

Free Riding and Restaurant Tipping

Abstract. There exist several papers in the literature examining the phenomenon of tipping in restaurants. This paper extends that work in two ways. First, it uses microdata collected through a natural field experiment instead of through survey. Secondly, it examines the effects of group size and check size on tipping by modeling a waiter's service at a table as a public good that creates the potential for free riding when the tip is paid. This paper compares the tip percentage rate of a group's check paid by all members to the tip percentage rate of a check paid by one individual or by each member separately. This distinction provides a method of testing for all possible free rider effects.

Using Arsenic to Measure the Income-Elasticity of the Value of a Statistical Life

Abstract. This paper uses arsenic concentrations in US cities to calculate the Value of a Statistical Life (VSL) and its income-elasticity. The VSL is estimated to be between \$13 million and \$14.5 million which is within a few million dollars of prior studies. The results on income-elasticity are ambiguous. Two of four specifications show that the VSL is negatively related to income. One shows that it is positive and another specification yields no statistically significant results. Despite these ambiguous results, this paper demonstrates the implications of the VSL on public policy and social equity.

Determinants of Remittance Flows: Cross-State Evidence

Abstract. This paper explores the determinants of remittance flows using preliminary data from a new survey commissioned by the Inter-American Development Bank (IADB). This study, entitled *Sending Money Home: Remittances to Latin America from the United States in 2004*, investigates differences in remittance behavior across the United States. Supplementing the state summary statistics released by the IADB with other data on the economic situation in the immigrants' home countries and host states, the initial results suggest that conditions in the migrant's host country play a greater role in determining remittance behavior than those in the home country.

Tariffs and Trade Balance: An Empirical Approach

Abstract. This study uses data from 89 countries over 6 years to analyze the effect of tariffs on trade balance and on total trade. Other macroeconomic indicators are included as explanatory variables to isolate the tariffs' effect. Ordinary Least Squares, Fixed Effects, and models utilizing dummy variables were all tested and their results are compared. The final conclusion derived from the results is that tariffs have a negative effect on both trade balance and total trade, with the latter being stronger. This result further supports earlier tariff research.

The Economic Effect of Smoke-Free Ordinances in Restaurants and Bars: A National Perspective

Abstract. This paper uses county-level data to examine the economic effects of smoking bans in restaurants and bars on annual payroll, mid-March employment, and the number of establishments for all jurisdictions in the United States that have adopted smoke-free legislation between 1988 and 2004. Building on the regional model developed by Bartosch and Pope (1999, 2000), I use a national data set to incorporate both the different reactions of smoker and non-smoker populations and the inherent differences between counties that do and do not enact smoking bans at some point in the survey period. I find that smoking bans on average have a mixed effect on bars and have no significant effect on restaurants. However, these results are highly dependent on each jurisdiction's percentage of smokers and on whether the jurisdiction enacted a smoking ban within the survey period. Importantly, I also find that smoking rates have a complex and perhaps non-linear effect on restaurant and bar performance after a ban is adopted, and that there is an inherent difference between counties that do enact smoking bans and those that do not.

The Crowding Effects of Foreign Direct Investment: an Analysis of Panel Data

Abstract. This paper tries to determine whether foreign direct investment crowds out domestic investment by looking at panel data. I consider the effects of foreign direct investment flows and stocks on domestic investment. Then I replicate previous work on the growth effects of foreign direct investment. I find that foreign direct investment flows cause only a small increase in domestic investment, while large foreign capital stocks relative to GDP strongly inhibit domestic investment. Finally, I find that domestic investment is much more effective than foreign direct investment in generating growth in developing countries. Consequently, developing countries should be wary about attracting foreign direct investment and should instead encourage domestic investment and entrepreneurship.

Do Micro-credit Programs Lead to Female Empowerment? An Empirical Study of Pipelining and Micro-credit Program Participation

Abstract. There is a widespread debate in the current literature surrounding the effects of micro-credit programs on women's empowerment. Many programs specifically target women in an attempt to help them overcome social and economic inequalities relative to their male counterparts. One of the central arguments against the effectiveness of the programs in raising empowerment is the idea that pipelining, or the transfer of managerial control over a loan from a female borrower to a male relation, reduces the empowerment benefits of participating in a credit program. This paper first attempts to model female empowerment in relation to both credit program participation and pipelining and then evaluates the combined effects of both on women's empowerment in rural Bangladesh. A series of regressions and various approaches confirm that the interaction between pipelining and program participation is significantly negative and thus effectively counteracts the gains in empowerment derived from borrowing, suggesting that micro-credit programs, even when explicitly targeting women, are at best only marginally empowering if a woman is susceptible to pipelining.

An Empiric Investigation into the Relationship between Capital Controls and Foreign Direct Investment Inflows

Abstract: This paper examines the impact of three types of capital controls on Foreign Direct Investment (FDI) inflows into both developed and developing countries: the existence of multiple exchange rate regimes, capital account restrictions and export proceeds repatriation restrictions. Using three separate models, this study finds that the presence of multiple exchange rate regimes, as well as of capital account restrictions, reduces FDI inflows into developed countries. Among developing countries, the presences of a multiple exchange rate regime, as well as of export proceeds repatriation restrictions, act to reduce flows. With respect to capital account restrictions and export proceeds repatriations restrictions, the relative effects of capital controls on FDI inflows appear to vary over development level. The effects of capital account restrictions are not consistent across the specifications employed in this paper and cannot be fully discerned.

Determinants of the Tenure Decision for Academic Economists

Abstract. The university community is consistently accused of discrimination in the tenure decision. A significant contributor to this problem is the absence of a defined set of criteria for the decision. This paper seeks to identify revealed determinants to resolve unsupported accusations of discrimination and inefficiencies. Data were collected on 75 academic economists from universities throughout the United States on personal and productivity characteristics. Descriptive statistical analysis and regression analysis show that graduate school performance, as measured by age at time of PhD completion and publication performance during schooling, is a critical determinant in the tenure decision. Also, discrimination based on foreign-born status is unlikely and discrimination based on gender is possible but was not found statistically significant.

The Minimum Wage: A Successful Tool for Income Redistribution and Poverty Reduction in Colombia?

Abstract: This paper looks at Colombian household-level data to determine the effects of raising the minimum wage on income distribution and poverty levels. The study employs a hypothetical minimum wage change of five and ten percent, taking into account both disemployment effects and wage gains, to determine a new level of per capita household income. Most previous work, generally focused on the US, questions whether raising the minimum wage has even a nominal effect on reducing poverty and improving income distributions. The results of this study further indicate that the minimum wage has little effect on the absolute poor living below the poverty line. Additionally, the analysis shows that the greatest income distributional effects are seen in the lower to middle income households, and that even these gains are relatively modest.

Population Policies and Fertility Rates: A Cross-Country Empirical Study

Abstract. This study analyzes data from 15 countries over a 44 year span to determine the effect of population policies, aimed at lowering population growth, on total fertility rates. While controlling for female participation in the labor force, female life expectancy, and income level, this study found that population policies do not significantly contribute to the decline in total fertility rates over time. By comparing three regressions, the results from this study show that population policies do not play a role in explaining the real change in fertility rates.

A Comparative Analysis of Marginal Prices of Automobile Fuel Economy in the United States and France

Abstract. This paper presents an analysis of marginal pricing of vehicle fuel economy between two developed-country markets (United States and France). Using product-level data and average transaction pricing from web-based consumer purchasing guides, marginal prices of vehicle fuel economy for the United States and France are estimated. Vehicle prices are adjusted for quality using a hedonic method. Implicit discount rates of approximately 7.3 and 11.9 percent are calculated for each respective country based on vehicle fuel cost savings for an increase in fuel efficiency and the marginal price of that fuel efficiency increase, and are analyzed in the context of the broader literature on capitalization of energy efficiency in consumer durables.

The Localization of Economic Benefits from Sports Stadiums

Abstract. This paper examines the economic benefit that a city or county derives from the construction of a new sports stadium. The main area in which stadiums affect cities is through job creation, but other studies have shown stadiums to provide little, if any, benefit to metropolitan statistical areas. This paper analyzes earnings throughout the metropolitan area in 3 key sectors. The results indicate that the positive impacts of a sports stadium are highly localized in the county which hosts the team while the negative impacts are spread diffusely across the entire metropolitan area.

The Effects of Foreign Direct Investment on U.S. Immigration (1985-2000): An Empirical Analysis of East Asia

Abstract. This paper analyzes the effects of foreign direct investment (FDI) on U.S. immigration patterns in East Asia between the years 1985 and 2000. The model builds upon previous literature and incorporates socio-economic variables such as relative GDP per capita, relative average schooling years, and percent of total working age population, as well as two measures of foreign direct investment: U.S. FDI and total FDI. Fixed effects are used to capture the remaining country-specific factors. The empirical results strongly support the notion that FDI increases migration pressures. In particular, people tend to migrate toward the FDI source country. Unlike previous literature, I do not account for the effects of immigration policy on migration to the United States; instead, I use a proxy for the number of visa applications the U.S. receives annually, which is a measure of the demand for immigration to the U.S. This proxy is measured by the sum of the flow of legal and illegal immigrants to the United States each year.

Foreign Investment In Mercosur Countries Does it Crowd out Domestic Investment?

Abstract. This paper assesses the extent to which foreign direct investment (FDI) crowds out domestic investment in five MERCOSUR countries: Argentina, Brazil, Chile, Paraguay and Uruguay. I test a theoretical model of investment with panel data from 1979-2002 to shed light on not only whether FDI crowded out domestic investment, but also to see what kinds of effects the creation of MERCOSUR has had on the degree of crowd out of domestic investment. This study finds that crowd out has been the norm in the MERCOSUR countries, and that the regional integration pact, MERCOSUR, has not had a significant effect on abating the degree of crowd out. The main "lesson" of this paper is that FDI effects are not always positive. Hence, the MERCOSUR countries should re-evaluate their FDI policies and begin to be more critical of the FDI inflows entering their countries.

The Economic Consequences of Terrorism in Israel

Abstract. This paper studies the effects of terrorism on a number of macroeconomic variables in the State of Israel, including investment, consumption, and saving. The models use the latest data on Israel's economy, capturing the last four and a half years of heightened terrorist activity, to determine both the extent to which terrorism has depressed Israeli investment, and to resolve the ambiguous effect terrorism can have on consumption and saving.

The Effect of Economic Freedom on Foreign Direct Investment Inflows

Abstract. This paper empirically explores the relationship between economic freedom and Foreign Direct Investment (FDI) inflows. For this purpose, I employ a sample of 126 countries over the period 1996-2003 using the Heritage Foundation/Wall Street Journal Index of Economic Freedom. I also examine the relative importance of each category of the index. The results suggest that greater economic freedom is associated with increased FDI inflows. However, the effect is only positive in the sense that as a country approaches complete economic freedom, it comes closer to achieving the full amount of FDI inflows dictated by its Gross Domestic Product (GDP). I attribute this to the fact that increased economic freedom lowers costs and decreases risk for companies looking to invest abroad.

The Effect of *Kindergarten* on High School Placement: The German Experience

Does attending an early education program have long run benefits and if so, can we measure them? Examining the role of pre-primary education in Germany (*Kindergarten*), I will show that attendance in such a program increases the probability that a student will achieve future success, i.e. attend a better form of high school. Within Germany, the type of high school a student attends determines whether or not he or she will study at a university and is highly indicative of future success. Building off of work completed by Spiess et al. (2003), my study will use a larger sample size of survey based household data and attempt to correct for unobserved heterogeneity between families in order to find a positive and statistically significant relationship between *Kindergarten* attendance and high school placement. I find that attending *Kindergarten* does increase the chances of a student attending one of the two best forms of high school in Germany.

Housing Market Capitalization of Solar Energy: Evaluation of Nevin and Watson (1998)

This paper aims to utilize an updated American Housing Survey (AHS) dataset to replicate and independently evaluate the widely-cited results from Nevin and Watson (1998), which have been used as the fundamental basis for public and private sector reports on housing market capitalization of energy-efficiency and solar energy. I run simple OLS regressions using their hedonic model on data from the AHS dataset for the years 2001, 2003 and 2005 to test my hypothesis that home values should be positively correlated with total annual utility expenditures according to Nevin and Watson's regression model. My results indicate that by not taking into account the effect of two interaction terms based on the utility variable, Nevin and Watson (1998) misinterpreted the results of their regression analysis; including the effect of the two interaction terms on the coefficient of the total utility variable produces a significant positive correlation between utility expenditures and home values. My results demonstrate the critical failure of using Nevin and Watson's findings as the basis of public and private sector support for quantifying the housing market capitalization of investments in and energy efficiency and solar energy systems.

State Party Incentives for Holding Earlier Presidential Primaries: 1976-2000

This paper models incentives state parties have in moving their presidential primary forward, or “frontloading”. State parties maximize their influence over the nomination process. Because being more influential makes the state more valuable to candidates, the paper uses the resource allocation strategies of the candidates to model influence. The more influential a state, the more aggregate campaign expenditures will occur in the state. The data set contains all primaries from 1976 to 2000, excluding instances of incumbency. I construct a model for aggregate campaign expenditures, with the variables of interest being a state’s rank in the primary season and the number of delegates at stake. The results show that primary rank is a significant predictor of spending, and the Democrats and Republicans value delegates and rank differently. Such conclusions set the foundation for an effective system which the national parties can implement to deter detrimental frontloading in the presidential nomination process.

The Effect of Album Sales on Concert Ticket Prices

This paper explores the relationship of album sales and concert ticket prices, in an attempt to verify the behavior of artists as dual good monopolists with complementary goods. Only fragmentary empirical support has ever been given for this theory in terms of the effect on concert ticket prices of album sales, as the complementarity between the two has been eroded by downloading. Three regressions are conducted in which the endogeneity problem inherent in complementary pricing is handled by using two instruments relating to the age of the artist. The results confirm the implication of complementary pricing that greater album sales correspond to lower concert ticket prices; however the point estimates in the regressions vary widely.

Does Social Capital Have an Effect on Microfinance Loan Repayment? An Empirical Study of the Role of Social Capital Beyond the Lending Group on Loan Repayment

Microfinance institutions have recognized that group lending can leverage social capital so that borrowers select one another based on local knowledge of reliability, and then encourage, help, and, if necessary, pressure each other to repay loans promptly. Though studies have been conducted on questions of social capital before, this paper looks beyond questions of how the lending group functions to look at how social ties to the community beyond the lending group impact a borrower’s likelihood to repay. A series of regressions and various approaches examine the effects of proxies for social capital on repayment rates from two data sets and find nuanced results suggesting the importance of certain social factors and raising questions about previous findings.

Does Microfinance Really Help the Children? Evidence from Rural Bangladesh

This study examines a cross-sectional data set from rural Bangladesh to study the effects of microfinance loans on children’s education. I attempt to control for the endogeneity problem by using an exogenous land ownership rule to do regression discontinuity tests and implementing two instrumental variables, program village and eligibility, to predict a household’s probability of receiving a loan. I find that after addressing the endogeneity problem, the general positive effects of loans largely disappear. I further disaggregate the data based on the purpose of the loan and find that loans used for non-farm enterprises, as opposed to agriculture or livestock operations, have a positive effect on school expenditure, enrollment, and attendance.