saw no such gains. The authors' global data set suggests that implementing good management at schools and hospitals yields change more slowly than at manufacturers-but it does come eventually. And the macroeconomic potential-for incomes, productivity, and delivery of critically needed services-is huge. A call for "better management" may sound prosaic, but given the global payoffs, it's actually quite radical. [ABSTRACT FROM AUTHOR]
Database: *Business Source Complete*

2.

Title: Why the Euro Will Survive.
Authors: Bergsten, C. Fred
Source: *Foreign Affairs*; Sep/Oct 2012, Vol. 91 Issue 5, p16-22, 7p.
Abstract: The author offers economic forecasting on the European Sovereign Debt Crisis and its effect on European economic and political integration. It is stated that the euro area monetary union of European Union countries will survive the crisis without any of its members defaulting on their public debts or with the union dissolving. Citing the history of European economic integration since the 1940s, the author argues that the political leadership of European Union countries have always resolved past crises with policies that strengthened integration, and that Germany and the European Central Bank, the two strongest institutions of the euro area, will do what is necessary to prevent the euro's collapse.
Database: *Business source Complete*

3.

Title: The identity of ecological economics: retrospects and prospects.
Authors: Özkaynak, Begüm; Adaman, Fikret; Devine, Pat
Source: ***Cambridge Journal of Economics***; Sep2012, Vol. 36 Issue 5, p1123-1142
Abstract: The paper first reveals the relevance of ecological economics in the time of a triple crisis—ecological, social and economic—and promotes it as a distinct paradigm comprised of two interconnected and interdependent aspects: the qualitative framework within which it operates; and the quantitative models and techniques it uses to observe ecosystem resilience, measure progress towards sustainability and evaluate policies. While acknowledging the progress that has so far been made, the paper argues that divergences in understanding the meaning and content of ecological economics hinder its effectiveness and influence on real-world policy making, and calls for a unified framework as a common ground that would strengthen the field and direct research. The implication of this position then follows, pointing out what has so far been missing from the ecological economics'

analysis and what should be done for it to become a more problem-oriented and policy-relevant alternative. [ABSTRACT FROM PUBLISHER]
Database: *Business Source Complete*

4.

Title: Germany's Employment Miracle: Fact of fiction?
Authors: Engelen-Kefer, Ursula
Source: *The International Economy;* 26, 3 (Summer 2012): 38-41, 60-64
Abstract: [...]in the last ten years, the number of regular jobs has doubled compared with average employment in the state of Bavaria, and grown six times faster than the average rate in Germany, where unemployment has reached a record low. Since last fall, the number of apprenticeship places for young school graduates, which for many years was insufficient, is now considerably higher than the number of young people applying for them. The strengthening of its internal demand by shifting emphasis from austerity to economic development - especially promotion of private and public investments, support of economically and socially balanced wage policies by collective agreements, introduction of a sufficient legal minimum wage, and improvement of labor market policies and social security benefits.
Database: *ABI/INFORM Complete*

5.

Title: Decades of Influence
Authors: O'Loughlin, Eamonn
Source: *Harvard Business Review;* Nov2012, Issue 11, p1
Reviews & GOOGLE Scholar (Web resource)
Abstract: The article reports on a study done by the "**Harvard Business Review**" journal that analyzes the impact of articles published in the management journal between 1950 and 2012. The study's authors used the Google Scholar database to track twelve thousand articles published in "**Harvard Business Review**," including the fifty-three that have been cited more than 1000 times and tracked trending topics over the sixty-two year period.
Database: *Business Source Complete*

6.

Title: 10 Rules for Managing Global Innovation
Authors: Wilson, Keeley; Doz, Yves L.
Source: *Harvard Business Review;* Oct 2012, Vol. 90 Issue10, p.84-90
Abstract: The authors discuss their ten rules for managing global innovation more effectively. They recommend that the first projects involving employees in different countries and time zones be small ones restricted to just two or three participants. In their view a single senior manager should be put in charge of oversight and support for a project, and one site should be designated as the lead site. When allocating staff to a project, they recommend that competence rather than availability be the top criterion.

Database: *Business Source Complete*

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