Given the centrality of the process of innovation to the performance of dynamic economies, the types of corporate governance that will promote economic performance can be determined only within a conceptual framework that integrates an analysis of the economics of innovation. In Sect. 1.2, theoretical and empirical research on the economics of innovation is reviewed in order to identify the key stylized facts of the process through which resources are developed and utilized in the economy; innovation is specifically characterized as a process that is cumulative, collective, and uncertain. In Sect. 1.3, it is argued that these characteristics imply that innovation requires an allocation process that is (1) developmental—resources must be committed to irreversible investments with uncertain returns, (2) organizational—returns are generated through the integration of human and physical resources, and (3) strategic—resources are allocated to overcome market and technological conditions that other firms take as given. In Sect. 1.4, the critical characteristics of innovative resource allocation are contrasted with neoclassical resource allocation, which is reversible, individual, and optimal. Section 1.5 discusses the relationships between resource allocation and corporate governance, emphasizing that in spite of continuing attempts by heterodox economists to introduce one or more of the characteristics of resource allocation discussed in Sect. 1.4 to a theory of economic performance (in particular, developmental, organizational, and strategic characteristics), it is only by taking all of these characteristics together that the profound implications they have for the governance of corporations can be seen, implying the need for organizational control over the allocation of resources in the economy.
This chapter first reviews the evidence for interactions between life-history stages, centering this around reproduction itself: the intention is to put reproduction in the context of the complete life-cycle. It considers how the wintering and pre-breeding period, including spring migration, can influence reproductive decisions, and in turn how reproductive decisions can influence subsequent post-breeding life stages such as molt, fall migration, and over-winter survival. It looks at the costs of reproduction, simply as a more specific example of general carry-over effects, especially from a mechanistic point of view, with potentially common underlying mechanisms. The chapter argues that short-term energy or nutrient “debts” and resource-allocation trade-offs provide unsatisfactory models for long-term carry-over effects or costs of reproduction; instead, it emphasizes potential “non-resource based” mechanisms.

Increasing returns to scale is an area in economics that is becoming more important in the literature. The economic phenomenon of increasing returns presents serious conceptual difficulties for the traditional competitive theory of resource allocation. While most firms exhibit constant or decreasing returns to scale, some firms manufacture products whose technology permits increasing returns to scale that are large relative to the market. These goods are an important component of economic activity in a modern economy and are typically commodities produced either by a public sector or, as in the United States, by regulated utilities. This book analyzes increasing returns using general equilibrium theory to take into account the interactions between production in the public and the private sectors, and the effects of financing the public sector on the redistribution of income.
Contests for Corporate Control
Mary O'Sullivan

Published in print: 2001 Published Online: November 2003
Publisher: Oxford University Press
Item type: book

This book is based on detailed historical research in the USA and Germany, and represents a challenge to current orthodoxy on corporate governance. It is a challenging and informed examination of the links between the general business environment and the operations, decisions, and organizations of firms. The author also explores the links between corporate governance and innovation. The eight chapters are: Innovation, resource allocation, and governance; Transforming the debates on corporate governance; The foundations of managerial control in the USA; The post-war evolution of managerial control in the United States; Challenges to post-war managerial control in the USA; US corporate responses to new challenges; From managerial to contested control in Germany; and The emerging challenges to organizational control in Germany.

The Role of Government in Economic Development: Some Observations from the Experience of China, Hong Kong, and Taiwan
Lawrence J. Lau

in The Role of Government in East Asian Economic Development: Comparative Institutional Analysis
Published in print: 1998 Published Online: January 2007
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DOI: 10.1093/acprof:oso/9780198294917.003.0002
Item type: chapter

This chapter examines the policies adopted and implemented by the governments of China, Hong Kong, and Taiwan in the process of their economic development. It presents a comprehensive list of policy instruments the governments used in mobilizing resource inputs, allocating them more efficiently, and shifting the production frontier outwards. The issues involved in the use of each instrument are illustrated with rich facts from the greater Chinese economic zone.
The Right to Life and Conflicting Interests

Elizabeth Wicks

The right to life is a core human right which has not yet received the detailed legal analysis that it requires. This book provides detailed, critical analysis of the controversial human right to life and, in particular, assesses the weight of conflicting interests which could and/or should serve to override the right. This contemporary study of the right to life focuses on the legal, as well as ethical, issues raised by the value of life in modern day society. It seeks to analyse the development, meaning and value of the fundamental human right to life in the context of its conflicts with other competing interests. The book begins with an overview of the right to life in which the concept of life itself is first analysed, before both the right and its legal protection and enforcement are subjected to historical, philosophical and comparative analysis. The remainder of the book identifies, and assesses the merits of, various competing interests. These comprise armed conflict; prevention of crime; rights of others; autonomy; quality of life; and finite resources. The right to life is unusual in having potential application to so many of today’s ethically controversial questions. This new work investigates specific topics of current political, legal and ethical concern such as the right to life during international conflicts, the role of lethal force in law enforcement, the death penalty, the right to life of a foetus in the context of legalized abortion, and the significance of quality of life and autonomy issues in respect of euthanasia and assisted suicide.

Should the Multiproduct Firm Use the Market Share Metric?

Sharan Jagpal

This chapter examines the conditions under which the multiproduct firm should use market share as a metric for resource allocation. It distinguishes short- and long-run effects, analyze the effects of competition, and show how the discount rate affects the firm's revenue- and volume-based market shares. In particular, it shows how the firm can
use marketing-finance fusion to choose the optimal performance metrics for managers so that they focus on maximizing long-run performance.

The Core
Martine Quinzii

in Increasing Returns and Efficiency

This chapter examines resource allocation in an economy with increasing returns based on the concept of the core. Application of the core to the study of resource allocation with increasing returns was initiated by Herbert Scarf (1963) soon after the close relationship between the competitive equilibria and the core allocations of an exchange economy were first rigorously established. It seemed intuitive that if the possibility of exchange among agents can yield allocations that cannot be improved upon by any subgroup of agents left to its own resources, this property should be all the more true if, in addition to the possibility of exchanging goods, agents have access to a technique of production with increasing returns. On the basis of this intuition, Scarf had hoped to find an interesting way of decentralizing core allocations; however, the conjecture that core allocations exist under the general circumstances just described turned out to be false, or at least not true without restrictive conditions. To understand the concept of a core allocation, this chapter considers cooperative game theory.

Financing Global Public Goods: A New Frontier of Public Finance
Inge Kaul and Katell Le Goulven

in Providing Global Public Goods: Managing Globalization

Explores how policy-makers have addressed the need for international co-operation on resource allocation in financing global public goods. It analyses the range of policy tools currently available, and suggests ways in which resource allocation methods could be improved in the future.
This chapter evaluates the economic impacts of the government's industrial and financial policies, which provided interest subsidies, wealth, and inflation windfalls to privileged businesses in terms of production costs, profits, investments, sectoral growth, industrial organization, and savings. The chapter further evaluates the impact of resource allocation on macroeconomic disruptions, sectoral misallocations between privileged and unsupported businesses, manufacturing vs. service industries, heavy and chemical industries vs. light industries, and large vs. small businesses. Economic rent-seeking activities, cronyism and corruption, non-performing loans, financial burdens, the disciplining of financial intermediaries, and financial and corporate reforms in recent years are assessed. The chapter also asks: were the government's industrial and financial policies the optimal measures to achieve the industrialization and the expansion of the nation's economy? Who were the major beneficiaries of the government's industrial and financial policies? Did government control of financial institutions deprive the banks of incentive to improve efficiency? Finally, the chapter lists the future economic and financial challenges facing the country.

This chapter investigates whether the fact that public resources are limited provides an excuse for a failure on the part of the state to intervene to save life. While courts are reluctant to overstep their judicial boundaries by second guessing allocation of resource issues, it is argued that it is possible for the positive obligations inherent in the right to life to be enforced by the courts even when they involve expenditure. The positive obligation upon the state exists regardless of the financial, or other, burdens caused by it, although such burdens will be highly
relevant to a determination of what can reasonably be expected of a state. It is proposed that the rule of rescue should be a prioritising principle within the balancing exercise which should be performed when allocating public funds. The application of the ‘accountability for reasonableness’ theory will provide a useful check in this context.

Resource Allocation Mechanisms
Partha Dasgupta

in An Inquiry into Well-Being and Destitution

The main part of this chapter discusses resource allocation mechanisms in seven sections; (1) resources and property rights; (2) markets and market mechanisms; (3) culture and market transactions; (4) externalities: public goods and common property resources; (5) infrastructure and fixed costs; (6) private and public realms, and private and collective (public) goods; and (7) knowledge, organization, and economic growth. An extra and separate section (designated Chapter *6) gives theoretical presentations on two aspects of public goods and common property resources: (1) the theory of public goods; and (2) the problem of the commons.

Introduction
Mary O'Sullivan

in Contests for Corporate Control: Corporate Governance and Economic Performance in the United States and Germany

The question of how corporations should be governed to enhance corporate and economic performance has been widely discussed in the last two decades in the USA and the UK, but until recently, the subject of corporate governance has attracted much less attention on the European continent, in Asia, and in other parts of the world. By the late 1990s, however, corporate governance had become a major, and highly contentious, issue in all of the advanced economies and, increasingly, in developing countries as well. International organizations, including the OECD, the World Bank, and the IMF have devoted increasing attention
to corporate governance as a topic of global concern. The starting point for the analysis of corporate resource allocation and its governance presented in this book is a concern with the dynamics of enterprise and economic performance, and central to the process through which successful enterprises and economies improve their performance over time, as well as relative to each other, is a phenomenon that can broadly be termed ‘innovation’; the term is used here in a general sense to include all activities that enterprises and economies undertake to deliver higher-quality and/or cheaper products, i.e. it has a distinctly commercial connotation, and in particular, is not reducible to technological novelty. The particular focus of the book is a comparison of the historical development of systems of corporate governance in the USA and Germany, and given the pervasive influence of the US system as a model of corporate governance in contemporary academic and policy debates, an especially detailed historical analysis of the evolution and influence of governance institutions in that country has been done; this reveals the value of the organizational control framework for understanding the economics of corporate governance in the USA, and highlights the serious deficiencies of alternative theoretical treatments of the contemporary US system that have often led to what, in historical perspective, are serious misunderstandings of its essential elements.

The Foundations of Managerial Control in the United States
Mary O'Sullivan

in Contests for Corporate Control: Corporate Governance and Economic Performance in the United States and Germany

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Item type: chapter

In historical perspective, market control over the allocation of US corporate resources stands out as a recent phenomenon, since for most of the twentieth century, salaried managers have exercised control over resource allocation by US corporate enterprises. In this chapter, the lengthy and complex historical process through which the institutional foundations of managerial control emerged in the US corporate economy is discussed. The focusing, in particular, is on the role of the integration of managers as members of business organizations, the diffusion of share ownership, the changing interaction between the stock market and the public corporation, and the transformation of corporate law in facilitating the separation of beneficial ownership of corporate stock from strategic control over the allocation of corporate resources. The main sections of the chapter are: 3.2, The historical foundations of managerial
control; 3.3, Managerial control and the Great Depression; 3.4, and New deals, old deals--which discusses changes in corporate governance, workers’ rights and unionism, and defence of the corporate manager's right to manage.

An Inquiry into Well-Being and Destitution
Partha Dasgupta

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Item type: book

This book deals comprehensively with the problem of poverty and undernourishment, and addresses the debate over methods of estimating their incidence. It is an analytical and empirical inquiry into human well-being and the phenomenon of destitution as it occurs among rural populations of the poor countries of Asia, Africa, and Latin America. A central concern has been to reconcile theoretical considerations with empirical work in several disciplines—anthropology, demography, ecology, economics, epidemiology, geography, moral and political philosophy, and the environmental, nutrition, and political sciences. The discussion aims to provide a political philosophy for human well-being that can guide public policy in poor countries. Thus, the role of the state, communities, households, and individuals is studied in detail. The book is arranged in four parts: I, Well-being: theory and realization; II, Allocation of resources among households: the standard theory; III, The household and its setting: extensions of the standard theory; and IV, Undernourishment and destitution. It is suitable for general readers interested in applied political and moral philosophy, for social scientists (especially academics in the fields of development and welfare economics, general economic theory, and anthropology), and for nutrition scientists, policy makers, commentators, and research staff.

Plural Values and Environmental Valuation
Wilfred Beckerman and Joanna Pasek

in Justice, Posterity, and the Environment

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Item type: chapter

This chapter discusses critically the main criticisms of the use of cost-benefit analysis in environmental policy, such as the incommensurability of environmental values with the values born by marketable goods, and
the related unreliability of estimates of peoples’ willingness to pay for environmental protection. While it is found that there is some strength in these criticisms, it is still necessary to take account of the resource constraint involved in decisions concerning public goods. Furthermore, a democratic society needs some impartial and transparent process for solving allocation problems. However, the need to reconcile the valid objections made by environmentalists to cost-benefit analysis with the problems raised by resource constraints raises new problems of political theory and institutions.

Resource allocation and budgeting
Andrew Green

in An Introduction to Health Planning for Developing Health Systems

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Item type: chapter

The resource allocation and budgeting process is one of the most powerful stages of planning. Resource allocation refers to the distribution of resources, and in particular finance, from the centre to peripheral levels. Budgeting implies the more detailed determination of precisely how these funds are to be used. This chapter first outlines the major types of budget. It then looks at the main approaches to budgeting and resource allocation, and lastly discusses financial management issues relevant to the planner.

John Roemer: Distributing Health: The Allocation of Resources by an International Agency
Paul Seabright

in The Quality of Life

Published in print: 1993 Published Online: November 2003
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Item type: chapter

Seabright comments on two issues in Roemer's paper: (1) the comparison of theory with practice when technologies are changing over time is more difficult than Roemer implies; and (2) while he is in agreement with the enterprise of developing normative rules and using them to assess the practice of policy-makers, Seabright believes that Roemer needs a more persuasive rule than the leximin allocation rule.
There are unique constitutional, political, organizational, and structural features about the Scottish and Welsh Offices as well as the Northern Ireland Office and departments. That distinctiveness is even more apparent in the way in which public expenditure is allocated and distributed in the territories. This chapter focuses on both the planning and allocative mechanisms of public expenditure in the territories. The chapter begins by providing a brief historical overview of the methods of allocating resources territorially and the subsequent introduction of the ‘Barnett formula’ in the late 1970s. The current arrangements for allocating resources are discussed, stressing the importance of the formula and block, and examines the way in which the territorial departments organize the internal process of bidding for resources. The use of discretion in the allocation of resources by the Secretaries of State is also considered. The chapter concludes by asking who benefits from the current system.

This text, the latest edition, explains the importance of health planning in both developing regions such as Africa, and those in transition, such as Central and Eastern Europe. It stresses the importance of understanding the national and international context in which planning occurs, and provides an up to date analysis of the major current policy issues, including health reforms. Separate chapters are dedicated to the distinct issues of finance for health care and human resource planning. The book explains the various techniques used at each stage of the planning process, looking first at the situational analysis and then looking in turn at priority-setting, option appraisal, programming, implementation, monitoring, and evaluation. The book ends by examining the challenges
facing planners in the 21st century, particularly in the light of growing globalization. A major theme of the book is the need to recognise and reconcile the inevitable tension that lies between value judgements and 'rational' decision-making. As such, in addition to introducing techniques such as costing and economic appraisal, it also outlines techniques such as stakeholder analysis for understanding the relative attitudes and power of different groups in planning decisions. Each chapter includes a comprehensive bibliography (including key websites), a summary, and exercises to help with practise of techniques and understanding the content. The book argues that all health professionals and community groups should be involved in the planning process for it to be effective.