International Review of Financial Analysis (Vol. 97)

https://www.sciencedirect.com/journal/international-review-of-financial-analysis/vol/97/suppl/C

01. A literature review on corporate governance and ESG research: Emerging trends and future directions

Abstract: This paper reviews 91 academic articles from 2010-2023 on corporate governance (CG) and its impact on environmental, social, and governance (ESG) outcomes. Factors such as female directors, institutional investors, independent directors, CEO characteristics, directors' compensation, and sustainability committees positively impact ESG outcomes. However, family ownership may negatively affect ESG performance. The paper calls for more research on non-financial firms and diverse approaches, including qualitative and mixed methods.
https://doi.org/10.1016/j.irfa.2024.103759

02. Polytope Fraud Theory

Abstract: Polytope Fraud Theory (PFT) extends triangle and diamond accounting fraud theories with ten abnormal financial practice alarms. These are identified through shorting behavior of sophisticated activist short sellers, which are trained using machine learning methods. The best method is XGBoost, with a 72.2% recall and 82.8% F1-score. The results suggest the potential automation of advanced financial statement analysis to improve auditing processes and enhance investment performance. The Unified Investor Protection Framework is proposed to categorize investor-protection related theories.
https://doi.org/10.1016/j.irfa.2024.103734

03. Socially responsible investment and fund performance: The moderating roles of mutual funds' operating environments

Abstract: This study explores the relationship between social responsibility (SR) integration and fund performance in mutual funds. It suggests an inverted U-shaped relationship, based on legitimacy theory and transaction cost economics. Results from 1145 Chinese mutual funds show that fund performance improves with SR integration at low intensities but deteriorates as integration increases. Market uncertainty weakens this relationship, but government-mandated SR disclosure strengthens it. The study offers practical guidance for investors, fund managers, and policymakers in balancing financial performance and social responsibility.
https://doi.org/10.1016/j.irfa.2024.103804

04. Asset pricing in African frontier equity markets

Abstract: This paper compares various asset pricing models in explaining stock returns in African securities markets using monthly returns of 375 blue chip firms over 23 years. The study finds that the Fama & French (2015) five factor and Fama & French (2018) six factor frameworks yield the highest explanatory power. The study also reveals significant differences in practitioners' application of different asset pricing models, emphasizing the importance of this study.
https://doi.org/10.1016/j.irfa.2024.103752

05. Behind in time, behind in the game – time zone affects trading aggressiveness

Abstract: The study investigates the aggressiveness of orders submitted by retail investors from different time zones on the same exchange. It found that those located west of the exchange's time zone are less aggressive in their order submissions, due to the difference in processing time for aggressive trading. This difference is opposite to the impact of daylight saving time, which increases trading aggressiveness. The findings are robust even when controlling for additional investor, stock, and market factors.
https://doi.org/10.1016/j.irfa.2024.103812

06. Which corporate leaders matter to financial markets?

Abstract: The study uses a dataset of over 22,000 management change announcements from S&P 500 companies and an augmented Fama and French 5-factor model to investigate the impact of leadership changes on financial markets. Results show that changes in CEOs, Presidents, and Chairmen increase daily return volatility by 30%-100%, while CFOs and COOs may cause limited market response. However, no evidence suggests that stock price volatility responds differently to leadership change announcements than to other volatility shocks.
https://doi.org/10.1016/j.irfa.2024.103780

07. Systemic risk from overlapping portfolios: A multi-objective optimization framework

Abstract: A multi-objective portfolio optimization framework considers systemic and individual risk, using an Evolutionary Search algorithm to explore solution space. Applying to sovereign exposure data, the framework shows that minimizing systemic risk leads to concentrated and diverse portfolios, while individual risk optimal allocations show high diversification and homogeneity. The framework identifies a trade-off between risk components, with even a small preference for minimizing systemic risk leading to significantly different optimal portfolios.
https://doi.org/10.1016/j.irfa.2024.103794

08. Navigating transparency: The interplay of ESG disclosure and voluntary earnings guidance

Abstract: The study reveals that environmental, social, and governance (ESG) disclosure and voluntary earnings guidance are crucial for enhancing a firm's transparency. Data from U.S. publicly listed companies shows that ESG disclosure levels increase information asymmetry, but a positive relationship exists between ESG disclosure levels and earnings guidance. Firms are using voluntary earnings guidance to counterbalance the negative impact of ESG disclosure on transparency, providing new insights into factors influencing voluntary earnings guidance.
https://doi.org/10.1016/j.irfa.2024.103813

09. The systemic risk of leveraged and covenant-lite loan syndications

Abstract: By modelling the whole U.S. syndicated loan market as a financial network from 2000 to 2022, we find that highly connected institutions hold significant shares of leveraged and covenant-lite loans. Our analysis indicates that the size of leveraged and covenant-lite syndicated loan portfolios increases financial institutions' systemic risk, particularly during recession periods. Although banks commonly sell syndicated loans shortly after origination, our results suggest that

they remain vulnerable to pipeline risk. Our study has significant implications for policymakers and regulators, as it can aid in identifying banks exposed to systemic risk associated with leveraged and covenant-lite loans and in ranking systemically important financial institutions accordingly.
https://doi.org/10.1016/j.irfa.2024.103738

10. A gentle reminder: Should returns be interpreted as log differences?

Abstract: Researchers often use the log difference of an asset price to compute returns, similar to using 1n(X+1) to avoid taking the natural logarithm of zero. However, these approximations can produce biased estimates, especially when the sample average and variance tend to zero. The log difference approximation is not a good approximation and biases OLS causal estimators. The 1n(X+1) method also biases the estimation of the true causal effect, except when X tends to infinity. To avoid these issues, researchers should ensure the conditions for using the log difference approximation are met, as these practices can lead to misinformed policy implications.
https://doi.org/10.1016/j.irfa.2024.103864

11. Tail risk contagion and multiscale spillovers in the green finance index and large US technology stocks

Abstract: The study examines the volatility connectedness between the Green Finance Index and six large US technology stocks. Results show that volatility connectedness is higher at extreme tails and strengthens during bullish market conditions. Net risk spillover characteristics show cyclicality and heterogeneity, with the S&P 500 ESG index and Microsoft being dominant sources of risk. Connectedness networks exhibit asymmetric behavior across quartiles, and long-term frequency spillovers dominate over short-term ones. The study highlights the importance of understanding the risks associated with green finance and high-tech assets.
https://doi.org/10.1016/j.irfa.2024.103865

12. Investment and leverage decisions under caps and floors

Abstract: The study explores the impact of caps and floors on investment timing and leverage decisions by firms. It reveals that a floor's influence on leverage is moderate when below a critical threshold, but surpassing this threshold leads to reduced risk and potentially risk-free debt. Conversely, a lower cap deters investment, increasing leverage and reduced credit spreads. In a collar regime, the interaction between floor and cap produces non-monotonic effects, allowing firms to issue risk-free debt for intermediate cap levels. Uncertainty consistently discourages investment.
https://doi.org/10.1016/j.irfa.2024.103857

13. Female executives and corporate brand competitiveness: The mediating role of corporate social responsibility

Abstract: The study explores the impact of female executives on corporate brand competitiveness, revealing the mediating role of corporate social responsibility (CSR). It reveals that an increase in female executives significantly enhances brand competitiveness, partially mediated by CSR. Heterogeneity analysis reveals that female executives have the most significant effect on enhancing brand competitiveness during the startup phase, and in heavily polluting industries, they are more effective in fulfilling social responsibilities. This study offers a new perspective on the relationship between female leadership, CSR, and brand competitiveness.
https://doi.org/10.1016/j.irfa.2024.103876

14. Exploring the connectedness between major volatility indexes and worldwide sustainable investments

Abstract: The paper explores the dynamic connectedness between volatility indexes and ESG leaders' equity markets from January 2014 to April 2023. It reveals that the COVID-19 pandemic

significantly impacted the system's total connectedness. The COVOL is a receiver of global ESG, while VIX is a major transmitter. The developed-country ESG group plays a more dominant role in the transmission channel. VIX is the primary transmitter to four regional ESGs. The European ESG market has low connectedness with major volatility indexes and regional ESGs.
https://doi.org/10.1016/j.irfa.2024.103862

15. ESG stock markets and clean energy prices prediction: Insights from advanced machine learning

Abstract: The clean energy market has grown significantly since the Paris agreement, leading to a study analyzing ESG stock markets in ten countries using machine learning techniques and NGBoost. The analysis, which covers global crises like the COVID-19 pandemic and the Russia-Ukraine conflict, found that NGBoost outperforms other models, with a significant correlation between clean energy stock prices and ESG market variables. ESG markets in India and the USA showed strong predictive power for clean energy stocks, while Australia and South Africa contributed less. The study emphasizes the importance of market connectivity in portfolio construction and asset allocation, particularly during global disruptions.
https://doi.org/10.1016/j.irfa.2024.103889

Journal of Banking & Finance (Vol.170)

https://www.sciencedirect.com/journal/journal-of-banking-and-finance/vol/170/suppl/C

01. The collateral channel versus the bank lending channel: Evidence from a massive earthquake

Abstract: The paper examines the economic impact of collateral and bank lending channels following the 2011 Tohoku earthquake. It finds that damage to a firm's tangible assets and primary bank's net worth increases the likelihood of credit constraints, supporting both collateral and bank lending channels. The bank lending channel's impact is twice as large and longer-lasting than the collateral channel, and the credit constraint has real effects, with aggregated sales declines more than four times larger. The bank lending channel played a more substantial role than the collateral channel.
https://doi.org/10.1016/j.jbankfin.2024.107315

02. Does maker-taker limit order subsidy improve market outcomes? Quasi-natural experimental evidence

Abstract: We provide a new theory of exchange access fees that explains why fees relatively reduce the probability of execution and increase the limit order queue length on "maker-taker" platforms. Nonetheless, the limit order subsidy greatly improves market depth, together with market efficiency and trading volume. Moreover, fee structures never "wash out" regardless of the minimum tick. The regulatory requirement that trading and order flow depend only on raw (nominal) spreads and prices underpins the multi-billion-dollar subsidy to limit orders. So long as a platform remains competitive, elimination of the fee structure does not alter the raw spread, but it does lower the cum fee spread. We test these implications with a unilateral maker-taker fee/rebate reduction using NASDAQ's "quasi-natural" $1.9 trillion experiment to find support for our theory.
https://doi.org/10.1016/j.jbankfin.2024.107330

03. Experimenting with financial professionals

Abstract: As key players in financial markets and the broader industry, financial professionals are increasingly used as experimental research participants. We review over 50 studies comparing financial professionals to laypeople and conduct meta-analyses of 22 eligible studies spanning

from 1986 to 2023. Our findings reveal persistent and robust support for financial professionals being more risk-loving, but little evidence of superior forecasting accuracy. Further analyses indicate that larger monetary payments result in greater behavioral differences between financial professionals and laypeople, suggesting an increased susceptibility to incentives among professionals. This systematic review not only synthesizes experimental results, contributing to recent discussions about external validity and generalizability, but also highlights critical methodological considerations when experimenting with financial professionals.
https://doi.org/10.1016/j.jbankfin.2024.107329

04. Do ETFs increase the comovements of their underlying assets? Evidence from a switch in ETF replication technique

Abstract: We investigate the impact of Exchange-Traded Funds (ETFs) on the comovements of their constituent securities using a novel identification that exploits the switch from synthetic to physical replication of a large French ETF. After the switch, constituent stocks experience greater commonality, in both returns and liquidity. For both the full sample of ETF constituents and the least liquid ETF constituents, a larger part of the variation in individual stock returns or liquidity is explained by market-wide variations. We present evidence that ETF creation and redemption is the transmission mechanism of the comovements. Moreover, we show that the comovements do not appear excessive.
https://doi.org/10.1016/j.jbankfin.2024.107333

05. Forecasting the realized variance in the presence of intraday periodicity

Abstract: This paper examines the impact of intraday periodicity on forecasting realized volatility using a heterogeneous autoregressive model (HAR) framework. We show that periodicity inflates the variance of the realized volatility and biases jump estimators. This combined effect adversely affects forecasting. To account for this, we propose a periodicity-adjusted HAR model, HARP, where predictors are constructed from the periodicity-filtered data. We demonstrate empirically (using 30 stocks from various business sectors and the SPY for the period 2000–2020) and via Monte Carlo simulations that the HARP models produce significantly better forecasts across all forecasting horizons. We also show that adjusting for periodicity when estimating the variance risk premium improves return predictability.
https://doi.org/10.1016/j.jbankfin.2024.107342

06. FinTech vs. Bank: The impact of lending technology on credit market competition

Abstract: The study examines the impact of technology on business loan market competition. It reveals that FinTech lenders primarily supply unsecured loans to borrowers with short-term projects. The model assumes heterogeneity in lenders' screening abilities and borrowers' investment horizons. Lenders use screening technology and collateral requirements to mitigate competition and restrict credit supply. The study suggests that the effect on credit supply and interest rates becomes more nuanced as information technology improves.
https://doi.org/10.1016/j.jbankfin.2024.107338

07. Revenue alignment with the EU taxonomy regulation in developed markets

Abstract: This article provides first evidence on the capital market effects of the EU Taxonomy Regulation (TR). The TR introduced a new classification scheme to identify companies with environmentally sustainable economic activities. The results offer support for a significant estimated TR alignment premium, compatible with the interpretation that investors already apply the TR and allocate capital to TR-aligned companies. This effect strengthens with an increase in investor attention. We also find significant cross-sectional variation in abnormal stock returns surrounding the publication date of the TR conditional on the degree of estimated TR alignment. Traditional ESG ratings cannot explain the TR premium.

Journal of Development Economics (Vol.172)

01. Better together? Group incentives and the demand for prevention

Abstract: A study in El Salvador compared group incentives to individual ones to encourage cardiovascular check-ups among informal entrepreneurs. The results showed that group incentives were as effective as individual ones in increasing demand for prevention, but failed to target those with higher health risks. The effectiveness of group incentives was linked to more communication, coordination, and peer pressure, which reduced uncertainty and enhanced the perceived net benefit of prevention.

02. Do entrepreneurial skills unlock opportunities for online freelancing? Experimental evidence from El Salvador

Abstract: This paper reports on a randomized experiment in El Salvador that aimed to improve online labor market outcomes by teaching the entrepreneurial skills required to engage with online marketplaces. Despite low completion rates, we find that assignment to the training significantly increases online freelancing outcomes, such as the probability of having an online freelancing profile, the number of proposals sent, receiving at least one job offer, and securing at least one online freelancing contract. We also observe improved socioemotional skills. However, we find no significant effects of the program on the number of job offers, contracts, or any broader labor market outcomes. Further analysis suggests that poor initial job ratings may have hindered sustained success in online freelancing. Overall, despite some initial success, the program failed to have a lasting impact on the livelihoods of the participants.

03. The transition to direct mayoral elections in clientelistic environments: Causal public spending and service delivery effects

Abstract: The study investigates the impact of direct mayoral elections in Indonesia on district spending and household public service access during a period of national democratic reform. The study uses a staggered difference-in-differences model to estimate causal effects. Results show a significant decline in capital spending and a moderate decrease in household service access post-election. The study concludes that the local democratic transition in Indonesia had a mostly negative impact on key spending and service outcomes, particularly in districts with pronounced clientelistic practices.

04. Combining survey and census data for improved poverty prediction using semi-supervised deep learning

Abstract: The paper presents a method for predicting poverty using semi-supervised learning techniques, specifically pseudo-labeling and deep learning algorithms. This approach uses large amounts of unlabeled census data, improving prediction accuracy. The models outperform conventional approaches in identifying poor individuals across African regions. Deep neural networks trained on pseudo-labeled data showed AUC scores of 0.8 to over 0.9, with random undersampling refining model performance.

05. The persistence of trade relocation from civil conflict

Abstract: The paper explores the lasting effects of civil conflicts on bilateral trade flows and their implications for economic recovery. It uses a structural gravity model to show that importers shift trade preferences away from exporters involved in conflicts, persisting even after the conflict is resolved. The persistent trade relocation is more pronounced in the manufacturing sector, emphasizing the importance of supportive trade policies for nation recovery. The approach can be adapted to investigate other unilateral shocks or analyze bilateral dependent variables like migration.
https://doi.org/10.1016/j.jdeveco.2024.103376

06. Electricity and female employment: Evidence from Tajikistan's winter energy crisis

Abstract: This paper studies the impact of electricity rationing on female employment during Tajikistan's winter energy crisis, 2009–2015. Reduced access to electricity led to a decline in female employment as women left the workforce to become homemakers. The negative employment effect is specific to women and does not appear to be driven by changes in labor demand, involuntary unemployment, labor migration or fertility patterns. However, the decline in female employment is accompanied by a lower adoption of labor-saving electrical appliances. These findings suggest that electricity provision releases women from unpaid domestic work. Furthermore, they suggest that the quality of the electricity supply is vital for realizing the full benefits of electrification in developing countries.
https://doi.org/10.1016/j.jdeveco.2024.103383

07. A policy for the jobless youth in South Africa

Abstract: This paper uses survey and tax administrative data to analyse the effects of a sizeable employer-borne payroll tax credit for young, low-wage workers in South Africa. We find fairly limited impacts of the wage subsidy on the employment of young, low-wage workers relative to two comparison groups: slightly older, low-wage workers and slightly higher-paid, young workers. We find evidence of increases in low-wage youth entry into employment, but these are too small to affect overall employment. However, the female employment rate has increased, and unemployment among women has dropped because of the policy. We find evidence to suggest that the policy has led to a rise in earnings, particularly for men and those earning around the maximum subsidy value.
https://doi.org/10.1016/j.jdeveco.2024.103394

08. What you do (not) get when expanding the net - Evidence from forced taxpayer registrations in South Africa

Abstract: A study in South Africa found that snapshot-synchronizations of business tax and commercial registry led to a large-scale expansion of the South African business taxpayer net. Despite weak post-registration tax compliance and few firms paying taxes, the aggregate revenue gains are non-negligible and the interventions are fiscally cost-effective. Evidence for enforcement spillovers suggests that tax registration timing compliance significantly improved after snapshot synchronizations, and no indication of a drop in registration numbers at the commercial registry.
https://doi.org/10.1016/j.jdeveco.2024.103388

09. How to improve education outcomes most efficiently? A review of the evidence using a unified metric

Abstract: This paper provides a comprehensive review of effective education programs, focusing on cost-effectiveness. It analyzes over 200 impact evaluations across 52 countries using a unified measure called learning-adjusted years of schooling (LAYS). The results show that programs and policies can be up to an order of magnitude more cost-effective than traditional methods. Examples include targeting instruction to students' learning level and structured pedagogy approaches.

These findings can help policymakers improve education outcomes more efficiently, highlighting the need for more effective investment in education.

10. How does progressivity impact tax morale? Experimental evidence across developing countries

Abstract: This paper examines how the progressivity of taxes and government transfers impacts tax morale through a randomized survey experiment with over 30,000 respondents across eight developing countries. Respondents increased (decreased) their tax morale when they received accurate information that taxes in their country are progressive (not progressive). These effects were predominantly driven by respondents in cases where the information they received was counter to their prior beliefs and/or consistent with their preferences. These results suggest changes in policies that increase (decrease) the progressivity of tax systems may also lead to increases (decreases) in tax compliance.

11. A tale of framing and screening: How health messaging and house screening affect malaria transmission in Ethiopia

Abstract: Malaria is a major public health problem in Africa. Traditional methods of controlling malaria no longer provide adequate protection against transmission, and future approaches likely require a combination of technical solutions and behavioral change. We use a cluster randomized controlled trial to study the impacts of an intervention that combines house screening with a behavioral intervention based on health messaging. While house screening provides modest positive benefits, these benefits can be leveraged if it is combined with health messaging. We provide tentative evidence that the impact of messaging varies with the design of the choice architecture: loss-framed health messages seem to do better than gain-based messages––our data suggest they may have larger and more durable effects on behavior and health outcomes.

12. Shooting a moving target: Evaluating targeting tools for social programs when income fluctuates

Abstract: The study evaluates a static proxy-means test (PMT) and three policy-relevant alternatives for selecting beneficiaries of social programs in low- and middle-income countries. It uses a panel dataset from Colombia's social registry, examining before, during, and after the 2020 economic crisis. The results show that updating the PMT data doesn't improve social welfare, but relaxing the eligibility threshold reduces exclusion errors and increases inclusion errors. A dynamic method using shock data estimates income variables reduces exclusion errors and limits coverage expansion.

13. *E*-invoicing, tax audits and VAT compliance (Short Communication)

Abstract: This paper examines the impact of digitalization, specifically e-invoicing, on tax compliance in Rwanda from 2012-2019. The study found that e-invoicing increased firms' net VAT payments and improved the efficiency of VAT audits. It also significantly impacted VAT liabilities reported by audited firms, attributed to more efficient tax audits rather than VAT registered firms becoming more compliant. The evidence suggests that digitalization is a promising policy shift for tax compliance in developing countries.

Journal of Environmental Management (Vol. 373)

01. Carbon dioxide and methane gas exchange following sphagnum moss harvesting in boreal peatland

Abstract: The study examines the impact of Sphagnum moss harvesting on peatland carbon balance in Finland, focusing on net ecosystem exchange of CO_2 and methane emissions. Results show significant variability in Sphagnum regeneration, with wet strip-harvested sites achieving 2-28% re-establishment in 2-8 years, and drier clear-harvested sites showing minimal spontaneous regeneration in 1-6 years. GHG emissions are moisture dependent, with wet sites experiencing increased CH_4 emissions and younger dry sites being significant CO_2 sources due to low photosynthetic activity. The study emphasizes the importance of suitable water table levels for efficient CO_2 sequestration.

02. Sustainability: Does it contribute to the survival of entrepreneurship?

Abstract: This study examines the connection between sustainability practices and business survival in the alternative protein industry. Despite prioritizing sustainability, questions remain about their necessity for long-term survival. The research uses a multi-criteria decision-making approach and interviews with 15 Dutch experts to explore how companies can strategically prioritize environmental and societal sustainability aspects like employment, consumer health, nutrition, and climate impact. The findings offer practical guidance for entrepreneurs in the dynamic alternative protein industry, helping them make informed decisions for sustainability and survival.

03. A comparative analysis of car fleet efficiency evolution in Europe and Australia insights on policy influence

Abstract: The study examines the impact of passenger car carbon dioxide and fuel efficiency measures on energy consumption and greenhouse emissions. It compares the European Union (EU) and Australia as case studies, comparing the average difference in certified CO_2 emissions of new cars registered in the two regions. The average difference increased from 50 g/km in 2018 to 60 g/km in 2021 due to accelerated electrification in the EU. A sensitivity analysis showed that a one-third decrease in sales of zero and low-emission vehicles (Z-L-EVs) would have resulted in seven out of ten manufacturer pools failing to meet the 2020 target of 95 g/km. The simulation framework was validated against certified values of 2021 registrations and used to calculate real-world fleet performance. The study discusses the application of similar tools and analysis in the design of future policies.

04. Do environmental, social, and governance standards improve the bargaining power of bidders? An empirical investigation

Abstract: The study examines the impact of environmental, social, and governance (ESG) standards on takeover premiums in the international takeover market. It found that bidders with higher pre-deal ESG standards pay lower premiums to win the bid auction, suggesting better stakeholder engagement provides higher bargaining power. The results also show that ESG champions pay fair premiums to targets through board independence and minority shareholder protection. They select targets from dissimilar industries and engage in cross-border deals to strengthen their reputation among stakeholders. The findings suggest that ESG standards increase the bargaining power of focal firms in negotiating better terms with targets.

05. AI-driven predictive models for sustainability

Abstract: The research presents an AI-driven energy management model that optimizes energy consumption, enhances predictive accuracy, and ensures transparency. The model uses machine learning algorithms like Gradient Boosting Machines and Random Forests, and employs techniques like SHAP and LIME for interpretability. The model achieved an R2 of 0.92, with precision and recall scores of 85-90% and 80-88%, respectively. It performed robustly across diverse scenarios, reducing CO_2 emissions by 30% and cutting costs by 18%. The model supports informed decision-making through enhanced transparency and accuracy.
https://doi.org/10.1016/j.jenvman.2024.123472

06. The value of information in predicting harmful algal blooms

Abstract: Environmental decision-making is often influenced by uncertainty, and the value of information (VoI) theory can help quantify the benefits of resolving uncertainty. This is particularly useful in biodiversity conservation and management. A study in the German North Sea coastal waters evaluated the expected surplus in resolving uncertainty about harmful algal blooms (HABs) using a dynamic foodweb model and regional monitoring data. The analysis revealed a prediction accuracy of 0.65% for HAB occurrence with additional information on zooplankton. Reducing uncertainty through extended monitoring could lead to an expected welfare gain of up to 2.67 million Euro. This highlights the potential of VoI analysis in fishery and ecosystem management and provides insights for future monitoring strategies to mitigate HABs' adverse effects.
https://doi.org/10.1016/j.jenvman.2024.123288

07. Optimizing the utilization of harvested wood products for maximum greenhouse gas emission reduction in a bioeconomy: A multi-objective optimization approach

Abstract: This study explores the optimal distribution of wood across value chains for climate change mitigation. Substitution and storage effects, often considered marginal, can reduce the Global Warming Potential and prevent direct carbon emissions. The study uses a multi-objective optimization approach to determine the optimal distribution of wood. Results show that sawable wood is best for sawnwood applications, while non-sawable wood contributes to maximal storage effects. Non-sawable wood is most effective for energy production. Both substitution and storage effects lead to substantial mitigation, with storage effects yielding a higher total reduction. The study emphasizes the importance of a systems perspective in bioeconomy climate change mitigation and understanding the limits of these effects in environmental policies and management.
https://doi.org/10.1016/j.jenvman.2024.123424

08. Adoption determinants and policy tools for residential green stormwater infrastructure: A review synthesizing differences and commonalities among lot-level practices

Abstract: Green stormwater infrastructure (GSI) investments on private residential yards can help combat climate change in urban environments. However, planners face challenges in integrating this decentralized approach with existing land-use and social systems. A review of 1753 studies found that adoption factors vary between GSI practices, highlighting the need for practice-specific policy tools. The study uses the Fogg Behavioral Model to illustrate the interplay between motivational and ability factors and proposes targeted policy interventions for each practice. Evidence suggests that neither stimulative policy instruments nor restrictive tools are efficient in isolation. The results can guide scholars, decision-makers, and professionals in crafting practice-specific integrated policy packages, accounting for socioeconomic factors, to achieve transformative GSI uptake.

09. Managing tourism pressure: Exploring tourist traffic patterns and seasonality in mountain national parks to alleviate overtourism effects

Abstract: Overtourism in national parks (NPs) in Poland is a growing issue, causing environmental pressure, negative impacts on local communities, and lower tourist satisfaction. A research study analyzed daily visitor data in three NPs: Pieniny NP, Stołowe Mountains NP, and The Tatra NP. Results showed a strong intensification of visitor flow and a growing problem of overtourism, particularly in The Tatra NP. Long-term variation analysis revealed a reduction in seasonality of tourism due to higher intensity of visits off summer season. Implementing time-limit measures and activities aimed at dispersing tourist traffic is necessary for effective tourism management and supporting decision-making for surrounding localities.

10. Public perceptions of nature-based coastal solutions in the UK

Abstract: A study conducted in the UK found that while there is consensus on the need for coastal management, there are divergent preferences and perceptions. People with coastal management experience are more convinced of NBCS effectiveness, while coastal residents believe in hard defences. The study suggests that if NBCS is considered the way forward for coastal sustainability, more local stakeholder engagement, possibly through systems mapping, is needed to facilitate more robust and inclusive coastal management policies.

11. Feasibility assessment of Japan's fertilizer reduction target: A meta-analysis and its implications for nitrogen waste

Abstract: Japan has set a national target to reduce synthetic nitrogen fertilizer (SNF) use, aiming for a 30% reduction in use. A meta-analysis of 1700 domestic SNF reduction experiments found that a 30% reduction without significant yield loss is achievable. This reduction can be facilitated through the use of functional fertilizers and the replacement of SNF with organic materials. The study also evaluated changes in nitrogen waste from domestic cropland under the new national target, finding that a 30% SNF reduction would only decrease nitrogen waste by 8.8%. However, the meta-analysis suggests greater reductions in nitrogen input are possible, suggesting potential for further optimization of nitrogen management.

12. Highly selective acetate production from wine lees through acidogenic fermentation

Abstract: Wine lees, a type of winery waste, have potential for producing carboxylic acids, particularly acetate, due to their high ethanol and low carbohydrate content. This study assessed the potential of wine lees for anaerobic acetate production under batch conditions at 37°C and pH 5.5. White and red wine lees were fermented with and without inoculum, and co-fermented with waste activated sludge. The endogenous microbiome performed similarly in both conditions, with acetate representing the majority of carboxylates. The high acetate selectivity obtained is promising for biorefinery process coupling.

13. Are more data always better? – Machine learning forecasting of algae based on long-term observations

Abstract: Bloom-forming algae pose a significant threat to water management, posing health risks. Machine learning (ML) is a promising forecasting tool, but its performance depends on the availability of suitable training data. A study in the English Lake District found that a Random Forest model outperformed naive benchmarks with longer training data. However, performance

continued to improve with more data, and reducing sampling frequency negatively impacted performance. The study suggests that a consistent and regular sampling program can provide enough observations for short-term algae forecasts after five years of data collection, indicating the need for new monitoring programs for algal bloom-affected sites.

Journal of Monetary Economics (Vol.149)

01. Style over substance? Advertising, innovation, and endogenous market structure

Abstract: While firms use both innovation and advertising to boost profits, markups, and market shares, their broader social implications vary substantially. We study their interaction and analyze their implications for competition, industry dynamics, growth, and welfare. We develop an oligopolistic general-equilibrium growth model with firm heterogeneity. Market structure is endogenous, and firms' production, innovation, and advertising decisions interact strategically. We find advertising reduces static misallocation, but also depresses growth through a substitution effect with R&D. Although advertising is found to be socially useful, taxing it could simultaneously increase dynamic efficiency, contain excessive advertising spending, and raise revenue, while still reducing misallocation.

02. Wealth shocks and portfolio choice

Abstract: The Consumer Expectations Survey (CES) data was used to study household propensities to invest and consume out of wealth shocks. The study found that wealth shocks positively affect stockholding, with a significant increase in participation. However, most households do not participate in the stock market. The conditional asset share invested in risky assets remains constant for wealth shocks up to €20,000, with a slight increase for larger prizes. The study also found significant heterogeneity in risk aversion levels across individuals.

03. Subjective housing price expectations, falling natural rates, and the optimal inflation target

Abstract: U.S. households' housing price expectations deviate from full-information rational expectations due to slow average updates, underreacting initially but overreacting to changes, and overly optimistic expectations. A study shows that weak forms of housing price growth extrapolation can replicate these deviations as an equilibrium outcome. When embedded into a sticky price model with a lower-bound constraint on nominal interest rates, lower natural rates of interest increase housing price volatility, causing Ramsey optimal inflation to increase strongly with a decline in the natural rate of interest.

04. Sovereign risk and Dutch disease

Abstract: I study how, in the presence of default risk, the Dutch disease amplifies an inefficiency in the sectoral allocation of capital. In a sovereign default model with commodities and production of traded and non-traded goods, default incentives increase when more capital is allocated to non-traded production. Households do not internalize this, giving rise to an inefficiently large non-traded sector. Commodity windfalls amplify this inefficiency through the classic Dutch disease mechanism. I characterize state-contingent subsidies that implement the efficient allocation and compare them to a simpler subsidy rule that ameliorates the externality. Evidence from spreads, natural-resource rents, and sectoral investment data support the main findings of the model.

05. Wage employment, unemployment and self-employment across countries

Abstract: Poor countries have low wage employment and high self-employment, with high unemployment relative to wage employment. Self-employment increases with this ratio. A search and matching model was built to understand these patterns. Quantitative analysis showed that labor market frictions affect self-employment as much as unemployment, reducing aggregate output by raising unemployment and worsening the average quality of wage employment matches and active self-employment projects.

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06. Who gains from corporate tax cuts?

Abstract: Goods producers increase their capital expenditure and employment in response to a cut in marginal corporate income tax rates or an increase in investment tax credits. In contrast, companies in the service sector mostly use any tax windfall to increase dividend payouts. We base our conclusions on a novel measure of U.S. firm-specific tax shocks that combines changes in statutory tax rates faced by each firm with narrative identified legislated U.S. federal tax changes between 1950 and 2006.

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