

Scientific Meeting: V NCID Workshop

Madrid, June 6-7, 2016

ABSTRACTS

RESEARCH KEYNOTE: WOMEN IN POLITICS: PARTICIPATION AND POLICY PREFERENCES

Sonia Bhalotra

University of Essex.

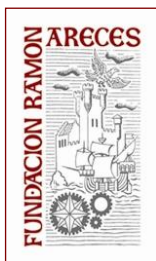
The presentation examines whether women's political representation in state legislatures improves public provision of antenatal and childhood health services in the districts from which they are elected, arguing that the costs of poor services in this domain fall disproportionately upon women. The research uses large representative data samples from India and accounting for potential endogeneity of politician gender and the sample composition of births, researches found that a 10 percentage point increase in women's representation results in a 2.1 percentage point reduction in neonatal mortality. Women's political representation may be an underutilized tool for addressing health in developing countries.

INTRODUCING MOBILE MONEY IN RURAL MOZAMBIQUE: EVIDENCE FROM A FIELD EXPERIMENT

Pedro Vicente

Nova Universidade Lisbon and Novafrica.

The limitations of access to finance in Africa, together with the recent boom in cell phone use in that continent, created high expectations regarding the introduction of mobile money in many African countries. The success story of M-PESA in Kenya raised the bar further. The researchers designed and conducted a field experiment to assess the impact of randomized mobile money dissemination in rural Mozambique. For this purpose they benefit from the fact that mobile money was only recently launched in the country, allowing for the identification of a pure control group. This paper reports on the first results of this ongoing project after the first wave of dissemination efforts in rural locations, which included the recruitment and training of mobile money agents, community meetings and theaters, as well as individual rural campaigning. Administrative and behavioral data both show clear adherence to the services in the treatment group. Financial literacy and trust outcomes are also positively affected by the treatment. The research presents present behavioral evidence that the marginal willingness to remit was increased by the availability of mobile money. Finally, they observe a tendency for mobile money to substitute traditional alternatives for both savings and remittances.



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LACK OF TRUST GENERATES DEMAND FOR INSTITUTIONS, AND INSTITUTIONS CROWD OUT CIVIC SPIRIT: EXPERIMENTAL EVIDENCE

Irma Clots-Figueras

Universidad Carlos III de Madrid.

Trust and trustworthiness vary across countries and are correlated with many economic outcomes. Also, good institutions have a positive effect on growth and development, but little is known about the relationship between trust and institutions, or, in other words, whether low trust or trustworthiness generate demand for institutions. In societies in which individuals do not trust each other, good institutions regulate the economic interactions and prevent individuals with lower levels of trustworthiness from stealing other individuals' assets. In this paper researchers analyse this relationship with experimental data. They conduct laboratory experiments in which individuals join different groups depending on their level of trustworthiness and they let them choose the level of (costly) institutions they prefer to have.

MATERNAL MORTALITY AND FEMALE LIFE EXPECTANCY: THE IMPORTANCE OF GENDER INEQUALITY

Joseph Flavian Gomes

Navarra Center for International Development (NCID), Universidad de Navarra.

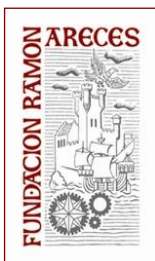
Societies with higher levels of gender inequality are slower and less likely to address women-specific health outcomes. We demonstrate this by examining maternal mortality ratios (MMR) and the gap between women's and men's life expectancy. We show that areas that are more gender prejudiced (conditional on income) have higher levels of maternal mortality, slower rates of decline in maternal mortality, and life expectancy differentials less favourable for women.

FOR THE LOVE OF THE REPUBLIC EDUCATION, SECULARISM AND EMPOWERMENT

Selim Gulesci

Bocconi University.

A new law implemented in 1998 in Turkey resulted in individuals born after a specific date to be more likely to complete at least 8 years of schooling while those born earlier could drop out after 5 years. Using the 2008 Turkish Demographic Health Survey, researchers show that the reform resulted in a one-year increase in years of schooling among women on average. Over a period of ten years, this education increase resulted in women reporting lower levels of religiosity, greater decision rights over marriage and higher household consumption (of durables). They find that these effects work through different



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channels, depending on women's family background. For women whose mothers had no formal education, the reform resulted in them only finishing the compulsory schooling and having higher labor force participation. For women whose mothers had some formal education, the reform had persistent effects beyond compulsory schooling, and these women were subsequently married to more educated (and possibly wealthier) husbands but remained outside the labor force. Researchers interpret these findings as evidence that education may empower women across a wide spectrum of a Muslim society, yet, depending on pre-reform constraints to participation, its effects may not be strong enough to fully overcome participation constraints (in education or the labor force).

TERRORISM RISK AND POLITICAL PARTICIPATION

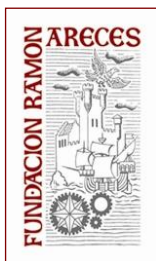
Hasin Yousaf
Universidad Carlos III de Madrid.

Countries desire higher level of political participation among its citizens. Can threat of terrorism affect the political preferences of the citizens? This paper highlights the role of threat of terrorism as a channel which contributes towards higher political participation. It uses the September 11 attacks and the stock of potential terrorism buildings and population at the time of attacks as source of exogenous variation in the threat of terrorism across different areas within the United States. It constructs a terrorism risk index and show that areas which were objectively more risky increased voter turnout after the attacks: an one standard deviation increase in the terrorism risk lead to 1.4 p.p. increase in the turnout in the 2004 Presidential elections. The effect of the attacks are also present in the subsequent elections, and senatorial and gubernatorial elections. It also finds modest effect on the vote share of the Republican party. Overall, the results indicate how threat of terrorism can bring citizens together and increase the political participation and partially alter their political preferences.

THE POLITICAL ECONOMY OF CORRUPTION IN THE BUREAUCRACY

Michele Valsecchi
University of Gothenburg.

In this paper the researchers we identify corruption offenses among local government bureaucrats and they ask whether bureaucrats' corruption behavior responds to changes in local politicians' incentives in office. In order to identify the effect of politicians' incentives in office, they collect data on local government heads across Indonesian districts and exploit variation in their tenure in office, joint with the existence of term limits. Their measure of corruption is based on a novel dataset of corruption prosecutions, from which we extract location, date of the offence, and identity of the public officer involved. Researchers found no effect for top bureaucrats but they found a substantial negative effect for lower level bureaucrats.



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RESEARCH KEYNOTE: SIZE AND DEVELOPMENT OF THE SHADOW ECONOMY IN DEVELOPING COUNTRIES: WHAT DO WE (NOT) KNOW?

Friedrich Schneider

Johannes Kepler University of Linz & IZA - Institute for the Study of Labor.

As crime and other underground economic activities (including shadow economic ones) are a fact of life around the world, most societies attempt to control these activities through various measures like punishment, prosecution, economic growth or education. Gathering statistics about who is engaged in underground (or crime) activities, the frequencies with which these activities are occurring and the magnitude of them, is crucial for making effective and efficient decisions regarding the allocations of a country's resources in this area.

Unfortunately, it is very difficult to get accurate information about these underground (or as a subset shadow economy) activities in terms of value added and of labor market, because all individuals engaged in these activities wish not to be identified.

THE EMBI IN LATIN AMERICA: FRACTIONAL INTEGRATION, NON-LINEARITIES AND BREAKS

Guglielmo Caporale

Brunel University.

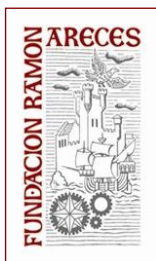
This paper analyses the main statistical properties of the Emerging Market Bond Index (EMBI), namely long-range dependence or persistence, non-linearities, and structural breaks, in four Latin American countries (Argentina, Brazil, Mexico, Venezuela). For this purpose it uses a fractional integration framework and both parametric and semi-parametric methods. The evidence based on the former is sensitive to the specification for the error terms, whilst the results from the latter are more conclusive in ruling out mean reversion. Further, non-linearities do not appear to be present. Both recursive and rolling window methods identify a number of breaks. Overall, the evidence of long-range dependence as well as breaks suggests that active policies might be necessary for achieving financial and economic stability in these countries.

MACROPRUDENTIAL POLICIES IN LOW-INCOME COUNTRIES

Margarita Rubio

University of Nottingham.

In this paper, researchers develop a DSGE model to study the implementation of macroprudential policy in low-income countries (LICs). The model features an economy with two agents; households and entrepreneurs. Entrepreneurs are the borrowers in this economy and need capital as collateral to obtain loans. The macroprudential regulator



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uses the collateral requirement as the policy instrument. The researchers compare two different ways of implementing the macroprudential policy: permanently increasing the collateral requirement (passive policy) versus an active time-varying rule responding to deviations of credit from its steady state. Results show that with perfect information, an active approach is more effective in increasing ...financial stability, without incurring in a long-run output cost. However, if the regulator is not able to observe the economic conditions perfectly, which is usually the case in LICs, a passive approach may be preferred.

FROM AMBITION TO EXECUTION: POLICIES IN SUPPORT OF SUSTAINABLE DEVELOPMENT GOALS

Stefania Fabrizio

International Monetary Fund (*IMF*).

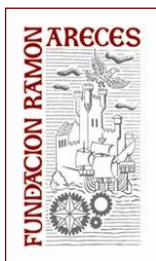
September 2015 marks the formal launch of the Sustainable Development Goals (SDGs) and the start of a new global development agenda. Broader in scope than the now-expiring Millennium Development Goals (MDGs), the SDGs embrace the notion that development needs to be economically, socially, and environmentally sustainable. Recognizing the need for a holistic view of growth, the IMF is increasingly emphasizing policies to promote sustainable growth, including through (1) economic diversification and structural transformation within a stable macroeconomic framework; (2) economic, gender, and financial inclusion; and (3) climate and environmental sustainability.

NATURAL RESOURCES, DECENTRALIZATION, AND RISK SHARING: CAN RESOURCE BOOMS UNIFY NATIONS?

Fidel Pérez Sebastián

University of Alicante.

Previous studies imply that a positive regional fiscal shock, such as a resource boom, strengthens the desire for separation. In this paper researchers present a new and opposite perspective. They construct a model of endogenous fiscal decentralization that builds on two key notions: a trade-off between risk sharing and heterogeneity, and a positive association between resource booms and risk. The model shows that a resource windfall causes the nation to centralize as a mechanism to either share risk and/or prevent local capture, depending on the relative bargaining power of the central and regional governments. They provide cross country empirical evidence for the main hypotheses, finding that resource booms: (i) decrease the level of fiscal decentralization with no U-shaped patterns, (ii) cause the former due to risk sharing incentives primarily when regional governments are relatively strong, and (iii) have no effect on political decentralization.



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INTRA-REGIONAL RISK SHARING IN ECOWAS COUNTRIES: A PANEL SVAR APPROACH

Djogbenou Ruben Barnabas

National Institute of Statistics And Applied Economics of Abidjan.

The issue of economic integration has been subject to many theoretical and empirical debates in the current context of globalization. The Economic Community of Western African States (ECOWAS) are not part from this dynamic and several empirical investigations have been assessing the prospect of a monetary union within ECOWAS countries. Most of the findings converge to the non-viability of this project in the current context of ECOWAS countries, the main argument being the great heterogeneity of ECOWAS countries to shocks. However, considering the theory of the endogeneity of the Optimum Currency Area (OCA), there are some structural breaks that would ex-post foster the viability of such an area, even if, ex-ante, countries of the area are far from being homogeneous.

This paper examines these structural breaks, identifying them through the existence of mechanisms different from the exchange rate policy to deal with asymmetric shocks hitting the economies of the region.

THE FUNGIBILITY OF FOREIGN AID WITH INSTITUTIONAL QUALITY: A PANEL ANALYSIS OF DEVELOPING COUNTRIES

Christiana Anaxagorou

University of Sheffield.

There are mixed results in the empirical literature on aid effectiveness and since foreign aid flows are primarily given to the governments of recipient countries, how governments behave and how aid is allocated would in turn determine aid effectiveness. This raises the notion of aid fungibility, which is defined as aid not being used as intended by the donors. This paper investigates aid fungibility and particularly how the effects of aid on government spending and revenues change with institutional quality in an attempt to explain whether fungibility is caused by malicious intent. The existing literature yields mixed results for fungibility; however, corruption and institutional quality are not considered. The hypothesis of this chapter is that the extent of fungibility depends on institutional quality in recipient countries, arguing that aid fungibility would be higher in countries with low quality institutions.

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