Coase Revisited: Business Groups in the Modern Economy
Mark Granovetter

in Technology, Organization, and Competitiveness: Perspectives on Industrial and Corporate Change

Ronald Coase’s celebrated query as to why economic actors typically aggregate into entities called ‘firms’ rather than transacting as individuals in a market has engendered a vigorous stream of research. This paper asks a parallel question: why is it that in all modern economies, firms themselves aggregate into larger entities, often more stable than any literature predicts, which are here referred to as ‘business groups’? After establishing some working definitions, and discussing the curious conjunction of empirical importance and analytical invisibility of business groups, an attempt is made to establish the most significant dimensions along which such groups vary. The chapter ends with some speculations on the role of these groups in economic development. The six sections of the chapter are: Coase Encounters of the Second Kind; A Working Definition of Business Groups; The Invisible Problem of Business Groups; Background and Critique of the Existing Literature; Business Groups: the Empirical Patterns (axes of solidarity; ownership relations; authority structure; moral economy; finance, capital, and the role of banks; and relations with the state); and Discussion.

Economics and Empire: The Periphery and the Imperial Economy
B. R. Tomlinson

in The Oxford History of the British Empire: Volume III: The Nineteenth Century
The two ‘paramount’ reasons for ‘the transformation of the earth’ in the modern period have been ‘the explosive increase of European population and its movement overseas, and the rise of the modern capitalist economy and its evolution into industrialism’. Both these phenomena peaked during the second half of the nineteenth century, and both were closely linked to British Imperial expansion in the periphery. In the periphery, the suppliers of Britain can be divided into two broad categories, determined by their suitability for colonization by European organisms, technology, values, and production methods. The economic expansion of the periphery in the nineteenth century Imperial system was largely driven by the resource needs of European industrial economies. Today, it is Asian capitalism, rather than that of industrial Europe and North America, that shows the developing countries of the world their future, and that shows up the limitations of the economic expansion outside Europe wrought by nineteenth century imperialism.

Evolutionary Innovations
Maureen D. McKelvey
in Evolutionary Innovations: The Business of Biotechnology

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Item type: chapter

This chapter analyses parallel historical technological innovation processes in order to develop more general theories and comments about technological change in modern market economies. A technological innovation process means the process whereby agents act to transform new knowledge, inventions, and/or scientific techniques into economic value, often through products, production processes, and/or changes to the organization. The focus here therefore is not on why a product is successful in a market or why a technology functions but is instead on the scientific, technological, and other knowledge-seeking activities enabling technical change. It is argued that innovation processes are constituted by many knowledge-seeking activities, whereby agents' perceptions and actions are translated into practice. Evolution as defined here draws on an explicit comparison of evolutionary theories for biology and socio-economic phenomena. The perspective of evolutionary innovation has close ties to evolutionary economics but also to other social sciences.
Economic Patterns and Transitions in the Tibetan Autonomous Region
Rong MA
in Population and Society in Contemporary Tibet
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Considering how many studies have focused on Tibetan religion, history, traditional culture, the Han migration, human rights, and ethnic relations, much attention has yet to be given to Tibet's economic situation. Sources have shown that ethnic conflicts have been brought about by different groups fostering different economic interests. While religious groups are said to have engaged in economic affairs as they had their own economic interests, migration between regions occupied by different ethnic groups may also have some effect on the economic relationship between regions. This chapter examines the features of the TAR's modern economy before and after 1951 and the corresponding economic relations, economic changes, the central government's role, and the reasons for there being two economic patterns before and after 1959.

Debt, Credit, and Poverty in Early Modern England
Craig Muldrew
in A Debtor World: Interdisciplinary Perspectives on Debt
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Item type: chapter

This chapter presents a historical examination of credit and debt. Through an exploration of the origins of credit in the sixteenth and seventeenth centuries in England as the modern mercantile system took root, this chapter draws important lessons regarding the nature, necessities, structure, and stability of a complex financial system. In particular, it describes the informal systems of extending credit that developed in early modern England, and shows how those systems depended vitally on trust and as a result a comparison with modern credit systems, with the recalibration, and sometimes the breakdown, of accurate barometers of trust, is telling. The chapter demonstrates that economic growth depends on credit, and credit depends on trust, which is at an individualized, interpersonal level. These considerations are part and parcel of a complex and necessarily holistic assessment of
the intertwined interactions of “individuals, institutions, and ideas” as the building blocks of a modern economy.

**Saving the Nation**

Margherita Zanasi

Published in print: 2006 Published Online: February 2013

Economic modernity is so closely associated with nationhood that it is impossible to imagine a modern state without an equally modern economy. Even so, most people would have difficulty defining a modern economy and its connection to nationhood. This book explores this connection by examining the first nation-building attempt in China after the fall of the empire in 1911. Challenging the assumption that nations are products of technological and socioeconomic forces, the book argues that it was notions of what constituted a modern nation that led the Nationalist nation-builders to shape China's institutions and economy. In their reform effort, they confronted several questions: What characterized a modern economy? What role would a modern economy play in the overall nation-building effort? And how could China pursue economic modernization while maintaining its distinctive identity? The book shows how these questions were negotiated and contested within the Nationalist Party. Silenced in the Mao years, these dilemmas are reemerging today as a new leadership once again redefines the economic foundation of the nation.

**Introduction: The Pursuit of Plumes**

Sarah Abrevaya Stein

in Plumes: Ostrich Feathers, Jews, and a Lost World of Global Commerce

Published in print: 2008 Published Online: October 2013

This introductory chapter discusses the theme of this book, which is about the role of the Jews in the history of ostrich farming and plume trade. The book explores the involvement of the Jews in the production, financing, purchase, and preparation of plumes in South Africa, the southern Sahara, West Africa, and the Mediterranean and their export to London. It shows how deeply transhemispheric currents of capital, bodies, and goods affected modern Jews and how profoundly Jews shaped the modern global economy.
With their access and rights protected in the Treaty of Neah Bay, Makah whalers and sealers continued to bring wealth to their people during the second half of the nineteenth century. This chapter focuses on these industries, demonstrating that Makahs pursued a “moditional economy” (a combination of modern and traditional) by combining customary marine practices and indigenous borderlands networks with modern technology and opportunities to succeed at a time when many American Indian communities had fallen into poverty. Their successes and capital investments in North Pacific extractive industries allowed Makahs to mitigate some of the worst assimilation efforts while expanding access to marine space. Wealthy Makah sealers bought schooners, began hunting seals as far abroad as northern California and the Bering Sea, and made large profits, which, in turn, they invested in regional industries and used to finance cultural practices that federal officials were trying to prohibit.

Water in the Modern Era
Edward B. Barbier

This chapter looks at the use of water in the modern economy, focusing on the period from the 1900s to the present day. Throughout human history, economic progress has been linked with increased water appropriation, control, and use. The global spread of industrialization from the 1900s onward further cemented this association. As a consequence, in today’s economies, institutions, incentives, and innovations are geared toward finding and exploiting more freshwater resources. The result is an emerging global water crisis, which is predominantly a crisis of inadequate and poor water management. In the modern era, the global model for economic development has been the United States, and subsequently, many countries emulated the US approach to harnessing its water resources. Thus, how water
management evolved in the US and other economies during the modern era has set the stage for today's water paradox.

Postscript
Yves Balasko

in General Equilibrium Theory of Value

This chapter begins with a brief discussion of the topicality of the standard model. The general equilibrium model studied in this book, a model that we can call the standard model, offers us a description of modern economies with their competitive markets and firms that is sufficiently general to be economically relevant without being too complex to make its study intractable. Many simpler models exist, but their relevance is doubtful at best because those models are too simplistic. The chapter then discusses other ways to extract information from an equation system and the application of the standard model to second-generation general equilibrium models.

Work in Postindustrial America
Shannon Gleeson

in Conflicting Commitments: The Politics of Enforcing Immigrant Worker Rights in San Jose and Houston

This chapter is an overview of the evolution of the postindustrial United States and in particular the path San Jose and Houston have taken. It sketches the history and economic progress of Silicon Valley and the Bayou City, showing how low-wage immigrants have been central to the unequal story of progress for both cities. The chapter then identifies the particular barriers immigrant workers must confront. It describes the economic events that have given rise to the modern U.S. economy, characterized by steadily decreasing rates of union representation and the particularly precarious condition of undocumented workers. Within this context, the chapter introduces the ever more essential, though increasingly underfunded, labor standards enforcement bureaucracy, and the many factors that divide rights in theory and rights in practice.
Imperial Rome has a name for wealth and luxury, but was the economy of the Roman Empire as a whole a success, by the standards of pre-modern economies? This book includes chapters on this much-argued subject, with additional comments to bring them up to date. A new study of poverty and destitution provides a fresh perspective on the question of the Roman Empire's economic performance, and a substantial introduction ties the collection together. The book tackles difficult but essential questions, such as how slavery worked, what role the state played, whether the Romans had a sophisticated monetary system, what it was like to be poor, whether they achieved sustained economic growth. It shows that in spite of notably sophisticated economic institutions and the spectacular wealth of a few, the Roman economy remained incorrigibly pre-modern and left a definite segment of the population high and dry.

British Banking
Ranald C. Michie

This is the first study of the entire British banking system from its origins in the late seventeenth century until the present. It analyses what made the British banking system the most resilient and trusted in the world and how it was able to maintain that for so long. It describes a process of continuous adaptation and innovation as the system responded to the challenges and opportunities that arose over three centuries, provides an explanation for the calamity that overtook the British banking system in 2007/8, and the insight required to restore it to the position it once occupied. To achieve that insight requires an understanding of the entire banking system, not a subset of banks. Banks are key components of a complex financial system continually interacting with each other, and constantly changing over time. This makes the conventional distinctions drawn between different types of banks inappropriate for any long-term analysis. These distinctions were neither absolute nor permanent but relative and temporary. Banks were also central to both the payments system and the money market without which no modern economy could
function. Only with such an understanding is it possible to appreciate what the British banking system achieved and then maintained from the middle of the nineteenth century onwards, why it was lost in such a short space of time, and what needs to be done to return it to the position it once occupied. Without such an understanding the mistakes of the recent past are destined to be repeated.

Is It Strategic to Attract the Service Activities of Multinational Firms? Some Empirical Evidence

Fabrice Defever

in Foreign Direct Investment and the Multinational Enterprise

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In this chapter, preproduction and postproduction service activities are studied using a set of data of almost 11,000 location choices, collected by consulting group Ernst & Young. Through the provided information, a rough estimate of the number of jobs multinational firms have created is made in order to stress how the terms of the job are important in western European countries. An econometric model is used to explain the data, how dependent and independent variables affect it, and what results can be concluded from the study. The policy implications arrived at by this study is as follows: first, it shows the importance of a firm’s investment and job creation in service activities. Next, service activities and not financial incentives are shown to require more attention, specifically in modern service economies. Finally, it is also perceived that the data set is limited due to the time range it employs, and so the study seems more applicable to firms expanding locations in Europe.