THE INSTITUTE FOR ECONOMIC DEVELOPMENT

RESEARCH REVIEW

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Spring 2003

Recent Discussion Papers

BOSTON UNIVERSITY

The Institute for Economic Development (IED) is a research center within Boston University's Department of Economics focusing on the economic problems of developing countries.

"Abilities, Budgets and Age: Inter-Generational Economic Mobility in Finland"

Robert E. B. Lucas and Sari Pekkala

IED Discussion Paper 130, March 2003

There is strong empirical evidence suggesting a positive correlation between incomes of children and those of their parents. Two explanations have been put forward for this inter-generational transmission of earnings: 1) In families with credit constraints, lack of sufficient funds, or wealth, may limit the educational attainment of children. 2) There might be a genetic transmission of unobserved abilities from parents to their children. Most studies on this subject have tried to measure the magnitude of the inter-generational transmission of earnings without attempting to disentangle these two mechanisms. Lucas and Pekkala make use of an extensive dataset from Finland to estimate the magnitude of the effect and to disentangle effects of credit constraints and the effect of inherited ability.

A persistent problem in estimating the inter-generational transmission of earnings is inconsistent estimates generated by time-dependent errors. To deal with this problem, the authors try two approaches. First, they use a between-individuals estimator by averaging earnings of children and their parents over years with non-zero earnings. Second, they adopt an instrumental-variables method. Their findings suggest that errors in measurement lead to a downward bias in the ordinary-least-squares estimates, which is corrected using a set of instruments. The estimates indicate a large elasticity of children's wages with respect to family income. Earnings of the family head appear to have no significant effect, providing evidence against the ability transmission story.

Since ignoring the low and zero earnings observations leads to a sample selection bias, Lucas and Pekkala then include these observations. The point estimates of the effect of family income on children's earnings increase significantly. In Finland, children of low-income families are more likely to register as unemployed. This reinforces the correlation between family income and children's earnings. The authors then extend the theoretical model to allow the inter-generational transmission elasticity to vary with age. They make use of the panel feature of their data to adjust the empirical specification and find that elasticity estimates rise systematically with the age of children, particularly for sons. Lucas and Pekkala conclude that the age of the children in the sample affect the estimates, providing an explanation of the sensitivity of U.S. based estimates to the age cut-off of the sons in the family.

The results of this paper suggest a low transmission from parents' earnings to those of their children. Total family income, on the other hand, has a significant impact on the earnings of the children. The findings support the credit constraint hypothesis while rejecting a transmission of inherited abilities across generations. Furthermore, the dependence of the inter-generational transmission elasticity on age suggests that analysts should be cautious when making comparisons across nations.

"Foreign Direct Investment, Management Practices, and Social Capital: New Evidence on the Host Country Effects of Japanese Multinationals"

Peter Doeringer and David Terkla

IED Discussion Paper 129, March 2003

With the rise of multinational corporations in the 60's and 70's, economists began to explore the various economic consequences of foreign direct investment (FDI). A number of studies have shown that FDI benefits host country economies by paying higher wages and achieving higher productivity than counterpart host country firms and that they may also be a source of technology transfer. This study by Doeringer and Terkla presents a new perspective on the direct contribution of FDI to the economies of host countries by showing that the management practices of foreign owned firms may also be a source of higher productivity growth and faster rates of job generation. It uses detailed case studies and econometric analysis to examine the relationship between management practices and the growth in jobs and productivity in a sample of new Japanese-owned manufacturing plants in the United States and a control group of matched U.S. plants.

The case studies document how Japanese-owned plants in the United States adopt a larger number of high performance management practices, such as intensive training, flexible staffing practices, and the involvement of employees in solving production and quality problems, than does a matched sample of new domestic manufacturing plants. The Japanese plants also make "social capital" investments in high performance management cultures and use "commitment" incentives to promote dynamic efficiency, both of which are rarely found in domestic U.S. plants.

The effects of these high performance management practices and cultures is tested using a simple econometric model based on a "ramp-up" production function that captures the start-up and production learning in new factories. Japanese-owned plants ramp-up substantially faster than counterpart new domestic manufacturing plants and they show correspondingly higher rates of growth in productivity and employment. This Japanese FDI advantage is further confirmed by similar analyses using a national panel database of new manufacturing plants.

The study concludes that the contribution of FDI to the economy of the host country does not need to be measured only in terms of the physical capital and the technology embodied in production. Host countries will also benefit from the advanced management practices that help develop a better-trained workforce and generate higher rates of employment at higher wages. However, the impressive performance of Japanese FDI in the United States will not necessarily generalize to other host countries because the effectiveness of social capital depends on the attitudes and preferences of the host country workforce.

"The Distributive Impact of Privatization in Latin America: Evidence from Four Countries"

David McKenzie and Dilip Mookherjee
IED Discussion Paper 128, February 2003

Recent privatization attempts in Latin America have been the target of several public protests. These adverse opinions are not restricted to a handful of protesters. According to an opinion poll conducted in Latin American countries, a clear majority disapproves of the privatization process; this pattern is uniform across countries, age, gender, and socioeconomic class. On the other hand, economists tend to have a favorable view of privatization of public enterprises, basing their judgment on criteria such as profitability, productivity, and market value. This paper by McKenzie and Mookherjee provides a more comprehensive welfare evaluation of privatization. They concentrate on the effects on consumers, workers, and firm profitability. The authors are particularly concerned with the effects of privatization on inequality and poverty, two socioeconomic phenomena claimed to be the outcomes of privatization by its critics.

McKenzie and Mookherjee document and interpret the methodology and results of a project that evaluates the distributive effects of privatization in four Latin American countries: Argentina, Bolivia, Mexico, and Nicaragua. The project consists of three components: documenting the impact of privatization on consumers, workers and on the fiscal situation. The findings indicate that there are no signs of significant consumer losses in these countries; there is no clear pattern of price increases, and even in the occasion of a price increase, the effect was outweighed by a corresponding increase in the access to the utility, especially for the lower half of the income distribution. The losses to workers are relatively small in size to have a distributive impact. The employment cutbacks were negligible in relation to the size of the aggregate labor force. Also, non-negligible fiscal benefits are observed following the sale or handing down of public enterprises. Overall, there is no evidence of increased inequality or poverty following privatization of public utilities.

This statistical evidence contrasts with popular perceptions that privatization in Latin America benefits certain groups at the expense of the lower and middle classes. McKenzie and Mookherjee note that the discrepancy between the popular public opinion and the results they present may arise due to biases by which popular views are formed. Popular views are shaped by extreme cases, mostly by dramatic losses of a few workers or consumers, while benefits of privatization are widely diffused and are rarely noticed.

The authors also mention data problems as a possible source for the inability to identify the sources of public discontent. McKenzie and Mookherjee conclude with suggestions for future privatization programs to minimize the adverse nature of their distributive impact.

"Trade Structure, Industrial Structure, and International Business Cycles"

Marianne Baxter and Michael A. Kouparitsas

IED Discussion Paper 127, January 2003

A recent debate in the field of international trade is on the linkage between patterns in international trade and the transmission of business cycles across countries. In theory, one would expect two countries that are linked through international trade to experience similar business cycle fluctuations. This issue concerns policymakers as much as economists as the findings will shape trade arrangements between countries. Surprisingly, no strong empirical evidence pointing in this direction has been documented so far.

Baxter and Kouparitsas approach this question from a micro perspective where they examine the determinants of a country's production and trade structure. By looking at a dataset covering 164 countries they construct several indices which measure the dispersion of a country's production and trade compared to the rest of the world. This allows the authors to compare the compositions of a country's production and trade with those of its trading partners. The dataset includes information on manufacturing as well as non-manufacturing goods, enabling the authors to distinguish between industrial and developing countries.

Baxter and Kouparitsas find that developing countries feature higher dispersion patterns in production and trade. The results suggest no clear link between trade dispersion and product dispersion vis-à-vis trading partners. The authors also investigate the possibility of factor endowments playing a role in the dispersion of export and import bundles and find weak evidence that differences in educational endowment across countries lead to trade dispersion.

Baxter and Kouparitsas mention two strands of research for which their findings may be important. First, these findings will serve as important reference for researchers analyzing patterns of international trade. Second, they will help open the way for a new line of research that investigates the link between trade partnerships and the international transmission of business cycles.

"The Environmental Impact of Poverty: Evidence from Firewood Collection in Rural Nepal"

Jean-Marie Baland, Pranab Bardhan, Sanghamitra Das, Dilip Mookherjee, Rinki Sarkar

IED Discussion Paper 126, January 2003

The poverty-environment hypothesis (PEH) asserts that reducing poverty is essential for environmental protection in less-developed countries. Poor rely more on common forest resources as they are less able to afford clean fuel substitutes, have more labor time to spend on extracting activities, and are more likely to face credit constraints that prevent switching from traditional resource-intensive occupations such as livestock grazing. Most empirical studies on this subject utilize cross-sectional data at the level of villages. Apart from the level of aggregation, these potentially suffer from problems of endogeneity whereby poverty may arise as a result of environmental degradation, or may reflect unobserved village characteristics. Baland et. al. study determinants of firewood collection at the household level while controlling for village fixed effects to overcome these problems. The dataset used is the World Bank 1995-96 Living Standards Measurement Survey in 215 villages in Nepal, a country where deforestation has reached alarming proportions.

In order to test the PEH the authors need to tackle a couple of econometric problems. First, about 30 percent of households in the sample collect no firewood, generating the need to model endogenous censoring. Second, to overcome potential endogeneity of consumption, the authors use an instrumental variable method.

The results from the household level analysis suggest that firewood collections increase and are concave in consumption. Over the range of the sample, thus, there is no evidence in favor of the PEH hypothesis. There is also no evidence that wealthier households have a higher shadow cost of collection time, which would make them switch to other fuel substitutes. Households in higher consumption quartiles rely less on the household head and more on other members of the family to collect firewood.

On the other hand, diversification into nonfarm occupations and higher levels of education significantly reduce collections by raising the shadow cost of time. Results from a cross-village regression of village average collections on average households characteristics confirm the positive relationship between consumption and firewood collections. The effect is even stronger than at the household level, which can be explained by interdependent consumption norms within each village. Simulations of the model indicate that firewood collection would tend to rise equiproportionately with rises in consumption standards and population pressure. But these could be substantially ameliorated if the growth process were accompanied by rising education and occupational diversification.

Baland et. al. discuss shortcomings of the analysis arising from the nature of the data available. They are unable to study the role of pricing and access to modern fuel substitutes, the role of community norms and property rights, or effects of firewood collection on deforestation. The use of panel data and replication of the analysis on other countries are extensions the authors are looking forward to. The latter is important since the Nepal experience may not be representative of resource problems in other developing countries. Nevertheless, it is evident that environmental protection necessitates closer attention to the qualitative characteristics of the process of development, i.e. to shifts in occupational and educational patterns.

"What Attracts High Performance Factories? Management Culture and Regional Advantage"

Peter Doeringer, Christine Evans-Klock, David Terkla

IED Discussion Paper 125, January 2003

Studies of business location typically concentrate on traditional cost factors such as wages, unionization, taxes, and agglomeration economies to explain the geographic dispersion of businesses. Today, however, a new element in location decisions is emerging, based on differences in the way that firms are managed. More and more firms are replacing traditional management practices with so called "high performance management" practices, which emphasize concepts such as production flexibility, problem-solving, and the enhancement of labor productivity. Because firms that use high performance management utilize labor in different ways from traditionally managed firms, one would expect these firms to consider a somewhat different set of factors when making their location choices. Doeringer, Evans-Klock, and Terkla devise a test to compare the location choices of two types of new manufacturing plants with differing management practices and cultures. The data they use come from in-depth case studies of 48 new manufacturing plants conducted by the authors and they rely on both qualitative analysis and econometric modeling. They discover that new Japanese-owned plants adopt high performance management practices far more frequently than a matched sample of new domestic plants. Even more important, Japanese-owned plants reinforce their high performance management practices with high performance management cultures that motivate higher labor productivity, whereas domestic U.S. plants continue to rely on traditional practices of monitoring and discipline to maintain labor productivity.

Using Japanese-ownership as an instrument for the adoption of high performance management practices and cultures, the authors find significant differences in the factors that influence business location between Japanese transplants and similar new domestic plants. The standard location model provides a good explanation of the location decisions of domestic plants, but is less capable of explaining location choices of Japanese transplants. While Japanese plants use many of the same criteria, they also value the types of workforce attitudes found in rural areas, they avoid unions because they can promote adversarial relationships with employees as well as raising wages, and they value large pools of high school labor for selection purposes as well as for human capital reasons. The most interesting difference, however, is that Japanese transplants choose to locate in relatively high wage locations when compared to domestic plants, perhaps indicating a preference for workers that have experience working under efficiency wage incentives. Understanding the factors determining the location choices of firms adopting high-performance management practices and cultures provides useful insights for regional development policy.

"From Farmers to Merchants: A Human Capital Interpretation of Jewish Economic History"

Maristella Botticini and Zvi Eckstein
IED Discussion Paper 124, January 2003

Starting around the eighth century, the Jewish population around the world has been predominantly engaged in urban and skilled occupations. Also, the Jews have been a minority in most of the places where they lived. These occupational and demographic features, still visible today, have been attributed to two factors. Some scholars have maintained that the restrictions imposed by local rulers on Jews prevented them from engaging in agricultural activities. In contrast, other scholars have argued that the Jews, like other minorities, chose to voluntarily select themselves into some occupations in order to preserve their cultural and religious identity.

Botticini and Eckstein suggest a different explanation of this pattern. First, they show that the transition of the Jews away from agriculture into crafts, trade, and finance occurred in the eighth century mainly in Mesopotamia and the entire Muslim empire, and later in Western Europe where the Jews migrated. At the time when the occupational transition was occurring, there were no restrictions and prohibitions on Jewish economic activities.

Second, Botticini and Eckstein argue that the distinctive characteristic of the Jews at that time was that almost all Jewish men were literate. Literacy, the authors point out, appeared prior to the occupational or locational choices made by Jews. Judaism strongly promoted learning, and primary education was made mandatory for boys from the first century AD. Because of this investment in literacy and education, the Jews had a comparative advantage in the skilled occupations demanded in urban areas.

Based on this historically documented nexus between education and Judaism, Botticini and Eckstein set up a model that analyzes the choices made by Jews and non-Jews regarding their occupation, religion, migration, and children's education. The model is fairly successful in predicting the economic decisions made by Jews. As Jewish farmers became more literate, they invested more in their children's education, moved from agricultural to urban occupations, and migrated to towns to make use of their newly acquired skills. The model also predicts a slow process of decrease in the Jewish low-educated population due to conversions; this seems consistent with the evidence presented by historians on population trends and conversions.

The historical evidence available for the first millennium is, of course, limited. Yet, Botticini and Eckstein are able to provide a reasonable explanation for the occupational selection of the Jews in the first millennium and to provide some evidence to support their argument. Their paper presents a clear example of the interactions between cultural and economic transitions, where a change in social norms (in this case a change in the Jewish religion) was followed by a change in many economic decisions made by a group of people, the effects of which have lasted through centuries.

IED RESEARCH IN PROGRESS

The following paragraphs summarize the projects and development-related research being conducted by Institute affiliates from the Economics Department at Boston University

In current research, **Marianne Baxter** is studying the extent of international risk-sharing across countries, at horizons as short as 3 months and as long as twenty years. The goal is to evaluate the extent to which increased integration of international financial markets has enabled individuals to share risks across international borders. In other research, she is working on an empirical project that studies the link between international trade and international business cycles. Using a data set that is much broader in both country coverage and sectoral detail than those used in previous analyses, she hopes to learn what characteristics of country pairs are associated with highly synchronized trade.

Maristella Botticini has been awarded an Alfred Sloan Research Fellowship for the academic years 2002-2004. Her recent publications include: with Daniel A. Ackerberg "Endogenous Matching and the Empirical Determinants of Contract Form," *Journal of Political Economy* (June 2002), and with Aloysius Siow "Why Dowries?" *American Economic Review* (forthcoming). She is currently working on the manuscript ***The Price of Love: Marriage Markets and Intergenerational Transfers in Comparative Perspective*** to be published by Princeton University Press. The book will offer a comparative analysis of marriage markets and intergenerational transfers by merging original research on medieval and Renaissance Florence with secondary literature on dowries, bride prices, marriage markets, and bequests in past and contemporary societies, such as ancient Greece, the Roman empire, the Jewish communities, the Arab and Muslim civilizations, the Byzantine empire, medieval Europe, China, Japan, India, and African societies.

Peter Doeringer's book on organizational strategies and economic performance of "new economy" manufacturing plants, ***Startup Factories: High Performance Management, Job Quality, and Regional Advantage*** (with David Terkla and Christine Evans-Klock) was published by Oxford University Press. "National Differences in High Performance Management: Evidence From Japanese Multinationals" (with Edward Lorenz and David G. Terkla) appeared in the March 2003 issue of the **Cambridge Journal of Economics** and the "Devolution of Employment and Training Policy: The Case of Older Workers" (with Andrew Sum and David G. Terkla) was published by **Journal of Aging and Social Policy.** He is currently writing a book on the economics of global supply chains and fashion cycles in the apparel industry, based on enterprise surveys in the United States, France, Italy, and the UK.

IED Research in Progress

The following paragraphs summarize the projects and development-related research being conducted by Institute affiliates from the Economics Department at Boston University

Randall Ellis' recent research focuses on how payment systems affect the health delivery system, with a particular focus on risk adjustment. Risk adjustment is a strategy for reducing adverse selection incentives by paying health insurance companies premiums that more closely reflect their expected costs. His research on risk adjustment has already had an important impact on health care policy in the United States, changing the formula currently being used to pay for health care of 6 million Medicare managed care enrollees. Diverse countries on five continents are considering similar risk adjustment payment formulas. Currently Ellis is collaborating with researchers in Chile, Canada, Netherlands, and Germany, and he has recently given international presentations about his work in Canada, France, Germany, Hong Kong and Taiwan.

Simon Gilchrist, Olga Fuentes and Mark Rysman study the effects of trade liberalization on plant-level productivity and investment dynamics for the Chilean economy. In joint work with Mark Gertler and Fabio Natalucci, Gilchrist examines the benefits of flexible exchange rate regimes during financial crises with an application to the Korean experience during 1997-1998. In related work using Korean firm-level data, Gilchrist and Jae Sim study the effects of foreign denominated debt on corporate balance sheets and capital expenditures.

Robert Lucas is currently working on two main projects. On inter-generational economic mobility, Lucas is working with former IED visitor Sari Pekkala. Together they have completed a first paper on this issue, based on Finnish data and work on two more papers is now underway. Lucas is also continuing his work on population migration, including a planned monograph on the effects of international migration upon the economic development of the sending countries. During the year, Lucas also completed a paper, prepared for USAID, on the sufficiency of overall economic development as a strategy for poverty alleviation.

Dilip Mookherjee is currently engaged in the following development related projects: (a) political economy of land reforms and local governance in West Bengal since the late 1970s; (ii) relation between poverty, household energy use and reliance on forests in the Himalayan regions of Nepal and India; (iii) sources of productivity differences between farmer cooperatives and privately owned sugar firms in India; and (iv) theoretical analysis of the dynamics of poverty and inequality with Debraj Ray.

IED FACULTY AFFILIATES

Marianne Baxter, Professor, works primarily on topics in international macroeconomics and finance. Her recent research has focused on the transmission of international disturbances across countries, as well as issues associated with appropriate portfolio choice in international settings.

Maristella Botticini, Assistant Professor, specializes in economic history, applied microeconomics, and the economics of institutions. Her recent research focuses on dowries, marriage markets, intergenerational transfers, sex ratios in medieval and Renaissance Florence, human capital, Jewish economic history, and agrarian contracts.

Christophe Chamley, Professor, concentrates on public finance, macroeconomic theory and policy. His recent research concerns theories of social learning and coordination. Most of his field experience has been in Malawi, Tunisia, Morocco, Ivory Coast, and Nigeria.

Peter Doeringer, Professor, is interested in labor and industrial economics, and in labor-management relations. His recent research includes the comparative study of business conduct, product design, and industrial performance in the U.S.A., U.K., Italy, and France; the effects of efficiency practices on productivity, job growth, and business location in new factories, and labor market policies for older workers. His main research experience outside the United States has been in Canada, Indonesia, Jamaica, and Western Europe.

Randall Ellis, Professor, is a health economist interested in how payment incentives affect the behavior of health plans, health care providers, and consumers. He is currently collaborating with researchers in Canada, Chile, and Germany, focusing his research on mechanisms to fairly calculate payments to health plans. During the past year he has traveled and presented his work in Hong Kong, Taiwan, Canada and Germany. His main field experience has been in Egypt, India, Kenya, Kyrgyzstan, and the United States.

Simon Gilchrist, Associate Professor, is an empirical macroeconomist. His recent research focuses on the role of financial market imperfections in amplifying and propagating business cycles, and the growth implications of alternative models of capital accumulation. Recent work focuses on investment dynamics for developed economies such as the United States and Europe as well as newly industrialized economies such as Chile and Korea.

John Harris, Professor, works on issues of applied macroeconomic theory, regional and urban economics, and migration theory. His recent research includes comparative analysis of economic development in Africa and Southeast Asia. He also has extensive field experience in Africa and Asia, with emphasis on Indonesia, Uganda, Botswana, Kenya, Nigeria, Sudan, and Tanzania.

Leroy Jones, Professor, specializes in policy-oriented micro issues in developing countries. Particular areas of interest include public enterprise, privatization, government-business solutions, and industrial organization. He has substantive experience in Indonesia, Korea, Pakistan, Venezuela, and thirteen other countries. Professor Jones directs the Institute's Program in Public Enterprise.

Robert G. King, Professor, specializes in macroeconomics and monetary economics. His work on development economics has included work on growth and development accounting, as well as the effects of financial markets on economic growth and development. At present, his research is focusing on the design of monetary policy rules

Laurence Kotlikoff, Professor, specializes in macroeconomics and public finance. His recent interests have been in generational accounting and in the microeconomic effects of the privatization of social security. He has advised governments around the world on fiscal and pension reform.

Kevin Lang, Professor, is mainly interested in labor economics. He has worked on economic problems of Chile, Israel, New Zealand, Sri Lanka, and Venezuela, and has recently studied the effects of trade liberalization on wages and employment in New Zealand and the assimilation of Russian immigrants to Israel.

Glenn Loury, Professor, is interested in applied microeconomics and the political economy of race. His recent research has been on wage inequality, discrimination in venture capital markets, cooperative credit associations, and public policy issues related to race in the United States. His experience outside the United States has been mainly in Europe and South Africa. Professor Loury also directs the Institute on Race and Social Division.

Robert Lucas, Professor, specializes in international trade, industry, and human resources. His recent research has included work on intergenerational economic mobility and several aspects of both internal and international population migrations. He has worked in Bangladesh, Bolivia, Botswana, Egypt, Finland, India, Malaysia, Pakistan, South Africa, and Zimbabwe.

Dilip Mookherjee, Professor, specializes in the area of incentives and institutions. His recent research includes tax enforcement and public administration reforms, the role of inequality, and of land reforms and contracting structures in developing countries. His main field experience has been in India

Pankaj Tandon, Associate Professor, concentrates on technological change, microeconomics, and public enterprises. He has recently worked on evaluating privately financed infrastructure projects and privatization programs. His main field experience has been in Egypt, India, Mexico, and Venezuela

Andrew Weiss, Professor, specializes in psychology and economics, law and economics, economics of labor, information, and credit markets. His recent research includes a theoretical model of addiction and empirical research on effects of ownership structure on performance of Czech firms. His main field experience outside the United States has been in the Czech Republic and Slovenia.

2003 Rosenstein-Rodan Prize Winners Announced

Papers written and submitted for the Rosenstein-Rodan Prize this year were uniformly excellent and carried the standard to new levels with the result that the prize is awarded for three papers.

EU Evolutions: International Convergence and Interregional Divergence by Adolfo Cristobal Campoamor presents a north-south endogenous growth model that explains some recent stylized facts in the EU: convergence between countries, regional divergence within countries. The model predicts effects of trade liberalization on growth rates, inequality and spatial concentration of economic activity.

Does Mother's Education Matter in Child's Health? Evidence From South Africa Catherine Rodriguez, Patricia Medrano and Edgar Villa find a robust positive effect of mother's years of schooling on children's height relative to age, controlling for demographic and socio-economic circumstances as well as access to health facilities. Interactions between father and mother's education, and absence of significant effects of access to health facilities are other interesting findings of their paper.

Balancing Turkey's Intertemporal Budget Gap by Ferhan Salman constructs an intertemporal budget analysis for Turkey. The paper focuses on effects of recent financial crises and of population dynamics on the long term fiscal health of the Turkish government.

The Rosenstein-Rodan prize is awarded annually for the best paper(s) in a development-related area written by economics graduate students.

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Boston University's Institute for Economic Development (IED) houses a number of exciting research projects, including (i) land reforms, fiscal decentralization and privatization in various developing countries; (ii) impact of poverty on deforestation in India and Nepal; (iii) foreign direct investment and firm level productivity; (iv) racial justice and social exclusion; (v) trade structure and international business cycles; (vi) migration and intergenerational mobility; (vii) social learning and financial crises; (viii) dowries and human capital accumulation in economic history; (ix) design of health insurance and social security systems, and (x) financial markets and growth. Its seminar series features speakers from various universities presenting results of their recent research and leading academics and policy practitioners discuss important policy issues pertaining to economic development in its development policy workshops. The Institute regularly serves as host to academic scholars from different countries, this year ranging from China, Hong Kong, France, India, Italy and Germany. IED belongs to the Northeast Universities Development Consortium, which sponsors an annual conference on development economics.

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The *Research Review* is published annually by the Institute for Economic Development at Boston University. The *Review* is also posted on the IED website at *www.bu.edu/econ/ied.*

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