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Spending Reforms in OECD Countries

The expenditure side of the budget is attracting increasing attention in the economic policy debate, not only in view of the need for fiscal consolidation but also with regard to the quality of public finances. High ratios of government expenditure and public debt, as well as the pressure of globalisation, have already led to substantial budgetary adjustments in many OECD countries. A joint study by economists of the ZEW and the European Central Bank (ECB) examines successful spending-focused budgetary consolidations in recent decades and comes to the conclusion that these were always embedded in the framework of programmes of large-scale reform.

Ambitious versus moderate reformers

Figure 1: Development of the deficit/surplus balance

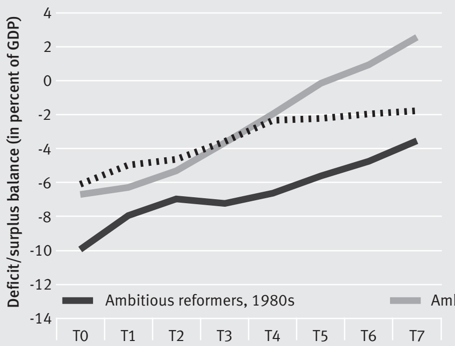
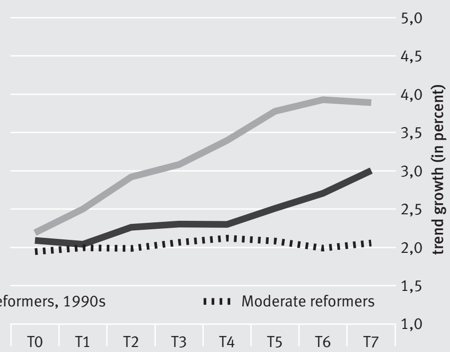


Figure 2: Fiscal balance



Note: T1 - T7 = Seven-year reform phases

Source: Ameco

The economic policy debate in Germany has been dominated for some considerable time now by the need to achieve sustained consolidation of public finances. Germany's repeated failure to meet the Maastricht government deficit criteria has also ratcheted up the pressure on those responsible for fiscal policy in the federal and state administrations. On coming into office the current German government declared its intention of again meeting the 3 percent deficit criteria as of 2007. In this context the government decided, amongst other things, to raise value-added tax by three percentage points.

Numerous empirical studies have examined the potential success of various fiscal consolidation strategies. Most of these studies conclude that fiscal consolidation is most likely to be successful by cutting public spending – wages and transfers in particular. Over the last few decades many OECD countries have successfully managed to achieve substantial reductions in their ratios of government expenditure to gross domestic product. Nevertheless, in many industrialised countries about half of GDP goes through the hands of government. Given that high spending also requires equivalent taxes, which in turn raise concerns about their impact on growth and sustainability, there is increased interest in concrete reform experiences in the European debate.

The ZEW and ECB study (ZEW Discussion Paper No. 06-050) draws on a classification scheme to identify eleven "ambitious" seven-year reform phases since 1980. These have been analysed in the context of detailed case studies of the macroeconomic setting, the scope and composition of spending cuts and important institutional components of reform efforts.

It is apparent that sustainable spending reforms are undertaken in the context of a broader reform agenda. The main thrust of spending cuts was typically oriented towards public consumption expenditure, social transfers and subsidies. On average these categories accounted for more than 80 percent of the reduction in the (primary) spending ratio. Consolidation of expenditures was in many cases flanked by liberalisation and privatisation processes on the labour, goods and services markets as well

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as by tax reforms and a strengthening of fiscal institutions.

Figure 1 on Page 1 illustrates the average development of the deficit/surplus balance for the group of “ambitious” reformers compared with developments in “moderate” reform phases characterised by lower spending cuts. Regardless of the timing of reforms, the deficit/surplus balance of the “ambitious” reformers improved significantly compared with that of the control group. On average around two thirds of spending cuts were used to reduce the deficit, while the remaining third were used to finance tax cuts. Despite considerable adjustment on the spending side, the “ambitious” reformers still reported healthier growth (Figure 2 on Page 1). This suggests that the positive anticipation effects engendered by credible consolidation and reform strategies can contribute to an upswing in growth.

All in all, bearing the reform experiences of other OECD countries in mind, it would seem doubtful whether the German government’s strategy – the centrepiece of which is an increase in tax receipts – really will result in a sustained consolidation of the national budget. The empirical evidence suggests that much more attention needs to be paid to the spending side of the coin, including more vigorous reductions in public consumption expenditure. A convincing reform agenda which combined a qualitative approach to the consolidation of spending with comprehensive structural reforms would have a positive impact on long-term growth and employment perspectives in Germany.

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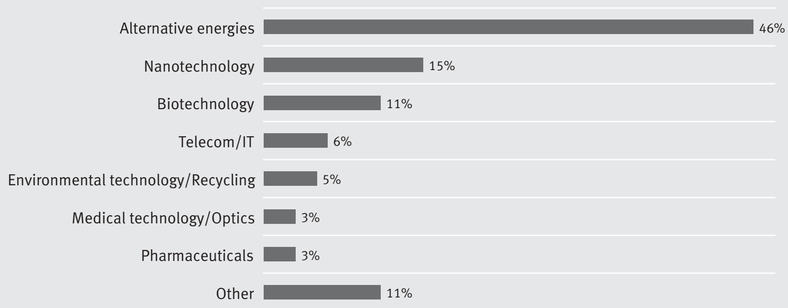
IPOs of Innovative Companies

Germany has proved to be a challenging environment for IPOs in recent years, not least since the dramatic end of the dotcom boom. Many young and innovative companies have since found it extremely difficult to access this important source of fresh capital. This year has seen a turnaround in the mood on the stock exchange, however, and more and more companies are now trying to go public. In the context of the ZEW Financial Markets Survey, the ZEW has examined the technologies and business models which would be most likely to profit from the present situation.

Prospects for successful IPOs

What innovative technologies/business models do you currently believe have the best prospects for a successful IPO?



Total number of responses: 198 Source: ZEW

Financial market experts are unanimous in their views on new technologies: almost one out of two experts believes that the IPO plans of companies concentrating on alternative forms of energy have very good chances of success. Persistently high oil prices are not only forcing people to rethink in many areas, they are also creating new market and growth potential in sectors such as solar technology. Following in second and third places are IPOs by nanotech and biotech companies. The technology potential of both segments is undisputed. However, their real chances of success on the market are subject to a number of considerable risks.

The relationship between opportunity and risk is absolutely decisive when it comes to evaluating stock market newcomers. The innovative power of young companies is the key to the cash flows of the future. The problem is that innovative power is not a directly observable variable. It can only be assessed indirectly via indicators.

Financial market experts prefer to rely on key ratios which reflect successful innovation output – in other words, they primarily put their faith in the market success of innovative products and patents. The management competence wielded by company executives is also regarded as extremely important. Key ratios on innovation inputs – research and development expenditure as well as the technological competence of company executives – carry much less weight. These input indicators are not necessarily a reliable guide to professional and efficient implementation. Finally, it is apparent that company-specific key ratios are more important than experiences with comparable IPOs in the past.

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RESEARCH FINDINGS

EU Emissions Trading: International Linkage Offers only Modest Benefits

The European emissions trading system could find itself more closely integrated with international systems in the future. Countries such as Canada, Japan or Australia are planning to set up similar trading systems at the corporate level which could potentially link up with the European system. A recent ZEW study shows that, under present conditions, there would be very few economic benefits to be gained from a linkage of this type. The parallel use of the flexible mechanisms of the Kyoto Protocol can however increase the cost efficiency of climate change policy and consequently boost the attractiveness of linking up different international trading systems.

The member countries of the United Nations met at the twelfth Global Climate Change Conference, held in Nairobi from 6 to 17 November 2006, to discuss the future of climate protection. Besides the revision of the Kyoto Protocol the agenda focused on negotiations towards a new agreement for the period after 2012 when the present protocol is due to expire.

In order to meet the EU's greenhouse gas reduction obligations accepted under the Kyoto Protocol by an average of eight per cent below their 1990 levels – and to do so cost efficiently – the European Commission has launched the EU emissions trading system. The system, which has been in operation since 2005, allows energy-intensive companies in the member states to trade carbon dioxide permits among each other. In the future, however, emissions trading will not be restricted to Europe: Canada, Japan and Australia are planning to set up similar trading systems at the corporate level which could be linked with the European system. This strategy is of interest to the European Commission as it would foster the growth of an international market for emission rights at the company level.

A new ZEW study (ZEW Discussion Paper No. 006-058) uses an economic simulation model to show that linking the EU emissions trading system to other international systems would only have mildly positive effects. The EU system currently only regulates the energy-intensive sectors of the European economy and participating companies are assigned relatively generous emission rights. Given that the EU system is to be used as a blueprint for the planned systems outside Europe, the energy-intensive industries of the EU would stand to gain very little from extended emissions trading as – due to generous allowance allocation – they have only minor adjustment costs which could only be marginally reduced by extended emissions trading. If national reduction targets are to be met, a major proportion of emission abatement will have to be generated by sectors of the European economies which are not subject to emissions trading (such as the transport or household sectors). These sectors also bear the main economic burden as the costs of emissions avoidance are comparatively high in these areas and they would not benefit from extended trading options.

The "flexible mechanisms" provided for by the Kyoto Protocol could offer a way out of this dilemma. The Kyoto Protocol also allows for international emissions trading – but between states. This will begin to take place when the Protocol comes into effect in 2008 in parallel to emissions trading between companies. What is more, states can also invest in "clean" technologies, such as renewable energy sources in developing countries, thereby generating credits for emission reductions (Clean Development Mechanism, CDM).

The ZEW study reveals that the inefficiencies in current and planned emissions trading systems – resulting from their limitation to energy-intensive sectors and the generous emission allocation – could be alleviated by parallel interstate trading and the CDM under a climate change agreement beyond the year 2012. This would substantially compensate economic sectors which are less energy intensive and which are not subject to emissions trading by enabling the government to import additional emissions rights under the Kyoto Protocol in order to meet its national reduction targets. A future climate change policy might also enable emissions trading between companies and states. The economic benefits of integrating the EU system with other international systems would be greatest in this situation as this would generate the greatest degree of flexibility in emissions trading.

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RESEARCH FINDINGS

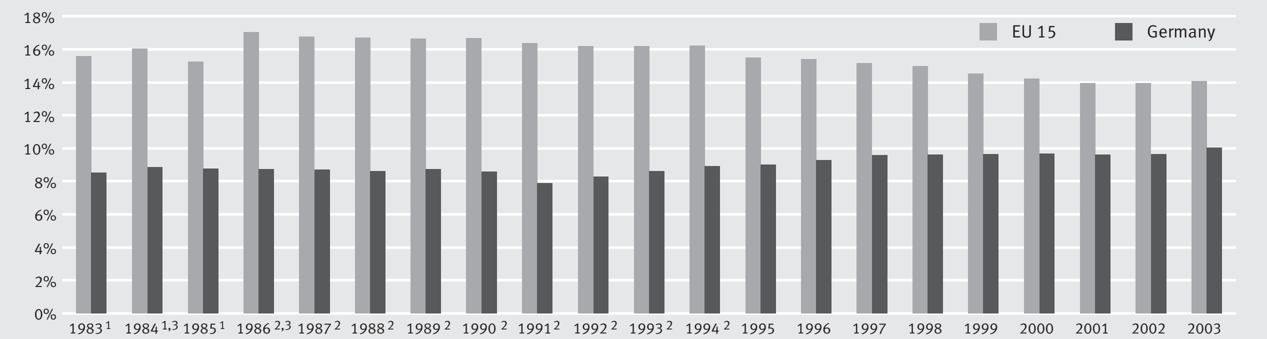
Self-Employment on the Wane in Europe

The number of self-employed workers in Europe has been falling since the 1990s. A recent ZEW study (ZEW Discussion Paper No. 006-15) analyses macroeconomic causes of this trend for EU 15. Panel data analyses suggest that the number of self-employed workers in the EU 15 decreases with falling unemployment, with increasing per capita wealth, rising real interest rates, and with rising tax rates.

The self-employment ratio – i.e. the ratio of self-employed workers to the employed labour force as a whole – in the EU 15 countries fell from 16 to 14 per cent in the period 1991 to 2003. However, the underlying developments behind this trend differ substantially in individual countries. While the number of self-employed fell in almost half of the countries, the figures increased in Germany, particularly for the number of self-employed without additional employees. A ZEW study using panel data methods examines macroeconomic causes of these trends. The independent variable is the absolute number of the self-employed which is explained by the variables: number of unemployed people and employees, per capita gross domestic product (GDP), the real interest rate and the average as well as marginal tax incidence.

The econometric analysis of panel data suggests that a 1 per cent increase in the number of unemployed or a 1 per cent increase in the number of wage workers engenders a 0.3 per cent or 0.6 per cent increase in the number of the self-employed respectively. Unemployment and wage or salaried employment consequently have a positive influence on the number of self-employed people. On the other hand, per capita GDP has a negative influence. This suggests that, in a capital-intensive economy with relatively high wages and salaries, there are relatively high opportunity costs attached to self-employment. Higher levels of state activity, measured in terms of the tax ratio and the average tax burden, also leads to a drop in the number of self-employed persons.

The changing ratio of the self-employed to the employed labour force



1 without Portugal, Spain, Austria, Finland und Sweden; 2 without Austria, Finland und Sweden;
3 no data for the Netherlands

Source: Eurostat, ZEW calculations

Self-employed create employment

Another assessment examines the influence of determinants on the number of self-employed workers who have employees themselves – a group which is of particular interest in an employment policy context. In the year 2003 an average of 39 per cent of self-employed persons in the EU 15 had employees of their own (1991: 38 per cent). Rising unemployment in the EU 15 countries contributed to an increase in the number of employing self-employed. Low real rates of interest and a lower tax burden also appear to have a favourable influence. An increase in per capita income, on the other hand, reduces the number of self-employed who employ additional workers in their firms.

The findings from the ZEW study suggest that unemployed persons are more likely to set up a business which operates without additional employees. Germany is a good example for confirming this suggestion. Since 1986 the government has fostered entrepreneurship and business start-ups by the unemployed through subsidies on a large scale. One effect of the massive level of support given to unemployed people wanting to set up their own businesses in Germany since the 1990s has thus apparently been an increase in the number of sole traders.

Furthermore the findings for Europe suggest that self-employment in itself is not necessarily an appropriate economic policy objective. Changes in the number of self-employed should not automatically be regarded as a bad or good thing. Self-employment is a result of different forces, among them unemployment, per-capita wealth, interest rates, and tax rates. The economic integration in Europe as well as expanding markets will boost the returns to scale for which larger companies have as a rule a comparative advantage to exploit. In the past 20 years this presumably was one reason for the declining trend in self-employment rates in Europe.

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ZEW CONFERENCE

World Congress of Environmental and Resource Economists

The Third World Congress of Environmental and Resource Economists was held July 3-7, 2006 in the Kyoto International Conference Hall – the same venue at which the Kyoto Protocol was agreed in 1997. The Congress was jointly organised by the Japanese, American and European Associations of Environmental and Resource Economists. From the huge number of papers submitted, around 680 presentations were selected for 193 sessions. The ZEW contributed eight papers of its own (see the congress programme at www.webmeets.com/ERE/WC3/Prog/).

Photography: ZEW

The Kyoto International Conference Hall

Prominent panel guests

The Congress' scientific frame programme consisted of contributions by prominent speakers during plenary sessions such as Elinor Ostrom from Indiana University and Geoffrey Heal from the Columbia Business School. Ostrom talked about social dilemmas drawing on the example of the use of common pool resources. Although standard economic theory forecasts that these resources will be overused, the available laboratory and field evidence suggests that individuals are often quite capable of coordinating their behaviour at a socially optimal level of use.

Heal considered the issue of incentives for companies to go beyond statutory requirements to internalise external costs out of self interest and explained the apparent contradiction between the conduct of listed companies in certain markets and the logic of profit maximisation by drawing on the concept of corporate social responsibility. Another congress highlight was a panel discussion of the future of the Kyoto Protocol whose participants included Nobel laureate Joseph Stiglitz from Columbia University and Carlo Carraro from the University of Venice and Fondazione Eni Enrico Mattei.

Alongside classic environmental economics topics, such as discussion of environmental policy instruments, the congress program also included a large number of new topics such as eco labelling or biodiversity. Climate change policy continued to be high up the agenda and eleven sessions alone were dedicated to this topic. This was also the field in which most of presentations by ZEW researchers were given.

ZEW presentations

Bodo Sturm presented an experimental study on the influence of leadership on the provision of a public good. Game theory's prediction that the leader will increase its profit in comparison to a simultaneous move by reducing its contributions is disproved. Leaders contribute significantly more than the theory predicts. However, the free rider response of followers in the experimental situation does mean that even if a leader provides a "shining example" and contributes more to the public good than is predicted, the social dilemma for the players still resists resolution.

The current shape of climate change policies in the light of the Kyoto Protocol was another key focus of ZEW presentations. Niels Anger presented a partial market simulation analysis of the cost efficiency aspects of linking the European emissions trading system with future trading systems based in countries outside of Europe (see page 3 in this edition of the ZEWnews English edition). Further presentations on climate change policy given by ZEW researchers included a partial market analysis of the strategic options for Russia (Ulf Moslener) as well as a survey of the importance of equity issues (Andreas Lange in cooperation with Carsten Vogt and Andreas Ziegler).

Another key focus of ZEW presentations was the microeconometric analysis of issues of environmental economics. Andreas Ziegler examined the factors which determine whether company shares are included in sustainability indices. Inclusion depends not only on a company's sustainability performance, but also on specific elements of the sustainability evaluation process. The innovative impact of integrated product policy and environmental management systems was also the topic of a presentation given by Klaus Rennings.

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ZEW CONFERENCE

ICT and Firm Strategies

On October 6th and 7th, 2006, a workshop on ICT and Firm Strategies took place at the ZEW in Mannheim. The workshop was organised by the ZEW research group Information and Communication Technologies and financially supported by the Landesstiftung Baden-Wuerttemberg foundation. The scientific committee consisted of Michael Baye (Indiana University, USA), Ulrich Kaiser (University of Southern Denmark, Odense) and Tommaso Valletti (Imperial College London). Twelve out of 30 submitted papers were chosen by the committee and were presented and discussed during the workshop.

The participants in the ZEW Workshop "ICT and Firm Strategies".

Internet security and software vulnerability

Jay Pil Choi (Michigan University, USA) opened the workshop with a presentation on internet security. He discussed the interaction between software vendors, hackers and software users. Software firms have to decide whether or not to announce a software vulnerability and to invest in the debugging. The incentives to hack a software programme is greater the bigger the network, thus the bigger the number of users of the programme. The presented model showed that a software vendor should only announce a vulnerability if the probability that hackers and users discover the vulnerability is high.

A further contributed paper discussed the duration until a firm offers a patch and the dependence of this duration on the competition on the market. It was shown that the duration until offering a patch decreases with the number of suppliers in the market. Presentation and discussion of a paper on digital piracy revealed that product piracy of online supplied music and films may increase sales of producers via complementary effects.

Analysis of online markets

Further contributions dealt with the theoretical and empirical analysis of online markets. One of the papers investigated information problems on an electronic market for used goods where there is uncertainty for potential buyers about the condition of supplied goods and about the reliability of suppliers. The international price discrimination on Internet markets for airline tickets was analysed in a second paper: prices for identical flights can vary considerably in foreign countries. A market which is particularly interesting for researchers is the market for scientific journals which was analysed by a two-sided market model. It was shown how prices for readers and authors may change in the case of different market forms if costs decrease owing to an increasing digitalisation.

One session dealt with telecommunication. For the case of Norway the interrelationships between mobile telephony and SMS were analysed empirically. A further, theoretical paper focused on the impacts of access regulation on the adoption of Voice over IP.

Internet start-ups

Whether Internet start-ups profit from patenting their business ideas was the object of investigation of another empirical paper. Using data from 1998 to 2001 it was shown that successful firms had a higher probability of patenting whereas firms without patents were less successful. The analysis, however, did not allow for any causal interpretation. Further aspects of innovative activity referred to regional resources and to innovation incentives under different regulation scenarios. One paper showed that the positive impact of higher market competition on the incentives to innovate and on consumers' wellfare increases in the presence of network effects.

The programme and the papers presented at the workshop are available on the Internet at www.zew.de/ict-workshop06. From June 12th to 15th, 2007, the ICT research group will organise the 9th ZEW Summer Workshop. The topic of the workshop will be "The Economics of ICT: A European and International Perspective". The call for papers of the Summer Workshop is available on the Internet at www.zew.de/en/veranstaltungen/details.php?LFDNR=624

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ZEW FINANCIAL MARKET SURVEY

Results of the Survey in November 2006

The Financial Market Test conducted by the ZEW is a monthly business survey of German financial market experts which started in December 1991. The survey asks for the predominant expectations about the development in six international financial markets.

As a whole around 350 experts take part in the survey. 280 of them work in banks, 50 in insurance companies and investment companies and 20 in other industries. Participants in the survey are financial experts of the finance departments, the research departments and the economic departments as well as the investment and securities departments of the firms. The experts are questioned on their medium term expectations about the development of important international financial markets with respect to the business cycle, the inflation rate, short term and long term interest rates, the exchange rate and share prices.

Information on the applied procedure is available as an abridged version published by the ZEW. The present survey was conducted between October 30, 2006 and November 13, 2006. All calculations are termed to November 17, 2006.

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Japan: Inflationary pressure remains low

The number of financial analysts who expect the rate of inflation to increase in Japan dropped yet again in November for the sixth time in succession. Fewer and fewer experts appear to believe that Japanese deflation is coming to an end.

While the Japanese economy continues to expand, the momentum has noticeably drained away in recent months. Even if the capital spending plans of Japanese companies indicate continuing growth and positive labour market trends are supporting consumption, financial experts expert lower rates of growth next year.

The reason for this state of affairs is the urgent need to consolidate public spending combined with declining exports which are expected to suffer from a cooling world economy and the anticipated rise in the value of the yen. Diminishing pressure on the oil market has also taken the pressure off prices. Financial analysts consequently expect a further drop in the rate of inflation in the next six months.

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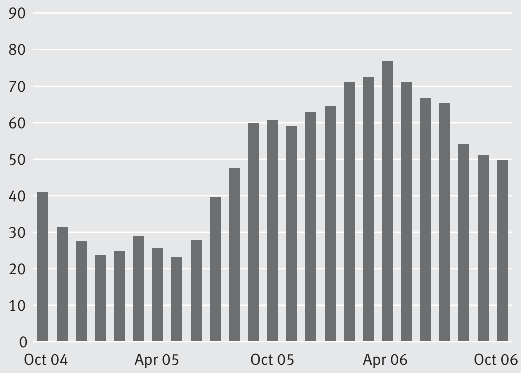
Expectations regarding the inflation rate



Balance of positive and negative evaluations regarding the inflation rate in the Eurozone in six months' time. Source: ZEW

United Kingdom: No interest respite in sight

Financial experts expect the UK central bank to raise interest rates again. The Bank of England last increased rates by 25 basis points last November. This interest rate adjustment had been expected by the markets. In recent months the UK economy has grown faster than was expected at the beginning of the year and labour costs have exploded as a result. Property prices have also risen dramatically nurturing fears that the housing bubble could burst.

Combined with rising labour costs, the high house prices have exercised continuous upward pressure on prices in recent months. Financial analysts expect the pressure to let up again in 2007 however. Public spending consolidation and the falling exports which will accompany lower levels of growth in the global economy are likely to slow inflation down again. Nonetheless, financial experts believe interest rates in the United Kingdom will be raised again in the months ahead to combat increasing inflationary dangers.

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Expectations regarding short-term interest rates

Balance of positive and negative evaluations regarding short-term interest rates in the United Kingdom in six months' time. Source: ZEW

PUBLICATIONS

ZEW Discussion Papers

No. 06-031, Karsten Kohn: Rising Wage Dispersion, After All! The German Wage Structure at the Turn of the Century.
No. 06-0035, Ronald McKinnon: China's Exchange Rate Appreciation in the Light of the Earlier Japanese Experience.
No. 06-037, Birgit Aschhoff, Andreas Fier, Heide Löhlein: Detecting Behavioural Additionality – An Empirical Study on the Impact of Public R&D Funding on Firms' cooperative Behaviour in Germany.
No. 06-038, Georg Metzger: Afterlife – Who Takes Heart for Restart?
No. 06-039, Bernd Fitzenberger, Aderonke Osikominu, Robert Völter: Get Training or Wait? Long-Run Employment Effects of Training Programs for the Unemployed in West Germany.
No. 06-040, Jazmin Seijas Nogareda, Andreas Ziegler: Green Management and Green Technology – Exploring the Causal Relationship.
No. 06-041, Andreas Ziegler, Michael Schröder: What Determines the Inclusion in a Sustainability Stock Index? A Panel Data Analysis for European Companies.
No. 06-042, Andreas Lange, Carsten Vogt, Andreas Ziegler: On the Importance of Equity in International Climate Policy: An Empirical Analysis.
No. 06-043, Andreas Schrimpf, Michael Schröder, Richard Stehle: Evaluating Conditional Asset Pricing Models for the German Stock Market.
No. 06-044, Bernd Fitzenberger, Karsten Kohn: Skill Wage Premia, Employment, and Cohort Effects: Are Workers in Germany All of the Same Type?
No. 06-045, Helmut Fryges: Hidden Champions – How Young and Small Technology-Oriented Firms Can Attain High Export-Sales Ratios.
No. 06-047, Reinhard Hujer, Stephan Lothar Thomsen: How Do Employment Effects of Job Creation Schemes Differ with Respect to the Foregoing Unemployment Duration?
No. 06-048, Tobias Schmidt: An Empirical Analysis of the Effects of Patents and Secrecy on Knowledge Spillovers.
No. 06-049, Katrin Ullrich: The Impact of Country-Specific Economic Developments on ECB Decisions.
No. 06-050, Sebastian Hauptmeier, Martin Heipertz, Ludger Schuknecht: Expenditure Reform in Industrialised Countries: A Case Study Approach.
No. 06-051, Ulrich Oberndorfer, Klaus Rennings: The Impacts of the European Union Emissions Trading Scheme on Competitiveness in Europe.
No. 06-053, Miriam Beblo, Stefan Bender, Elke Wolf: The Wage Effects of Entering Motherhood – A Within-firm Matching Approach.
No. 06-055, Dirk Czarnotzki, Andrew A. Toole: Business R&D and the Interplay of R&D Subsidies and Market Uncertainty.
No. 06-056, Dirk Czarnotzki, Andrew A. Toole: Patent Protection, Market Uncertainty, and R&D Investment.
No. 06-057, Peter Westerheide: Cointegration of Real Estate Stocks and REITs with Common Stocks, Bonds and Consumer Price Inflation – an International Comparison.
No. 06-058, Niels Anger: Emission Trading Beyond Europa: Linking Schemes in a Post-Kyoto World.
No. 06-059, Birgit Aschhoff, Tobias Schmidt: Empirical Evidence on the Success of R&D Co-operation – Happy Together?
No. 06-060, Andreas Ammermüller: Pupil-Teacher Gender Interaction Effects on Scholastic Outcomes in England and the USA.
No. 06-062, Melanie Arntz: What Attracts Human Capital? Understanding the Skill Composition of Interregional Job Matches in Germany.
No. 06-063, Kris Aerts, Tobias Schmidt: Two for the Price of One? On Additionality Effects of R&D Subsidies: A Comparison Between Flanders and Germany.
No. 06-064, Alexander Spermann: Basic Income Reform in Germany: Better Gradualism than Cold Turkey.
No. 06-065, Reinhard Hujer, Stephan Lothar Thomsen, Christopher Zeiss: The Effects of Short-Term Training Measures on the Individual Unemployment Duration in West Germany.
No. 06-066, Bernd Fitzenberger, Karsten Kohn, Qingwei Wang: The Erosion of Union Membership in Germany: Determinants, Densities, Decompositions.
No. 06-067, Thiess Büttner, Michael Overesch, Ulrich Schreiber, Georg Wamser: Taxation and Capital Structure Choice – Evidence from a Panel of German Multinationals.
No. 06-068, Thiess Büttner, Michael Overesch, Ulrich Schreiber, Georg Wamser: The Impact of Thin-Capitalization Rules on Multinationals' Financing an Investment Decisions.
No. 06-069, Rainer Frey, Katrin Hussinger: The Role of Technology in M&As: A Firm-Level Comparison of Cross-Border and Domestic Deals.
No. 06-070, Ulrich Kaiser, Wolfgang Sofka: The Pulse of Liability of Foreignness Dynamic Legitimacy and Experience Effects in the German Car Market.
No. 06-071, Eren Inci: Success Breeds Success Locally: A Tale of Incubator Firms.

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