

# CURRENT ISSUES IN DEVELOPMENT

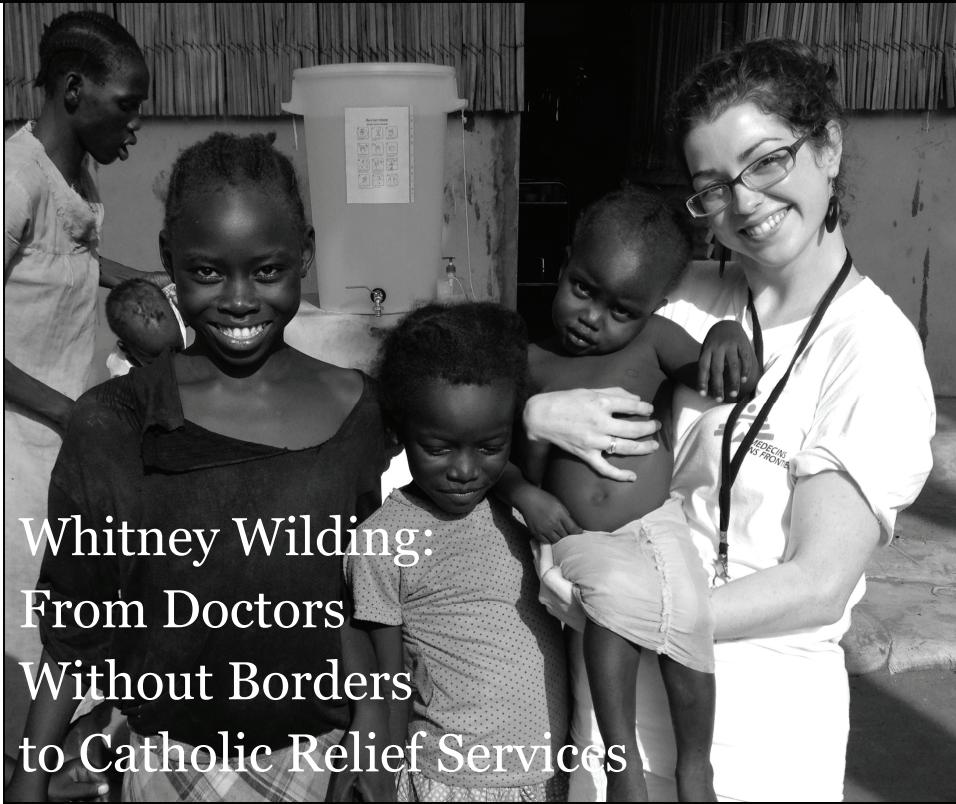
THE GRADUATE PROGRAM IN  
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ECONOMY AND DEVELOPMENT

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## Whitney Wilding: From Doctors Without Borders to Catholic Relief Services

Ms. Whitney Wilding (IPED '11) is an Information and Communications Manager working for Catholic Relief Services (CRS) in the Central African Republic (CAR). Prior to this post, Ms. Wilding worked with the UNDP program Equator Initiative and completed a six-month assignment in South Sudan with Doctors Without Borders. Ms. Wilding claims that although her work has been focused more on the emergency side of development, IPED gave her the fundamental understanding of political economy which has formed the foundation of her career.

While working with Doctors Without Borders, Ms. Wilding was posted in Yida Refugee Camp, located at the Sudan/South Sudan border. This region had been bombed on a regular basis by the government of

Sudan. Doctors Without Borders set up a hospital and clinic at the refugee camp to both provide medical services to the refugees and work on water-sanitation issues. As a field administrator, Ms. Wilding managed human resources for 220 national and 20 international staff, supervised project accounting, forecast monthly cash flow needs, and budgeted a €3.3 million project.

After her time in Sudan, she joined Catholic Relief Service to work for a USAID project called "Secure, Empowered, Connected Communities." The project aims to set up an early warning system by in communities affected by the Lord's Resistance Army (LRA), and to include social cohesion activities in areas affected by the worst violence

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## FORDHAM|IPED

Fordham University's graduate program in International Political Economy and Development Program is a program that trains graduate students in the advanced interdisciplinary analysis of global economic relations and international development issues. Graduates frequently pursue professional careers in international finance and banking, international economic policy, and in international relief and development.

*Current Issues in Development* is a student-run newsletter of Fordham's IPED Program. It aims to share with prospective students and friends in the academic, non-profit, government, and corporate community IPED analysis and experience in economic and humanitarian development.

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# Unemployment : An Analysis of the Effects of Minimum Wage

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By John Mulqueen

**W**hen debating the implications of a minimum wage, it is important to understand to what degree a minimum wage impacts unemployment levels. This paper analyzes the effects of minimum wage levels on rates of unemployment in New Zealand over the period of 1978 -2010 using data collected from the World Bank and the OECD.

The results show a somewhat negligible, but negative effect of minimum wages on unemployment. One reason for this could be a result of higher levels of employee retention which in turn could imply higher levels of productivity and promotion within firms that would serve to override the negative impacts of a

price floor on wages. Another possibility is that the levels of minimum wage observed relative to average wages may not have reached levels that were significantly binding, as it rarely rose to 45% of average worker wage, which is the point at which a minimum wage generally becomes binding.

Given the divisive nature of this debate, the mounting levels of evidence for both sides of the argument may never be sufficient to convince either side how to proceed politically. Even if a policy of minimum wages could unequivocally be proven to have significant negative impacts on employment, policy makers may still deem this to be a worthwhile approach to take given

The main regression model implemented is as follows:

$$\text{UNEMP}_t = -10.044 - 0.050 \text{ LMW}_t + 0.596^* \text{ UNEMP}_{t-1} - 0.019 \text{ SEC}_t + 0.119^* \text{ COLLEGE}_t + 1.057^* \text{ GROWTH}_t - 0.112^* \text{ LCAP}_t$$

R<sup>2</sup> for this regression equation is equal to 88.37%. UNEMP<sub>t</sub> is the unemployment rate, LMW represents the natural logarithm of the minimum wage to average wage ratio. UNEMP<sub>t-1</sub> is the unemployment lag variable. SEC indicates the secondary school participation rates. COLLEGE is the tertiary school participation rates. GROWTH indicates the percentage GDP Growth. LCAP is the natural logarithm of gross fixed capital information.

\*Significant at the 90% level

the interests of their constituents. However, such decisions have wide reaching impacts and it is important that policy makers can be fully informed as to the effects of these decisions and the magnitudes of the tradeoffs involved. ■

## Whitney Wilding

*Continued from page 1*

and displacement of religious communities. Her responsibilities include compiling weekly update reports, sending alerts about LRA movement, planning events (i.e. trauma healing workshops), and raising the profile of the work CRS is doing in the country.

When asked about her views on development, she believes that there is increasing synergy between emergency response and development work. "In CAR, for example, we have over 600,000 displaced persons and we have to think about new livelihoods that can be transplanted, in a way, to the new locations. More and more, humanitarian actors in CAR recognize that talking about social cohesion is one thing but bolstering the economy and institutions is the only long-term solution to the conflict."

And what advice does she give current and future IPED students? "Think carefully about the development track you want to get on before accepting your first position. If you choose to work abroad, know that there are fewer and fewer generalist positions available for expats. First, you are branded as either a development or emergency person. Then development workers are quickly pigeonholed into a number of specialties, such as M&E, ICT4D, food security, or livelihoods. It can be very difficult to switch afterwards." ■

# Political and Economic Factors Affecting Corruption

By Michelle Roque

World Bank research on the cost of corruption shows that an estimate of \$1 trillion every year is spent on bribery by private firms alone. This study aims to identify the underlying economic and political factors that affect corruption by analyzing cross-sectional data for 118 countries in 2011 from the World Bank, Transparency International, Freedom House, United Nations Development Fund, and Center for Systemic Peace. The Corruption Perception Index (CPI) from Transparency International is used to measure the level of corruption and was regressed against political and economic factors summarized below.

This study found GDP growth to have the highest significant relationship with corruption. Education requires an optimal number of years to have an inverse relationship with corruption. Acquiring 15 years of schooling decreases corruption by 0.02% while 16 years of schooling decreases corruption by 1.12%. The results also show that political rights and civil liberties enable the people to guard against corrupt actions of the government as for every 1% increase in the level of political and civil liberties, the level of corruption decreases by 0.16%.

Based on the findings, the role of a country's political leaders in eradicating corruption includes (1) promoting and sustaining economic policies that drive GDP growth (2) ensuring the empowerment of people through political rights and civil liberties that are safeguarded by the state and (3) ensuring their constituents' access to and completion of tertiary education. ■

The main regression model implemented is as follows:

$$LCPI = 0.745 + 0.020^{*}GDPGRWTH + 0.204^{*}LGDP + 0.000001^{*}FDI + 0.007^{*}GEX + 0.0197^{*}ME + 0.004^{*}NR - 0.0001^{*}ODA - 0.006^{*}LPOP - 0.154^{*}EDUCY + 0.0055^{*}EDUCY2 - 0.162^{*}LFREE$$

$R^2$  of this regression equation is equal to 80.19%. LGDP indicates the natural logarithm of GDP per capita. FDI indicates the natural logarithm of GDP per capita. GEX indicates the value of government expenditures as percentage of GDP. ME represents the value of military expenditures as percentage of GDP. NR represents the value of natural resources rents as percentage of GDP. ODA indicates the value of Official Development Assistance per capita. LPOP indicates the natural logarithm of the population. LFREE represents the natural logarithm of freedom measure. EDUCY indicates the number of years of education.

\*Significant at 99% level



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## Arrupe Fellowships

Designed to attract into the IPED Program highly qualified applicants who have a strong interest in pursuing a career with an international development and relief organization, the Arrupe Fellowship consists of a tuition scholarship, a generous living stipend, and an additional living stipend for an overseas summer field placement either in Latin America, Africa or Asia. The application deadline is early January for the following Fall Semester. For further information, go to [iped.fordham.edu](http://iped.fordham.edu) and follow the link to "Financial Aid."

# Faculty Notes from Dr. Marc Conte



**D**r. Marc N. Conte is an Environmental Economist interested in the provision of environmental public goods. His research experience includes carbon offsets, green energy programs, charitable giving, and payment for ecosystem services.

After concluding his post-doctoral studies in Environmental Science and Management, Dr. Conte became a research fellow at the Woods Institute for the Environment

at Stanford University. He served as a lead developer for *InVEST*, a software package designed to quantify the benefits humans obtain from environments. This technology is particularly relevant in developing countries because of the strong link between ecosystems and poverty alleviation.

Recently, Dr. Conte ran a field experiment that looked at donor solicitation techniques. The aim was

to study the impact on potential donors of donation request letters that include how much others are contributing. His results, he explained, showed that when people see the size of other donations, guilt and/or shame motivates them to increase their own donation. The policy implications of this, he adds, is substantial. "I think that the public goods that we rely on: education, healthcare, infrastructure... there is a potential that in the future more of them will be provided by wealthy citizens." Hence, understanding how people contribute is important for the future provision of public goods.

Dr. Marc Conte is currently an Assistant Professor in the Economics Department teaching environmental economics and environmental policy courses. Next fall he will join the IPED family by offering a course in Environmental and Resource Economics, which is part of the new specialization in Global Environmental and Resource Economics. Dr. Conte is very excited to explore the possibilities of mixing IPED students' interests in development with environmental research studies. ■



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