



CENTRO STUDI LUCA D'AGLIANO

WWW.DAGLIANO.UNIMI.IT

2005/06

REPORT ON SCIENTIFIC ACTIVITIES

TABLE OF CONTENTS

Luca d’Agliaio and the Centro Studi	3
Organisation	6
Research Output	7
Summary of Research Areas	7
International Trade, Factor Mobility and Industrialisation	8
Trade, Industrialisation and Development	8
Linking Foreign Direct Investment and Migration: Mobility of People and Mobility of Firms	10
The International Activities of the Firm: Modes and Competitiveness	12
Institutions and Poverty in Developing Countries	14
Poverty and Inequality	14
Microeconomics Institutions and Social Organisation in Developing Countries	14
Lectures, Seminars and Conferences	16
Conferences and Seminars 2005/06	16
Luca d’Agliaio Lectures in Development Economics	17
Third Conference on Trade, Industrialisation and Development	18
Summer School in Trade, Industrialisation and Development	18
TID Mid-Term Review Meeting	19
Course on Poverty and Development	19
Other Seminars	19
Publications	21
Scholarships and Prizes	23

Luca d'Agliano

Luca d'Agliano was born in Turin on July 4, 1961.

At the end of the first year of classical high school at the Rosmini Institute in Turin, driven by the wish to widen his horizons, he decided to finish his secondary education under the provisions of the Sevenoaks International Baccalaureate Programme.

In September 1980, he went up to Churchill College, University of Cambridge, where he read philosophy and then economics under Margaret Bray and Frank Hahn.

On taking his Bachelor of Arts degree in 1983, he was awarded a scholarship by the Fondazione Luigi Einaudi, Turin, and was admitted to St. Anthony's College, University of Oxford. Here, under the guidance of Amartya Sen, he studied questions relating to developing countries and welfare economics, concentrating mainly on the analysis of collective agriculture systems and the conflict, typical of such systems, between the ethical value of collective production and the pragmatic need to give individuals the incentive to produce.

The vision and the task that Luca d'Agliano assigned to economics can be gathered from this extract from the research programme submitted by him to the Fondazione Luigi Einaudi in July 1983:

"It is desirable for the study of economics to be continually carried over into practical applications, above all when attempting to solve problems that limit the growth of man's well-being. For this substantially ideological reason, it becomes important to combine close study of purely theoretical matters with a study of the problems afflicting the developing countries in their struggle against poverty, a question that is still far from being resolved, but to which economics should be applied".

Nearly a year later, Luca d'Agliano lost his life in a road accident (June 1984).

The Centro Studi: aims

The Centro Studi Luca d'Agliano was founded in Turin in 1986 by the family of Luca d'Agliano, his friends, and some of his teachers. It is currently located at the Fondazione Luigi Einaudi in Torino and at the University of Milano.

Its aim is to favour a better understanding of the economic problems inherent to development.

Particular emphasis is placed on giving students the opportunity to attend the best universities and so to come in contact with the most distinguished scholars in order that they may acquire a truly international perspective and an intellectual and broad minded approach to the problems of development economics.

The Centro Studi: activities

The activities of the Centro Studi are:

- I) the undertaking of research in development economics. In keeping with an approach similar to that of Luca d'Agliano, such research aims to maintain a close connection between:
 - a) the latest developments in economic theory
 - b) certain fundamental features of development economics, with special emphasis on the conflict between efficiency and equity - fight against poverty
 - c) ethical and philosophical questions assuring the unity and cohesion of points a) and b)
- II) a library and documentation centre on development studies located at the Fondazione Einaudi. This also includes the writings, notes and books that formed the subject-matter of Luca's studies at the Universities of Cambridge and Oxford;
- III) the award of scholarships, prizes and research grants to Italian and foreign students wishing to further their studies in development;

- IV) a series of seminars allowing people from the academic and business world interested in the problems of developing countries to share their work and experiences;
- V) the publication, on its own account or in association with other institutions, of studies and informative material on topics related to developing countries;
- VI) collaboration agreements with other Italian and foreign institutions aimed at furthering the exchange of ideas and the comparison of topics related to development;
- VII) the training of young students and practitioners.

ORGANISATION

President: Luigi Galleani d'Agliano

Scientific Committee: Riccardo Faini (Chairman), Giorgio Basevi, François Bourguignon, The Lord Dahrendorf, Luigi Donato, Enzo Grilli, Frank Hahn, Judith Heyer, Fabrizio Onida, Amartya Sen, Nicholas Stern, Frances Stewart, Vittorio Valli, Anthony Venables and the Chairman of the Scientific Committee of the Fondazione Luigi Einaudi of Turin, Marcello Carmagnani

Scientific Director: Giorgio Barba Navaretti

Coordination Committee: Giorgio Barba Navaretti, Riccardo Faini, Giovanna Prennushi

Fellows: Roberto Basile, Luigi Benfratello, Giuseppe Bertola, Tito Boeri, Alessandra Casarico, Davide Castellani, Daniele Checchi, Francesco Daveri, Mario Deaglio, Paolo Epifani, , Anna Maria Falzoni, Massimo Florio, Marzio Galeotti, Rodolfo Helg, Eliana La Ferrara, Paolo Manasse, Anna Maria Mayda, Alessandro Missale, Gianmarco Ottaviano, Carlo Pietrobelli, Roberta Rabellotti, Fabio Ranchetti, Alessandro Sembenelli, Alessandro Turrini,

Post Doctoral Fellows: Gianfranco De Simone, Anne-Célia Disdier, Giulia Felice, Miriam Manchin, Mariapia Mendola, Alessandra Tucci

Junior Researchers and Doctoral Students: Laura Anselmi, Paola Cassotta, Elisabetta Lodigiani, Angelica Salvi del Pero.

Support Staff: Simona Orlando and Chiara Elli

RESEARCH OUTPUT

Summary of Research Areas

AREA	RESEARCH PROJECTS	RESEARCH PARTNERS	FUNDING INSTITUTIONS
<i>International Trade, Factor Mobility and Industrialisation</i>	<ul style="list-style-type: none"> • Trade, Development and Industrialisation • Linking Foreign Direct Investment and Migration: Mobility of People and Firms • The International Activities of the Firm: Modes and Competitiveness 	<ul style="list-style-type: none"> • CEPR; • London School of Economics; • Université Libre de Bruxelles; • Paris-Jourdan Sciences Economiques; • Trinity College, Dublin; • University of Rotterdam; • Norwegian School of Economics and Business; • The World Bank; • University of Milan; • University of Turin; • Bocconi University; • Fondazione ENI Enrico Mattei; • ICE, Rome 	<ul style="list-style-type: none"> • The European Commission; • The World Bank; • Compagnia di San Paolo; • Fondazione CRT; • Italian Ministry of Research; • Telecom Italia; • Capitalia
<i>Institutions and Poverty in Developing Countries</i>	<ul style="list-style-type: none"> • Poverty Measurement and Assessment • Microeconomic Foundations of Ethnicity and Social Organisation in Developing Countries 	<ul style="list-style-type: none"> • The World Bank; • University of Milan; • Bocconi University 	<ul style="list-style-type: none"> • The World Bank; • Institutional funding

All LdA research output can be downloaded from the website www.dagliano.unimi.it.

International Trade, Factor Mobility and Industrialisation

Trade, Industrialisation and Development

The research network “Trade, Industrialisation and Development” was launched at the beginning of 2003. Its objective is to understand the institutional and micro-economic constraints that affect the ability of developing countries to participate effectively in the world economy and to identify conditions that secure industrial development and modernisation, by investigating the interactions between trade, industry, institutions and economic development.

This network, funded with a grant by the European Commission, includes some of the major European research institutes in the field: CEPR; Centro Studi Luca d'Agliano; Paris-Jourdan Sciences Economiques; European Centre for Advanced Research in Economics and Statistics (ECARES), ULB, Brussels; Centre for Economic Performance; London School of Economics (LSE); Norwegian School of Economics and Business Administration; Tinbergen Institute, Rotterdam; Trinity College, Dublin; Pennsylvania State University.

Under this program, LdA has awarded a post-doctoral fellowship position at LdA premises in Milan to *Anne Célia Disdier* until September 2005. Anne-Célia holds a PhD from the University of Paris I, La Sorbonne and has been working extensively on foreign direct investments, trade policy and trade of cultural goods. On September 15, 2005 *Miriam Manchin* started to work at Centro Studi Luca d'Agliano as the new RTN TID post-doctoral fellow. She holds a PHD from the Université Catholique de Louvain and her research topics are international trade and trade policy.

Anne-Célia Disdier and *Keith Head* carried out a meta analysis to review the empirical evidence of the impact of distance on trade. The negative impact of distance on trade is not shrinking, but increasing slightly over the last century. This result holds even after controlling for many important differences in samples and methods. *Anne-Célia Disdier* and *Thierry Mayer* study the relationship between bilateral trade patterns and opinions. Their work, based on the Eurobarometer public opinion surveys published by the European Commission, suggests that bilateral opinions have a statistically robust and relatively large effect on imports, even when standard and new covariates capturing proximity between countries are controlled for. *Anne-Célia Disdier* presented the paper “Exposure to Foreign Media and Changes in Cultural Traits: Evidence from Naming Patterns in France”, with *Keith Head* and *Thierry Mayer* during the yearly conference ERWIT which took place at the Erasmus School of Economics and at the Tinbergen

Institute in Rotterdam on June 16th to 19th.

Miriam Manchin, during her first half year of appointment, has been working on several research papers. She has written a paper together with Joseph Francois, who is the scientist in charge of the network at the Tinbergen Institute, entitled 'Institutional Quality, Infrastructure, and the Propensity to Export'. She presented the paper during the Third Conference of the Research Training Network in Chianti on the 27-29th of January 2006. She has been also working with Annette Pelkmans on a research paper examining the importance of the ASEAN preferential trade agreement for the countries in the region. Apart from these two new papers she has also revised some of her previous work. One of these papers was entitled "Preference Utilisation and Tariff Reduction in EU Imports from ACP Countries" which is now forthcoming in *World Economy*. Another paper which she revised during this period was jointly written with Joseph Francois and Bernard Hoekman entitled "Preference Erosion and Multilateral Trade Liberalization" which is forthcoming in the *World Bank Economic Review*. She has been also revising a paper entitled "Border Effects in the Enlarged EU Area. Evidence from Imports to Applicant Countries" which is now under second review for *Applied Economics*. Moreover, she has been working with Alex Hijzen and Holger Gorg on the revision of their joint work 'Cross-Border Mergers & Acquisitions and the Role of Trade Costs' which is now submitted to the *European Economic Review* for publication. She has also presented her papers at a seminar organized by the Department of Economics of the Università degli Studi di Milano and at an internal seminar of the Centro Studi Luca d'Agliano.

Alessandra Tucci, using Indian firm-level data, analysed the performance of firms that participate in international trade, focusing on the combined role of import and export intensity in a context of foreign networks. In addition, systematic patterns of firm performance have been identified after characterizing networks by the specific origin of import and destination of export. This analysis has important trade policy implications. The author provided evidence that the trade contract with a developed country is not correlated to a productivity advantage, while the higher is the concentration of export and import activities towards a specific area (both developed and developing) the higher is the associated performance measure.

Gianfranco De Simone has been investigating how the emergence of cross-border production sharing and the resulting trade in parts and components are affecting developing countries' patterns of specialisation and localisation of industrial activities. In a first paper, the author focuses on the changes in both production and trade specialization of Central Eastern European Countries in five sectors where trade in intermediates with EU-15 members is particularly important. By jointly using trade and

production data, he is able to outline the ways in which CEECs are moving along the internationally “sliced-up” value chain.

In a second paper, the author goes more in depth in the analysis of emerging trends of localisation of industries. He tries to find out what is the role played by trade in parts and components in determining the redistribution of activities observed across CEECs in the second half of the 1990s.

Linking Foreign Direct Investment and Migration: Mobility of People and Mobility of Firms

LdA has now been working for one year on a project exploring the link between foreign direct investment and migration, funded by the Fondazione CRT, within its Progetto Alfieri.

Factor mobility is part and parcel of the globalization process. Together with trade flows, capital and labour flows have helped cementing the linkages between different economies in the world. At the same time, though, both labour and capital flows have been highly controversial. Labour migration is often opposed for the fear of diluting national identities, Similarly, FDI liberalisation is thought to limit the domestic policy space and infringe on national sovereignty.

Assessing the impact of factor mobility is a key component of the debate on globalization. Moreover, the effects of trade, labour and capital flows cannot be examined separately, but their interactions need to be thoroughly investigated. The study of these interactions also helps understanding why and under what conditions economic activities tend to disperse or aggregate in given locations. The dynamics of economic activities in any given location follows patterns which are difficult to predict.

Somewhat surprisingly, the relationship between FDI and migration has not been extensively investigated in the literature, neither at the theoretical nor at the empirical level. This omission is somewhat striking since the issue carries substantial policy implications. Moreover, the links between FDI and migration does not necessarily work through trade and cannot be inferred therefore from a simple extension of the trade and factor mobility literature. This project aims at filling this gap.

Several papers are being prepared under this project, which will be completed in March 2007. *Gianmarco Ottaviano* and *Valeria Gattai* are developing a broad theoretical framework to analyse the link between migration and FDI with heterogeneous firms. *Daniele Checchi*, *Gianfranco De Simone* and *Riccardo Faini* are working on a cross

country analysis, exploring whether and how migration induced brain drains and brain gains may influence the ability of countries to attract FDI. *Frédéric Docquier and Elisabetta Lodigiani* also look at the issue from a cross country perspective, but they focus in particular on the role of networking effects, i.e. on whether network of migrants may favour investment flows from their host to their home country. *Giorgio Barba Navaretti, Giuseppe Bertola and Alessandro Sembenelli* are instead carrying out an empirical analysis of how heterogeneous firms choose between migrant workers and investing in developing countries as alternative strategies to reduce labour costs. Specifically their work focuses on Italian provinces. *Giuseppe Bertola and Lorenza Mola* look at the international regulations of service provisions through the mobility of people or activities. Finally, *Giorgio Barba Navaretti and Riccardo Faini* examine the institutional and policy implication of this relationship.

LdA has also joined a new EC-6th Framework funded research network on "Sustainable Development in a Diverse World", coordinated by the Fondazione Eni Enrico Mattei (FEEM), Milan. The main objective of the project is to create a "Network of Excellence" integrating European research capabilities across disciplines and countries in order to provide European society and policy with the instruments and tools for managing cultural diversity as a key element of a new strategy for sustainable development. Several recent works have highlighted how cultural diversity (e.g. different ethnical groups within a given geographic space) may enhance growth. LdA will contribute to the research activities of this network by looking once again at the interaction between foreign workers and foreign firms within specific locations and geographic areas.

Within this research area, *Riccardo Faini* in "Trade Liberalization in a Globalizing World": showed how globalization is not only about the rise of trade, FDI, and migration, but it is also about the changing linkages among these flows.

Riccardo Faini also worked on a paper on "The Brain Drain: An Unmitigated Blessing?". Increasingly, immigration policies tend to favour the entry of skilled workers, raising substantial concerns among sending countries. The "revisionist" approach to the analysis of the brain drain holds that such concerns are largely unwarranted. This paper takes a further look at the link between skilled migration, education, and remittances. It finds little support for the revisionist approach. First, a higher skilled content of migration is found to be associated with a lower flow of remittances. Second, there is little evidence suggesting that raising the skill composition of migration has a positive effect on the educational achievements in the home country.

Giovanni Facchini, Oliver Lorz and Gerald Willmann worked on a paper on 'Asylum Seekers in Europe: The Warm Glow of a Hot Potato' The Common European Asylum

System calls for increased coordination of the EU countries' policies towards asylum seekers and refugees. In this paper, the authors provide a formal analysis of the effects of coordination, explicitly modelling the democratic process through which policy is determined. of compensation exacerbates the strategic delegation.

Giovanni Facchini and Anna Maria Mayda in 'Individual Attitudes towards Immigrants: Welfare-State Determinants Across Countries' analyze welfare-state determinants of individual attitudes towards immigrants - within and across countries - and their interaction with labor-market drivers of preferences.

The International Activities of the Firm: Modes and Competitiveness

In partnership with the Department of Economics of the University of Milan, LdA has been awarded a large research grant for strategic research projects from the Italian Ministry of Research to analyse the international dispersion and fragmentation of the economic activities of firms and the organisational and technological implications of such a pattern. The project started in September 2005

The process of adjustment and restructuring both at the firm and at the industry level is an essential element of European competitiveness, which has been almost completely ignored in discussions of European economic performance.

Heterogeneity of firms plays a key role in the adjustment process, and we are in a much better position to understand the interaction between heterogeneity and adjustment, thanks to recent advances in trade theory. The characteristics of firms entering the international market as exporters or as foreign investors, the way in which they organise their activities, and the relationship between their international and their domestic operations are all issues that affect the international competitiveness of an economy. They need to be analysed by using firm level or industry level data. While we have relatively good data on trade and on the activities of multinationals for several European countries, our knowledge of the growth in outsourcing and off-shoring and its impact on European competitiveness must be further developed. The project will last for three years and includes several Italian economic departments as well as ICE, the Italian Institute for the promotion of foreign trade.

The project will also involve the carrying out of a parallel analysis in other two European countries, specifically France and Germany. The international part of the project will be carried out jointly with CEPR and will be funded by Capitalia and Telecom Italia .

Jointly with the University of Turin and with funding from Compagnia di San Paolo, LdA has also created an observatory on the internationalisation of Italian firms aimed at transmitting the outcome of academic research on this topic to a broader audience. LdA every year defines a topical issue and prepares an ad hoc study. The outcome of this study will be presented in a workshop including both academics and practitioners. During its first year the observatory focussed on inward FDI. *Luigi Benfratello, Davide Castellani* and *Roberto Basile* analysed whether the attractiveness of Italian regions to inward FDI is below potential and, if so, for what reasons. In their “Attracting Foreign Direct Investment in Europe. Are Italian Regions Doomed?” they show that Italian regions on average attract 40% less FDI than their potential. The potential attractiveness of a given region is computed on the basis of regional characteristics, compared to the characteristics of other competitor regions. This gap is mostly explained by national factors, like the level of bureaucracy and the institutional environment. However, the paper also finds that the factors of attraction for FDI are generally worse for Italian regions than for their European competitors. This paper was presented at a conference in Turin jointly organised by LdA, the Compagnia di San Paolo and ITP, the agency for the promotion of foreign investment in Piedmont, in January 2006.

In a new paper, *Giorgio Barba Navaretti, Davide Castellani and Anne-Célia Disdier* analyse the impact of foreign activities of multinational firms on home economies in Italy and France. Transferring low tech manufacturing jobs to cheap labour countries is often seen by part of the general public and policy makers as a step into the de-industrialisation of the European economies. However, several recent contributions have shown that the effects on home economies are rarely negative and often positive. This paper contributes to this literature by examining how outward investment to cheap labour countries affect home activities of a sample of French and Italian firms that turn multinational in the period analysed. The paper finds no evidence of a negative effect of outward investment to cheap labour countries. In Italy they enhance the efficiency of home activities, with also positive long term effect on output and employment growth. Also for France it finds a positive effect on productivity and the size of domestic activity, although not as robust and significant.

Finally, *Giorgio Barba Navaretti, Riccardo Faini and Alessandra Tucci* have been exploring how the different modes through which Italian firms internationalise their activities affect their performance. This work is based on the new wave of the Capitalia survey on Italian firms which has just been released.

Researchers working in this subject area: *Laura Anselmi, Giorgio Barba Navaretti, Roberto Basile, Luigi Benfratello, Giuseppe Bertola, Alessandra Casarico, Paola Cassotta, Davide Castellani, Daniele Checchi, Gianfranco De Simone, Anne-Célia*

Disdier, Paolo Epifani, Giovanni Facchini, Riccardo Faini, Giulia Felice, Marzio Galeotti, Elisabetta Lodigiani, Miriam Manchin, Anna Maria Mayda, Gianmarco Ottaviano, Alessandro Sembenelli, Alessandra Tucci, Alessandro Turrini, Anthony Venables, Alessandra Venturini.

Institutions and Poverty in Developing Countries

Poverty and Inequality

In 2005, research focused on poverty and inequality, poverty measurement and monitoring and the analysis of institutional and micro-economic determinants of poverty, in the context of the preparation and implementation of poverty reduction strategies. Country research focused on Bangladesh, Ghana, and Nepal.

Angelica Salvi del Pero worked on a World Bank study on inequality between ethnic groups in Nepal. The study used household data collected in 2003/04 on demographic characteristics, ethnicity, consumption levels, as well as employment and agricultural activities. The study examines consumption inequalities across ethnic groups in Nepal and explains how much inequality is due to differences in the distribution of welfare covariates and how much to differences in returns to such covariates. Differences in returns would corroborate claims of discrimination against some disadvantaged ethnicities. The analysis detects limited differences in returns, so discrimination may occur in the process of acquiring endowments rather than in the returns to these endowments.

Giovanna Prennushi worked on the World Bank 2006 World Development Report *Equity and Development* as a core member of the World Bank team. The report argues that equity, intended as equality of opportunities, is a key ingredient of long-term prosperity. Societies where all members have equal opportunities and can fully deploy their talents and potential are not only fairer, but also tend to perform better in the long run, than societies that in various ways exclude and discriminate against some of their members. Globally, the rules governing the markets for goods, labour, capital, and ideas should be changed so as to favour poor countries and contribute to more equitable development. Following up on a workshop held in November 2004, LdA jointly organised with the Department of Economics (DEAS) of the University of Milan a workshop on “Achieving Greater Global Equity”.

Microeconomic Institutions and Social Organisation in Developing Countries

Mariapia Mendola investigated the contribution that migrants make to economic

development in their home country. In particular, she carried out an empirical investigation in rural Bangladesh to test whether migration is a family diversification strategy that enables sending households to uptake modern farming technologies. She accounted for heterogeneity of migration constraints by differentiating between temporary-domestic, permanent-domestic and international migration. She found that households with larger landholdings are more likely to send migrants abroad and employ modern technologies, thereby achieving higher productivity. Poorer households, on the other hand, are not able to overcome the entry costs of moving abroad and fall back on domestic migration, which does not help them achieve production enhancements and may act as a poverty trap. Mariapia Mendola is also looking at how rural out-migration re-shapes the informal structure of village economies at origin by affecting non-market transactions and social protection through social networks.

LdA organised three seminars to discuss work in progress by researchers working on this area, one on an overview of work areas, one on labour deprivation with an application to Turkey (presentation by Paolo Verme, University of Turin and Bocconi University) and one on inequality in Nepal (presentation by A. Salvi). Like every year, a course on “Poverty and Development”, jointly with ISPI and the Department of Economics of the University of Milan was organised.

Finally, we prepared a proposal to set up an Observatory on Poverty and Development, which would conduct research on development topics, widely disseminate research findings, and provide learning opportunities for students at different levels. The proposal has been discussed with various foundations.

Researchers working in this subject area: *Giovanna Prennushi, Eliana La Ferrara, Mariapia Mendola, Angelica Salvi del Pero and Paolo Verme.*

LECTURES, SEMINARS AND CONFERENCES

TITLE	DATE & LOCATION	ORGANISING PARTNER	FUNDING INSTITUTIONS
Fourth Luca d'Agliano Lecture in Development Economics: <i>"Employment and Development: Good jobs, bad jobs"</i> by François Bourguignon	May 2 nd , 2006 Turin, Italy	- Fondazione Luigi Einaudi, Turin	- Compagnia di San Paolo, Turin
Third Luca d'Agliano Lecture in Development Economics: <i>"Globalization and Underdevelopment in the Pre-Modern Third World"</i> by Jeffrey G. Williamson	March 31 st , 2006 Turin, Italy	- Fondazione Luigi Einaudi, Turin	- Compagnia di San Paolo, Turin
Third Conference on Trade, Industrialisation and Development	January 2006, 27 th -29 th , San Casciano, Italy	- CEPR	- European Commission
CNR Working Group on International Economics and Development: <i>"International Flows of Goods, Capital and People: implications for development and competitiveness"</i>	January 13-14 th , 2006, University of Milan, Italy	- University of Milan - ICE	- CNR - MIUR
Conference on <i>"Attrattività e competitività: la sfida per le regioni europee"</i>	11 th January, 2006, Turin, Italy	- ITP - Compagnia di San Paolo	- Compagnia di San Paolo;
<i>"International Fragmentation of Italian Firms. New organizational models and the role of information technologies"</i> FIRB kick off meeting	22 nd December, 2005, University of Milan, Italy	- University of Milan	- MIUR
Summer School on <i>"Trade, Innovation and Technology Diffusion: Implications for Developing Countries"</i> . Lecturers: Francesco Caselli, Jonathan Eaton	September 4 th – 8 th , 2005, Gargnano, Italy	- CEPR; - PhD in Economics, Universities of Turin and Milan.	- European Commission; - University of Milan; - Compagnia di San Paolo, Turin.
Mid-Term Review Meeting of the <i>"Trade, Industrialisation and Development"</i> network	June 15 th – 16 th , 2005, Rotterdam	- CEPR - Tinbergen Institute	- European Commission
People and Firms kick off meeting	May 16 th , 2005, University of Milan, Italy	- University of Milan	- Fondazione CRT
Course on <i>"Poverty and Development"</i>	February 14 th – March 16 th , 2005, Milan, Italy	- ISPI - Department of Economics, University of Milan	- ISPI - Institutional funding

Luca d'Agliano Lectures in Development Economics

The Luca d'Agliano Lectures are organised each year also thanks to the generous support of the Compagnia di San Paolo of Turin. The aim of these Lectures is to favour the diffusion of the ideas of some of the most important scholars in the field to a non specialised audience.

In 2006 two lectures took place at Fondazione Luigi Einaudi in Turin and were introduced by *Piero Gastaldo* (General Secretary, Compagnia di San Paolo) and *Riccardo Faini* (Professor of Economics, University of Rome and Chairman of the Scientific Committee, Centro Studi Luca d'Agliano).

The Third Luca d'Agliano Lecture was given on March 31st by *Jeffrey G. Williamson* (Laird Bell Professor of Economics, Harvard University) on “Globalization and Underdevelopment in the Pre-Modern Third World”.

Jeffrey G. Williamson explained that a large GDP per capita gap appeared between the industrial core and the poor periphery between 1810 and 1940, the periphery producing, increasingly, primary products. The terms of trade facing the periphery also underwent a secular boom then bust, peaking in the 1870s or 1890s. These terms of trade trends appear to have been exogenous to the periphery. Additionally, the terms of trade facing the periphery exhibited relatively high volatility. This lecture argues that these correlations are causal, that secular growth and volatility in the terms of trade had asymmetric effects on core and periphery. On the upswing, the secular rise in its terms of trade had powerful de-industrialization effects in the periphery. Over the full cycle 1810-1940, terms of trade volatility suppressed accumulation and growth in the periphery as well.

The Fourth Luca d'Agliano Lecture was given on May 22nd by *François Bourguignon* (Chief Economist, Senior Vice President, World Bank, Professor of Economics, Ecole des Hautes Etudes en Sciences Sociales, Paris) on “Employment and Development: good jobs, bad jobs”. It discussed possible options to characterize labor market vulnerability, using existing statistical information. It drew on household survey data in a small sample of developing and emerging economies over the past decade to characterize labor-market performances. In particular, it examined the “quality” of jobs that different workers have access to, quality being defined by: i) the type of labor contract (written, with provision of social security benefits, informal, etc.); ii) working conditions; and iii) the level of earnings. It then tried to relate these performances to the structure of the economy, labor-market regulation and the macro-economic evolution of the country. Finally, it evaluated the implication of labor-market performances for

analysing why innovation takes place in the small number of countries where most of it occurs and how the rest of the world gains access to these innovations. In particular, *Francesco Caselli* lectured on technology and capital flows and technology choice whilst *Jonathan Eaton* examined, in his lectures, the basic measures and the fundamentals of innovation, bilateral trade, diffusion and trade, export behaviour and innovation and diffusion.

The School was open to 30 doctorate and post-doctorate students in economics and related disciplines from all countries who were selected, amongst more than 80 applicants, by a Committee constituted by *Giorgio Barba Navaretti*, *Alessandro Sembenelli*, *Anthony J. Venables* and *Thierry Verdier*.

TID Mid-Term Review Meeting

The mid-term review meeting of the “Trade, Industrialization and Development” research training network was held at the Tinbergen Institute in Rotterdam on June 15th and 16th. During this meeting, reports by the individual team leaders (*Giorgio Barba Navaretti* for the Centro Studi d’Agliaio) and by the young researchers of the network (*Anne-Célia Disdier* for the Centro Studi d’Agliaio), were presented.

Course on Poverty and Development

LdA organises a yearly course on “Poverty and Development”, jointly with the University of Milan, as part of the Winter School of ISPI (“Institute for the Study of International Politics”) in Milan. The course, which includes a series of ten lectures, is multidisciplinary and aimed at analysing the relationship between development and poverty. After defining the concept and possible measures of poverty, lecturers explored the links between poverty and demography, trade, micro-enterprises and the environment. The course also dealt with policy measures for poverty alleviation.

Other Seminars

The Centro Studi d’Agliaio also organizes a number of meetings and seminars in collaboration with other Italian and international institutions:

December 2nd, 2005, University of Milan, Italy

Seminar on “Ethnic Inequality in Nepal: A Regression Based Decomposition”, *Angelica*

Salvi del Pero (Centro Studi Luca d'Agliano and University of Milan);

November 11th, 2005, University of Milan, Italy

Seminar on "Migration and Labour Deprivation in Turkey", *Paolo Verme* (World Bank and Asian Development Bank);

March 3rd, 2005, University of Milan, Italy

Seminar on "World Development Report 2006: Equity and Development: Towards Greater Global Equity", *Giovanna Prennushi* (Centro Studi Luca d'Agliano Coordinator of the Research Area of Institutions and Poverty in Developing Countries, Member of the WDR Team and Lead Economist of the World Bank);

March 4th, 2005, University of Milan, Italy

Seminar on "Intermediation by Aid Agencies", *Paul Seabright* (Institut d'Economie Industrielle, Université des Sciences Sociales de Toulouse and CEPR).

PUBLICATIONS

“Centro Studi Luca d’Agliano Development Studies Working Papers”

The Centro Studi d’Agliano publishes a series of working papers in Development Economics. Their publication is funded by the Banca d’Italia and by the Fondazione Cassa di Risparmio di Torino. The Centro Studi Luca d’Agliano Development Studies Working Papers can be downloaded from the Ld’A website, www.dagliano.unimi.it.

Paolo Epifani is the editor of the series.

The list of working papers published in 2005 is set out below.

197. **Jens Matthias Arnold** (World Bank, Bocconi University); **Beata Smarzynska Javorcik** (World Bank; CEPR): “Gifted Kids or Pushy Parents? Foreign Acquisitions and Plant Performance in Indonesia”.
198. **Sabrina Di Addario** (Bank of Italy; University of Oxford): “Job Search in Thick Markets: Evidence from Italy”.
199. **Alessandra Tucci** (University of Milan; Centro Studi Luca d’Agliano): “Trade, Foreign Networks and Performance: A Firm-Level Analysis for India”.
200. **Roberto Basile** (Isae, Rome; University of Macerata); **Luigi Benfratello** (University of Turin; Ceris-CNR, Turin); **Davide Castellani** (University of Urbino; Centro Studi Luca d’Agliano): “Attracting Foreign Direct Investments in Europe: Are Italian Regions Doomed?”.
201. **Marc J. Melitz** (Harvard University; NBER; CEPR); **Gianmarco I.P. Ottaviano** (University of Bologna; FEEM; CEPR): “Market Size, Trade, and Productivity”.
202. **Silvia Marchesi; Laura Sabani** (University of Siena; University of Florence): “Prolonged Use and Conditionality Failure: Investigating the IMF Responsibility”.
203. **Gianfranco De Simone** (Università di Torino; Università degli Studi di Milano); “How Do Trade in Intermediates and Geographical Forces Interact in Determining the Localisation of Industries in Central Eastern European Countries?”.
204. **Jiahua Che** (Hong Kong University of Science and Technology; William Davidson

- Institute); **Giovanni Facchini** (University of Illinois at Urbana Champaign; University of Milan): “Dual Track Reforms: With and Without Losers”.
205. **Giovanni Facchini** (University of Illinois); **Oliver Lorz** (RWTH Aachen University); **Gerald Willmann** (University of Kiel): “Asylum Seekers in Europe: The Warm Glow of a Hot Potato”.
206. **Silvia Marchesi**; **Laura Sabani** (University of Siena; University of Florence): “IMF Concern for Reputation and Conditional Lending Failure: Theory and Empirics”.
207. **Giovanni Facchini** (University of Illinois at Urbana Champaign; University of Milan); **Johannes Van Biesebroeck** (University of Toronto; NBER); **Gerald Willmann** (University of Kiel): “Protection for Sale with Imperfect Rent Capturing”.
208. **Sándor Csengődi** (Corvinus University of Budapest); **Rolf Jungnickel** (HWWA); **Dieter Urban** (Johannes Gutenberg - University Mainz): “Foreign Takeovers and Wages: Theory and Evidence from Hungary”.
209. **Artjoms Ivlevs** (CEDERS, Université de la Méditerranée Aix-Marseille II): “Migration and Foreign Direct Investment in the Globalization Context: the Case of a Small Open Economy”.
210. **Anna Iara** (The Vienna Institute of International Economic Studies; Center for European Integration Studies, University of Bonn): “Skill Diffusion by Temporary Migration? Returns to Western European Working Experience in the EU Accession Countries”.
211. **Graziella Bertocchi** (University of Modena and Reggio Emilia; CEPR; CHILD; IZA); **Chiara Strozzi** (University of Modena and Reggio Emilia): “The Evolution of Citizenship: Economic and Institutional Determinants”.

SCHOLARSHIPS AND PRIZES

Ld'A devotes particular attention to training young students to acquire the background necessary for a professional career in development research, by providing them with financial assistance in the form of scholarships or by including them in their research projects.

A yearly grant of 9.300 Euros is awarded, through the Fondazione Luigi Einaudi in Turin, to young Italian graduates who wish to advance their studies in development economics at the Universities of Cambridge, Oxford or at the London School of Economics.

Laura Anselmi was the awardee for 2005. Laura is at present completing her M.Phil in Economics at the University of Oxford with a research project on the socio-economic causes of child labour.

In the past, scholarships were awarded to: *Giorgio Barba Navaretti* (Oxford, 1985), *Chiara Tuffarelli* (Cambridge, 1986), *Roberta Rabellotti* (Oxford, 1987), *Francesco Daveri* (Oxford, 1988), *Marina Moretti* (Oxford, 1990), *Paolo Craviolatti* (Oxford, 1992), *Gabriella Giacometti* (Warwick, 1993), *Sabina Di Addario* (Oxford, 1994), *Renato Grelle* (Oxford, 1995), *Andrea Finicelli* (Oxford, 1997), *Ilaria Caetani* (LSE, 1998), *Diego Angemi* (Oxford, 1999), *Mattia Nicola Romani* (Oxford, 2000) *Francesco Rampa* (Oxford, 2001), 2002, not awarded, *Luciano Ciravegna* (Oxford 2003) and *Giulia Pietrangeli* (LSE, 2004).

Prizes

The Centro Studi's annual prizes are awarded through Churchill College, University of Cambridge, and St. Antony's College, University of Oxford, to students displaying "ability in their studies, particular interest in the problems of developing countries, humanity and altruism".

Prize-winners are listed by institution. A similar prize, assigned to a student from Sevenoaks School (Kent), was discontinued in 1994.

Cambridge (£. 500)

In 2005, the prize was awarded to *Hui Wang* (China), a Ph.D student at the faculty of Social and Political Sciences, for the research “A Case Study of Female Migrants in the Hotel Industry in the Pearl River Delta Region in China”.

In the past, prizes were assigned to: *C.M. Bramall* and *X.H. Zhang* (1986), *S.V. De S. Gunaratne* and *L.Wang* (1987), *A. Basu*, *H. L. Khong* and *M. Marcel* (1988), *Luis A. V. Catao*, *Lucia Hammer* and *Sue Szabo* (1989), *He Dong*, *R. M. Rimmer* and *A. P. Woods* (1990), *Pingyao Lai*, *Xiao-Feng Liu* and *Asad Sayeed* (1991), *Giancarlo Spagnolo* (1992), *Anu Satyal* (1993), *Gangzhan Fu* (1994), *Samantha Gibson* (1995), *Reehana Rifat Raza* (1996), *Khwima Lawrence Nthara* (1997), *Grace P.C. Mugadza* (1998), *Martin Ruhs* (1999), *Sara Silvestri* (2000), *Rozana Salih* (2001), *Xutian Ma* (2002), *Yuantao Guo* (2003) and *Dominic Rohner* (2004).

Oxford (£. 500)

In 2005, the prize was granted to *Neha Kumra* (India), an MSc in Economics for Development student at Exeter College. Her research work focuses on “Influencing Child Labour Supply in Developing Countries – Analysis and Policy Implications”.

In the past, prizes were assigned to: *J.R. Scott* (1985), *J. Hoddinot* (1986), *Solomon Soquar* (1987), *Jerome Booth* (1988), *Mamta Murthi* (1989), *Stephen Grant Devereux* (1990), *Nomaan Majid* (1991), *Lucia da Corta* (1992), *Roberto Tibana* (1993), *Riccardo Maggi* (1994), *Sabina Alkire* (1995), *Caterina Ruggieri Laderchi* (1996), *Nancy Collins* (1997), *Mark Wu* (1998), *Diego Angemi* (1999), *Sebastian Silva-Leander* (2000), *Maria Lugo* and *Jesse Kharbanda* (2001) and *César Calvo* (2002), 2003, not awarded and *Raphael Espinoza* (2004).

Other Prizes

Another, non-annual prize was established in 2003 to further the studies and stages abroad of students from developing countries. Candidates are required to follow Master courses in Development Economics at the Universities of Torino, Pavia or Milano.

The 2005 prize was assigned to *Mulugeta Belayhun Belete* (Ethiopia), a student at the Cooperation and Development School of the University of Pavia, who, after having completed his first year (including a stage at UNCTAD in Geneva), will follow a second-year specialization course in International Economic Cooperation and Integration.