

Contents

Foreword	xiii
Introduction	xix
Acknowledgments	xxvii

PART 1

Happiness, Health, and Longevity during the 2008 Global Financial Crisis

CHAPTER 1

Does the Recent Financial Crisis Impact Health and Happiness? 3

Xin Yan, Lawrence R. Klein, Viktoria Dalgo, Ferenc Gyurcsány, Michael H. Wang, and Christine Huang

Concepts of Happiness	4
The History of Modeling Health and Financial Crisis	5
Our Three Objectives	9
Our Financial Crisis–Impact Model	12
Results	16
Financial Crisis as a Major International Traumatic Event	21
Can We Just Wait for the Next Financial Crisis?	24
Notes	25

CHAPTER 2

Profound Unhappiness in the International Recession: The Case of Suicide in Industrialized Countries 27

M. Harvey Brenner

Background	29
Two Concepts of Happiness	30
A Psychological Viewpoint	33
Unhappiness, Hopelessness, and Depression	35

Hypothesis: Happiness as Accomplishment Predicts	
Happiness as Pleasure	36
Analysis	39
Conclusions	41

PART 2**Imperfect Competition and Antitrust Regulations
in the Stock Markets****CHAPTER 3****Preventing Stock Market Crises (I): Regulating Shareholding
Concentration 47**

*Xin Yan, Lawrence R. Klein, Viktoria Dalko,
Ferenc Gyurcsány, and Michael H. Wang*

Is Perfect Competition Possible in the Stock Market?	48
Concentration, Manipulation, and Monopoly	49
Can Stock Markets Still Be Manipulated?	51
Theoretical Literature on Market Manipulation	65
We Choose the Accumulation-Lift-Distribution Scheme to Study	68
Manipulative Objective of Each Stage of the ALD Scheme	70
Are Monopolistic Practices Involved in the ALD Scheme?	73
Antitrust Against ALD Manipulation	74
Existing Approach and Our Proposal to Regulate Market Manipulation	75
Regulatory Proposal: A Generic Recommendation	76
Benefits of Regulating Concentration	77
Concluding Remarks and Future Research	79
Notes	80

CHAPTER 4**Preventing Stock Market Crises (II): Regulating
Trade-Based Price-Lifting 83**

*Xin Yan, Lawrence R. Klein, Viktoria Dalko,
Ferenc Gyurcsány, and Michael H. Wang*

How Is Large Price Impact by Other Investors Induced?	84
Empirical Research on Volume-Based Price Impact	84
The SEBI Prosecution Cases	87
The Manipulation Tactics Used in Price Lifting	89
Anatomy of an Investor's Trades in a Stock during a Trading Day	104

Unified Approach to Surveillance and Regulatory Measures	105
Selling Speed in Distribution and Short Selling	109
Concluding Remarks	110
Notes	110

CHAPTER 5

Preventing Stock Market Crises (III): Regulating Earnings Manipulation 113

Xin Yan, Lawrence R. Klein, Viktoria Dalko, Ferenc Gyurcsány, and Michael H. Wang

How Important Is Earnings Information to Investors?	114
Earnings Manipulation Is Problematic	116
How Is Earnings Manipulation Done in Reality?	118
Earnings Manipulation Is Pervasive	121
Earnings Manipulation Is Persistent	124
Auditors Frequently Fail to Stop Earnings Manipulation	126
Proposals to Effectively Regulate Earnings Manipulation	129
Concluding Remarks	130
Notes	131

CHAPTER 6

Preventing Stock Market Crises (IV): Regulating Trading by Corporate Insiders 133

Xin Yan, Lawrence R. Klein, Viktoria Dalko, Ferenc Gyurcsány, and Michael H. Wang

What Is the Purpose of Trading by Corporate Insiders?	134
The Relationship between Earnings Manipulation and Trading by Corporate Insiders	137
Trading by Corporate Insiders Is an Important Drive for Earnings Manipulation	138
Insider Trading with Earnings Manipulation Is Not Effectively Regulated	149
Information Monopoly and Information Asymmetry	154
Proposals to Effectively Regulate Trading by Corporate Insiders	155
Discussion of the Four Proposed Measures	161
Conclusion	163
Notes	163

CHAPTER 7

Preventing Stock Market Crises (V): Regulating Information Manipulation by Sell-Side Analysts 165

Xin Yan, Lawrence R. Klein, Viktoria Dalko, Ferenc Gyurcsány, and Michael H. Wang

What Is the Actual Role of Sell-Side Analysts?	166
How Is the Value of Sell-Side Analysts' Work Defined?	168
Analysts Can Hardly Attend Fairly to Public Interests	176
Analyst-Generated Information Benefits the Informed	179
Value of Analysts' Recommendation and Forecast to Issuers	181
Value of Analysts' Work to Investment Banks and Brokerage Firms	186
Comparison of Sell-Side Analysts and Corporate Insiders	190
Legal Difficulty in Prosecuting Wrongdoing by Sell-Side Analysts	192
Regulatory Proposals	193
Discussion of the Regulatory Proposals	194
Concluding Remarks	196
Notes	196

CHAPTER 8**Preventing Stock Market Crises (VI): Regulating
Information-Based Manipulation 199**

*Xin Yan, Lawrence R. Klein, Viktoria Daliko, Ferenc Gyurcsány,
and Michael H. Wang*

All Types of Market Manipulation Come Down to Perception Manipulation	200
Anatomy of SEC Market Manipulation Litigation Cases (1999 to 2009)	201
Information-Based Manipulation Schemes in Practice	205
Information-Based Manipulation Schemes on the Internet	213
Analysis of Information-Based Manipulation	221
Regulatory Recommendations	225
Discussion of Information Monopoly in Reality	229
Concluding Remarks	232
A Perspective for Future Research	233
Notes	234

CHAPTER 9**Preventing Stock Market Crises (VII): Principles of Regulating
New Reporting That Cultivates Long-Run Manias and Triggers
Short-Run Panics 237**

*Xin Yan, Lawrence R. Klein, Viktoria Daliko, Ferenc Gyurcsány,
and Michael H. Wang*

Information Monopoly and Certain Business News Reporting	238
---	-----

Contents

xi

A Prolonged Mania in Stock Buying Leads to a Marketwide Crisis	241
Some Business News Reporting Is Capable of Moving Stock Prices in the Short Run	242
Some Business News Reporting Affects Individual Investors in the Long Run	249
Why Is Business News Reporting Usually Upward-Biased?	256
Proposed Principles to Regulate Relevant Business Journalists and Mass Media	262
Empirical Research on the Impact of Some Breaking News on Stock Markets	265
Trading Halts, Circuit Breakers and Price Limits: Effectiveness and Limitations	269
Regulatory Principles in Case of Breaking News	273
Concluding Remarks	274
Notes	275
Bibliography	277
About the Editors	315
Index	317

<http://www.pbookshop.com>

<http://www.pbookshop.com>