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SPRING 2007 EVENTS

>> **PERI's on-line calendar of events can be found here.**

>> **Directions to Gordon Hall can be found here.**

Links to further information about each event, and often downloads of the papers to be discussed, can be found by clicking on the event title.

Tuesday April 24, 7:00
Out of Balance: ExxonMobil's Impact on Climate Change
A film in the UMass Focus on Global Warming Sustainable Film Series
 Gordon Hall, third floor

Wednesday April 25, 7:00
The Next Industrial Revolution
A film in the UMass Focus on Global Warming Sustainable Film Series
 Gordon Hall, third floor

Thursday April 26, 7:00
The Power of Community: How Cuba Survived Peak Oil
A film in the UMass Focus on Global Warming Sustainable Film Series
 Gordon Hall, third floor

MODERN CONFLICTS: MAJOR VIOLENT CONFLICTS SINCE THE END OF THE COLD WAR

Since the end of the Cold War in 1989, millions of people have lost their lives in violent conflicts around the world. PERI's new Modern Conflicts Database is a tool for researchers and students who want learn more about these conflicts. The Modern Conflicts Database has profiles of all post-Cold War conflicts with estimated death tolls of 25,000 or more, with references to further information sources. These can be accessed via a table, which ranks conflicts by total estimated deaths, or a map, which shows the locations of war-torn countries.

**ONLINE RESOURCES**

>> **Go to the Modern Conflicts home page**

"... Please, on my knees, just this once, print something, anything, to tell the world what's happening to the Eastern Congo. Four million dead, I told her. Just in the last five years. People are calling it Africa's first world war, and you're not calling it anything. It's not a bang-bang war, I grant you. It's not bullets and pangas and hand grenades that are doing the killing. It's cholera, malaria, diarrhoea, and good old-fashioned starvation, and most of the dead are less than five years old. And they're still dying now, as we speak, in their thousands, every month. So there must be a story in there somewhere." -John le Carré, *The Mission Song*

KENYAN VISITORS TO PERI & FIRST WORKING PAPER FROM THE PERI/UNDP KENYA PROGRAM

In February, PERI hosted three researchers from Kenya's National Bureau of Statistics. Dankit Nassiuma, Robert Nderitu, and Vivian Nyarunda came to Amherst to work with Robert Pollin, James Heintz, and Jeannette Wicks-Lim on the analysis of data from their recently-completed employment and household survey. The remarkably rich data set (each completed interview entailed seventeen days of interviewing in each household) posed analytical challenges. The data from the survey, and the in-country expertise of the visitors, will inform the forthcoming PERI study, *An Employment-Targeted Economic Program for Kenya*.



Friday April 27, 1:30
**Environmental Justice & Food
Systems**
Helen Scharber
Environmental Working Group
discussion series
Gordon Hall, third floor

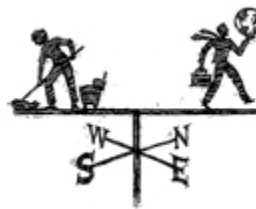
The first product of that study "Expanding Decent Employment in Kenya: The Role of Monetary Policy, Inflation Control and the Exchange Rate," has been released by the UNDP's International Poverty Center. The study, by Robert Pollin and James Heintz of PERI, focuses on monetary policy as a route to pro-poor economic growth, and makes policy recommendations which will contribute to employment expansion, poverty reduction, and improving the balance of payments, while maintaining control over inflationary pressures. The work will be expanded into a full-scale program for alternative, pro-poor development policies for Kenya, akin to the work PERI has done in South Africa.

ONLINE RESOURCES

- >> Download "Expanding Decent Employment in Kenya: The Role of Monetary Policy, Inflation Control and the Exchange Rate"
- >> Read an interview with Dankit Nassiuma, Robert Nderitu, and Vivian Nyarunda

"ECONOMIC PROSPECTS"

ROBERT POLLIN'S COLUMN IN *NEW LABOR FORUM*



With the Winter 2007 issue, Robert Pollin began a regular column in *New Labor Forum* under the general title of *Economic Prospects*. The column will explore a wide range of topics, united by the broad theme of how economic trends, economic policy debates, and even economic theory matter in terms of promoting the well-being of working people in the United States.

The first column is *Global Outsourcing and the U.S. Working Class*. The next two columns will consider the soon-to-be established \$7.25 minimum wage in the context of efforts to establish living wage standards, and a progressive economic program for the 2008 elections. Stay tuned.

ONLINE RESOURCES

- >> Download *Global Outsourcing and the U.S. Working Class*
- >> Go to the *New Labor Forum* home page

RALPH NADER VISITS PERI



Ralph Nader came to Gordon Hall on Sunday afternoon, April 1 for a small informal seminar about what should be the major concerns of progressive economists.

**A Four-Day Lecture Series
in Honor of International
Workers' Day**



Tuesday May 1, 4:00
Social Evolution & Revolution

Howard Sherman
 Gordon Hall, third floor

Wednesday May 2, 4:00
Marxian Economics Today
 Prabhat Patnaik
 Gordon Hall, third floor

Thursday May 3, 4:00
Socialism Today in Theory & Practice
 Prabhat Patnaik
 Gordon Hall, third floor

Friday May 4, 4:00
Neoliberalism & Resistance in India
 Prabhat Patnaik
 Gordon Hall, third floor

Friday May 4, 1:30
The Myth of Meat Self-Sufficiency in Post-War Europe
 Hasan Tekguc
 Environmental Working Group discussion series
 Gordon Hall, third floor

Monday May 7, 4:00
Institutional Structure of Social Structure of Accumulation?
 David Kotz, University of Massachusetts, Amherst
 Thompson Hall, ninth floor

Nader raised the importance of generating high-quality data that enable progressives to illuminate their concerns to broad audiences. He cited PERI's *Work Environment Index* (which he himself proposed as a project for PERI in 2004) as one example of how creating a new database--in this case ranking the U.S. states according to the conditions for workers in each state--can change the terms of political debates. In answer to a question on the framing of economic policy issues, Nader answered simply that "You start with the idea that we need to abolish poverty. You then recognize that economic growth has never been successful on its own in abolishing poverty. This then leads us to taking distributional issues very seriously." We also discussed globalization and international trade policy, and the importance of fighting for true living wage standards. In all, it a very stimulating event, and we are grateful to Ralph Nader for the visit.

NEW PERI WORKING PAPERS

Forensic Accounting: Hidden Balance of Payments of the Philippines

Edsel L. Beja

An examination of the available data between 1990 and 2005 reveals that the balance of payments of the Philippines does not record large amounts of international transactions. Unrecorded international transactions for this period amount to US \$192 billion (in 1995 U.S. dollars). The results suggest a serious problem in the government's macroeconomic management of the Philippines, and expose a weak or weakening capacity in the governance of international transactions.

Is Inequality Bad for the Environment?

James Boyce

By respecting nature's limits and investing in nature's wealth, we can protect and enhance the environment's ability to sustain human well-being. But how humans interact with nature is tied to how we interact with each other. Those who are relatively powerful and wealthy typically gain disproportionate benefits from the economic activities that degrade the environment, while those who are relatively powerless and poor typically bear disproportionate costs. Wider political and economic inequalities tend to result in higher levels of environmental harm. For this reason, efforts to safeguard the natural environment must go hand-in-hand with efforts to achieve equitable distributions of power and wealth in human societies. Globalization today poses new challenges and new opportunities for both of these goals.

If Financial Market Competition is So Intense, Why are Financial Firm Profits So High? Reflections on

Wage Share, Globalization, and Crisis: The Case of the Manufacturing Industry in Korea, Mexico, and Turkey

Özlem Onaran

In this paper, the author assesses the effects of globalization on the wage share in the manufacturing industry in Mexico, Turkey, and Korea, as measured by the effects of international trade and foreign direct investment intensity on the economy, and the impact that exchange rate depreciation and economic recession have had on wage share. Özlem finds that recessions and nominal depreciations have lasting negative effects on the manufacturing wage share in all countries, whereas the effect of openness, in particular international trade, depends on industrial policy structure. Increased export intensity leads to a decline the manufacturing wage share in Turkey and Mexico, but has no significant effect in Korea. The positive expectations from FDI do not materialized in any of the three countries.

Gender, Distribution, and Balance of Payments

Stephanie Seguino

An unresolved debate in the development literature concerns the impact of gender inequality on economic growth. Studies have found that the effect depends on the time frame and the measure of inequality. This paper expands that discussion by considering both the short and long run, and evaluating the effects of gender equality in two types of economies -- semi-industrialized economies (SIEs) and low-income agricultural economies (LIAEs). The paper identifies the pathways by which gender equality can affect short- and long-run macroeconomic output and growth. Further, it incorporates the effect of gender equity on the balance of payments constraint to growth. These

Alternatives to Inflation Targeting Conference

co-sponsored by PERI, the Intergovernmental Group of 24 (G-24), and the New Rules for Global Finance Coalition.

Thursday May 17 -

Friday May 18

Washington, DC

Inflation Targeting, Employment Creation, and Economic Development: A Panel Discussion and Workshop

Researchers from around the globe present their findings from the *Alternatives to Inflation Targeting Project*, which assesses the impacts of inflation targeting as a development practice, and, more importantly, develops concrete alternative policies, in country-specific contexts, that could achieve superior macroeconomic outcomes.

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[Debbie Zeidenberg](#)
PERI's Communications
Director.

the Current 'Golden Age' of Finance

James Crotty

In 1997 former Federal Reserve Board Chairman Paul Volcker posed a question about the commercial banking system he said he could not answer. The industry was under more intense competitive pressure than at any time in living memory, Volcker noted, "yet at the same time the industry never has been so profitable." In this paper, Crotty refers to the seemingly strange coexistence of intense competition and historically high profit rates in commercial banking as 'Volcker's Paradox.' He extends the paradox to all important financial institutions and discusses developments that help resolve it. Then Crotty asks: Has the belief that financial investments that were formerly considered too risky have been made safe (and profitable) by modern risk-management techniques increased the likelihood of a future systemic financial crisis?

Do Surges in Less-Skilled Immigration Have Important Wage Effects? A Review of the U.S. Evidence

David R. Howell

This paper reviews recent studies that estimate wage effects of less-skilled immigrants during the great U.S. immigration surges (1870-1914 and 1980 to the present). The literature is fairly consistent in finding that large long-term immigrant surges have at least small negative wage effects for less-advantaged workers, and that these are likely to be largest for foreign-born workers and less-educated African-Americans in major immigrant-receiving regions. The paper concludes that, while consumers and employers have benefited substantially from the surge in low-skilled workers since the early 1980s, there are also losers, and there is consequently a need for policy interventions designed to ensure that reasonable wage levels, employment opportunities, and working conditions are maintained for our least advantaged workers.

Uprooting Diversity? Peasant Farmers' Market Engagements and the on-Farm Conservation of Crop Genetic Resources in the Guatemalan Highlands

S. Ryan Isakson

The long-term security of the global food supply is contingent upon on-farm conservation of crop genetic diversity. Without it, food crops lack the ability to evolve in the face of new pests, plant diseases, and

preliminary results suggest that gender equality is more likely to stimulate growth in LIAEs than SIEs in both the short and long run.

The Human Development Index: A History

Elizabeth Stanton

This article recounts the intellectual history of the UNDP's Human Development Index. It begins with the early history of welfare economics and follows this field through three successive revolutions in thought, culminating in the theory of human development. The first section traces this history from the origins of economic "utility" theory to Amartya Sen's human capabilities approach. The second section chronicles past and present measures of social welfare used in the fields of economics and development, including national income and a variety of composite measures, up to and including HDI.

Engendering Human Development: A Critique of the UNDP's Gender-Related Development Index

Elizabeth Stanton

This article reviews the literature critiquing the United Nations Development Programme's Gender-related Development Index (GDI), which is a measure of human development penalized for the extent of gender inequality in each country; presents several original critiques of GDI; and presents proposed corrections to the GDI in response to both received and original critiques.

Changes in Homeowners' Financial Security during the Recent Housing and Mortgage Boom

Christian E. Weller & Kate Sabatini

From the late 1990s through 2005, the U.S. experienced an unprecedented housing boom, which boosted the assets of many families. Families with homes had more collateral to borrow against, but new home buyers also needed to take out larger mortgages. After 2001, the U.S. saw a sharp acceleration in the growth of household debt. Using data from the Survey of Consumer Finances, supplemented with data from the Flow of Funds Accounts, the authors consider the effect of the housing and mortgage boom on the financial security of homeowners. The data indicate that all measures of vulnerability are increasing and suggest declining security for homeowners after 2000. The increases in vulnerability were especially pronounced for minorities, younger families, and lower-income families.

environmental conditions. The genetic diversity of many food crops is cultivated in the field, primarily by peasant farmers of the global south. The author investigates how the participation of Guatemalan peasants in the market economy is related to on-farm diversity conservation in three crops: maize, legumes, and squash. Participation in markets is not inherently detrimental to the protection of genetic resources but, without protections, market participation may unleash processes that contribute to genetic erosion. The author suggests policies that encourage conservation of crop diversity in ways that are consistent with farmers' development objectives.

The Correlates of Rentier Returns in OECD Countries

Arjun Jayadev & Gerald Epstein

This paper examines the correlates of rentier returns - returns to the ownership of financial assets - in a sample of OECD countries between 1960 and 2000. The authors develop a bargaining model among three classes - industrial capitalists, rentiers and workers - and show that rentier income returns increase when real interest rates rise, costs of capital mobility fall, and the power of labor declines. The paper investigates the impacts of proxies for these variables on rentier incomes. The authors find that interest rate liberalization, reduced unionization rates, and increased returns from foreign investments increase rentier returns. These results provide support for the simple model and for Post-Keynesian and Marxian stories of the impact of financialization and neo-liberal policies on income shares.

Patterns of Adjustment under the Age of Finance: The Case of Turkey as a Peripheral Agent of Neoliberal Globalization

Erinc Yeldan

The IMF has been involved with the Turkish economy since before the country's crises of 2000 and 2001, and provided financial assistance of \$20.4 billion between 1999 and 2003. Following the crises, Turkey implemented a strategy of raising interest rates and maintaining an overvalued exchange rate. The government was forced to follow a contractionary fiscal policy, reduce agriculture subsidies, and reduce public sector economic activity. The end result was shrinkage of the public sector; deteriorating education and health infrastructure; and failure of social services to the middle class and the poor. As domestic industry intensified its import dependence, it was forced to adopt capital-intensive technologies with adverse consequences on employment. In the meantime transnational companies and international institutions have become the governors of the country, with implicit veto power over economic or political decisions that oppose the interests of global capital.

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>> PERI publications database

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