Article

Economic Evaluation of Voting Power of Common Stock

HAIM LEVY

First published: March 1983

https://doi.org/10.1111/j.1540-6261.1983.tb03627.x

Citations: 95

ABSTRACT

This paper presents an economic evaluation of common stock voting rights. An index of relative voting rights inequality for different classes of stock of the same corporation is constructed and the empirical relationship between the market premium on a superior-voting stock and the voting inequality index is examined. In only three out of the 25 cases could investors have arbitraged between the two classes of stock, although in one case the arbitrage opportunity persisted for several months.

REFERENCES

1 A. A. Alchian and H. Demsetz. "Production, Information Costs, and Economic Organization." *American Economic Review* **62** (1972), 777–95.

Web of Science® Google Scholar

2 A. A. Berle Jr. and G. C. Means. *The Modern Corporation and Private Property*. New York: Macmillan, 1932.

Web of Science® Google Scholar

3 Daily Quotations, The Israel Stock Exchange.

Google Scholar

4 E. F. Fama. "Agency Problems and the Theory of the Firm." *Journal of Political Economy* **88** (1980), 288–307.

Web of Science® Google Scholar

5 S. J. Grossman and O. D. Hart. "Takeover Bids, the Free-Rider Problem, and the Theory of the Corporation." *Bell Journal of Economics* **11** (1980), 42–69.

Web of Science® Google Scholar

6 M. C. Jensen and W. H. Meckling. "Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structures." <i>Journal of Financial Economics</i> 3 (1976), 305–60.
CAS Web of Science® Google Scholar
7 R. C. Lease,J. J. McConnell, and W. H. Mikkelson. The Market Value of Control. Working Paper, May 1981. Google Scholar
8 H. Levy,M. Smith, and M. Sarnat. <i>The Stock Exchange</i> . Tel Aviv: Schocken Publishing House, 1978 [Hebrew]. Google Scholar
9 H. G. Manne. "Mergers and the Market for Corporate Control." <i>Journal of Political Economy</i> 73 (1965), 110–20.
Web of Science® Google Scholar
10 H. G. Manne. "Some Theoretical Aspects of Share Voting." <i>Columbia Law Review</i> 64 (1964), 534–54.
Web of Science® Google Scholar
11 K. Midgley. "How much Control do Shareholders Exercise" <i>Lloyd's Bank Review</i> (October 1974), pp. 24–37.
Google Scholar

Citing Literature

\

Download PDF

ABOUT WILEY ONLINE LIBRARY

Privacy Policy

Terms of Use

About Cookies

Manage Cookies

Accessibility

Wiley Research DE&I Statement and Publishing Policies

Developing World Access

Contact Us
Training and Support
DMCA & Reporting Piracy

OPPORTUNITIES

Subscription Agents
Advertisers & Corporate Partners

CONNECT WITH WILEY

The Wiley Network
Wiley Press Room

Copyright © 1999-2025 John Wiley & Sons, Inc or related companies. All rights reserved, including rights for text and data mining and training of artificial intelligence technologies or similar technologies.

