Forum Series on the Role of Institutions in Promoting Economic Growth

Session Four: Implications and Next Steps
A Dialogue between USAID and Forum 6 Scholar Contributors

Forum 6

The Interaction Thesis: Alternative NIE Perspectives on Development Economics and the Dilemmas of Foreign Aid Policy

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About the Series

The objectives of the Forum Series are to help USAID make its donor assistance more effective and sustainable by incorporating insights from the New Institutional Economics into USAID's programming and delivery of development assistance. Services for Forums 6,7, and 8 are provided by the Mercatus Center at George Mason University and its consultants and the Center for Institutional Reform and the Informal Sector (IRIS). Editor for Forums 6, 7, and 8 is Peter Boettke, the project director for this portion of the Series with support from the overall project director, Clifford Zinnes, and the Forums Steering Committee (Ed Connerley, Jim Elliott, Jonathan Sleeper, and Mark Gellerson), chaired by the activity's COTR, Fred Witthans. Funding for the Series is provided by USAID's Bureau for Economic Growth, Agriculture, and Trade, Office of Economic Growth through SEGIR/LIR contract PCE-00-97-00042-00, Task Order 07.

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Oral comments transcribed from USAID Forum 6

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USAID Rep [1]

Peter Boettke: This is our last open discussion session and I have some prepared questions from members of USAID. I'll read out the first one and then we can open it up for discussion.

"Institutional reforms are undertaken with the intent to encourage cooperative behavior and thereby solve coordination problems. However, the reforms will also have distributional impacts on rewards and thereby entail a conflict of interest between competing groups. Steve Pejovich's paper provides an excellent example taken from the transition states. On the one hand, we know that the transition states have made remarkable progress in peacefully moving away from socialism, but on the other hand, we know from a review of scores on economic freedom that they have not yet made much progress in establishing a market economy, as we know it. What have we learned

[1] indicates an unidentified USAID Program Officer

from this experience and what would you advise if we had an opportunity to roll back the clock and start anew?"

I think that this is open to any of us about what we would do if we were thrown back to 1989.

John Nye: Nobody knows what's right, but I think for that reason there is something to be said for real world experiences in the following sense: one can argue that the Chinese experience is a demonstration of the virtues of trying it out in one area and once it becomes successful then making the other parts of China ask for it.

So rather then feeling that they're imposed they try it out in a couple of areas—where those areas initially saw it as risky and if it had failed they could have abandoned it, but when it succeeded it came to the point that other Chinese cities were actually demanding that they be allowed to reform in the same way. So it had both a demonstration effect and created a kind of interest group desire to have it, in contrast to the feeling in modern Eastern Europe that it was imposed on them from above whether or not it was actually implemented.

This is not unrelated to the last session. The point that I wanted to make that I didn't get a chance to was that Paul [Zak] was talking both at the very macro-level but also the very micro-level with neurology or biology, but this middle level where people have done work in economics and sociology and so forth on credible commitments and making credible rules. I'm not going to rehash all that since you guys know about tipping points and Wilson's work on enforcement. I can tell you about one experience I had as an outsider that I was really struck by. I grew up in the Philippines, which is a mess and which has very, very lose attention to rules, not least of which traffic signs. When I was growing up for instance, I never knew you stopped at those red stop signs, we stopped for a stoplight but never did I see anyone—until I came to America, stop—at a stationary stop sign.

I knew of one initial experiment that worked for a while—it may have failed now but it worked for a while. When Subic Bay was abandoned, Richard Gordon became Mayor of Subic Bay. Now, what's interesting is Gordan took Subic Bay and turned it into this community where rules were enforced very strictly. It became a shopping and vacation area, but what is interesting is that some of my friends in the Philippines said that when you get to Subic Bay it's like a different country.

What was very interesting to me, when I first saw it several years ago, was that when you're driving around Manila and the surrounding cities, people are driving five abreast in a three lane highway and people are passing each other and parking in the freeway, but as soon as they drive through Subic it's like your in California. They stop at the red stop signs, they follow the roads, they line up and that seems to be evidence that, at some level, consistent credible enforcement will change the norms—but it has a certain high cost.

I'm sure initially that they had to hand out a lot of tickets, and really crack the whip but once those expectations were formed, even in the same country people behaved once they entered Subic limits as if they were in a completely different world. And so there is an interesting issue to ask about and that is what kinds of minimum levels of enforcement does one have to have to credibly change expectations about how the rules will work? Which is also related, I think to the whole debate about personal vs. impersonal exchange. In the sense that good impersonal exchange or good mechanisms scale upwards; that is to say, the habits and expectations built up in one set of environments, scale up. When we have different environments, different goods that are traded, different industries, they scale up. The kinds of attitudes or habits formed in one relationship then serve as allegories or metaphors that people take for granted as they're building up new kinds of relationships. In contrast, because of the very insider/outsider nature that belongs to personal exchange it is often hard to scale that up when you're dealing with bigger groups or with different groups, whereas good anonymous exchange of protocols even when sometime supplemented by personal exchange scales up very nicely.

USAID Rep: Your comments about China made me think of a book, it's probably 20 years old now, by Jane Jacobs called *Cities and the Wealth of Nations. T*he basic thesis was that you shouldn't look at the nation as a unit of analysis when you're talking about the processes of economic development and growth, but one should look at the cities where people live and interact. That with a combination of what was mentioned about China and scaling up, suggests that there might be something in that whole kind of orientation—looking at cities and these types of concentrations and what promotes that development, and the process by which that might spread. So Jane Jacobs and that kind of story may have a lot of value in terms of looking at urban progress instead of looking at the nation as a unit of development.

Boettke: I think that is right, but I also think you should have a really strong caution there. Her whole approach was an attack on urban planning and urban renewal efforts. And her argument, in fact, was that cities are vibrant because of commerce and that they grow naturally so there is no way that you could sort of construct the development of a city. I think that is what we really do see in development exercises in general is that patterns of development flow from commercial activities outward into the country. That attempts to try to create through infrastructure, investments, or anything like that have not been very effective. You get these white elephants that exist.

Jonathan Sleeper: I have a question for Pete Boettke or anyone on the panel. I really like the discussion of the importance of including more microeconomics in your piece Pete. I thought that it was excellent. We have adopted a kind of, as you say, a microeconomic approach, that of Michael Porter.

I guess this is where USAID selects a cluster within an industry, let's say a horticulture export industry and then provides assistance to that industry, and then the export farmers start to agitate for policy reform, lower transaction costs, and so forth. I'd like to know how that relates to what you were talking about, Dr. Boettke. Please be provocative. I haven't heard a lot of critical discussion about this approach. I have some reservations and I know some of the other AID officers here also do, so I'd like to hear what you guys think.

Boettke: I'll take a swipe at it: Some other people might have some comments about Michael Porter's work as well. The main idea in Porter's work is competitiveness and the idea of competitive advantage that nations have, and so what happens in his approach is really a form of strategic trade policy in which you promote certain clusters of growth.

Now here is the problem, it's a spurious correlation in a lot of ways because what we see in industrialization areas are these clusters. This issue of clusters has been noticed going all the way back to Alfred Marshall, so there's no debate about that. Silicon Valley has this also the one around Boston has these clusters. The question is whether or not those clusters arise as government promotes the clusters or whether those clusters arise out of their natural commercial activity.

Let me just try to make an argument by analogy and then come back. A similar thing happened about a decade ago. Putnam's work was all the rage because Putnam pointed out how Northern Italy works versus Southern Italy. So everyone got the idea that we see a correlation between function in society and large numbers of civic associations so a lot of agencies got involved with Eastern Europe in doing what? Promoting civic associations. I was part of a study group at the Woodrow Wilson Center, which examined the relationship between building social capital through civic society organizations and what you found out was that, for example, in Russia the number of civil associations was a function of how much money was being offered. So one guy would be the head of five different groups and that wasn't at all what Tocqueville was talking about. What Tocqueville was talking about was the bubbling up of civil associations through voluntary agreements; that I'm going to get together in my bridge club or get together to do this or that sort of thing. That's very similar to the Jane Jacobs point of how this stuff bubbles up instead of being constructed from the top.

I would argue the same kind of thing about Porter's approach that yes, it's true that clusters are associated with industrialization, but it's not the case that those clusters are the result of government design. They come about because there happens to be certain economies in having people in the same industry work and talk to one another and interact with one another.

This is all part of the social network analysis that's done by guys like Woody Powell out at Stanford, that have examined how it is that different scientists interact and communicate. What Paul [Zak] was talking about are the kind of social networks that we deal with. I think those things are best understood as the consequence of development rather than the thing that causes development. You're picking up the wrong factor, so I think Porter's plans of trying to build competitiveness in nations is a little bit misguided in that regard.

I also think you get malinvestment. How do you know that those winners are really the winners? Your distorting the investment pattern that's all, and so what happens is it has to come back. I agree with you that what you can do is say that you picked the winner by watching. Like right now, I could bet on the Lakers, they're looking pretty good right now and then I could watch and say that I picked the winner. That's what a lot of people in public policy try to do. I think in industry, the difficulty is precisely what we learned about in the beginning [of the day] when John Simon was talking about why markets are robust because of their adaptability and their ability to move and shift resources.

One of the things that happens when we start targeting a certain thing is that we retard that ability to shift those resources into other investments. That's my fear about Porter's work. In the United States there was a big debate in the 1980s about national economic planning; a lot of people don't remember this but the idea was to have MEETI (The Minerals and Energy Education and Training Institute) come to the United States, but the reality was that we forgot to even look at what MEETI did. MEETI was indeed an industrial planning association but it didn't have any teeth. It's like your dad who told you, don't drink beer when you go to college, MEETI didn't have teeth. In fact, some of the greatest success stories of the Japanese were people who went against MEETI's advice. In the United States when we talk about it, that was going to be MEETI with teeth, and that's a different sort of argument you know.

Clifford Zinnes: Don't you have a straw man here? Because I think what Jack is saying is to encourage what is already starting, right, you're not saying pick a spot and saying that's a great place to build a whole new industry, Peter. I think, however, the argument you're espousing is that AID should close its doors because anything it does is going to distort. But that's the whole idea AID wants to distort but it wants to distort in the right direction. So I think you don't want to throw the baby out with the bathwater. You might, but I totally agree with you that picking winners has not been something that governments or anyone else, especially governments have been good at, but if you're a government with limited resources to address a limited set of problems.

You notice, for example, in Brazil that the shoe industry is taking off but there are impediments whether they are market failures or government errors of omission or commission then it might make sense for AID to say, look let's at least look at the infrastructure. I agree with you that providing grant financing is not the way to go but there is a lot between pouring money on the situation and targeting your limited development resources towards groups or firms that seem to be taking off. That's open. That's a question for discussion.

Nye: I want to even make a stronger statement than that. Pete, imagine the worst. Imagine that a situation occurs in which there is absolutely no doubt. God appears to you one night and says USAID should absolutely do nothing in certain circumstances. However the demand is there. It is inescapable. Either the government or the agency or whatever wants to spend that money or wants to distort in some way, then what can we do to make that get done in the most productive ways possible.

Boettke: I think you violated the first norm you said in your talk today though, where the first goal is to do no harm.

Nye: That's true, but it's also true that doctors traditionally have been willing to prescribe medicines or give placebos to people who otherwise would be unhappy if they walk away with no drugs and I think that there are many cultures in this world where we're telling them, "No, you've just got a cold and you've got to go home and take some rest." That will not happen and the alternative is not that they will do nothing. The alternative is they'll go to some quack who will feed them dead spiders and I think that is a relevant point.

Steve Pejovich: Why should we be paying for that? I don't think you have to ask God to come down to…

Nye: I'm not saying you should, but if you are then what should you do? What guidance can we give USAID to help them?

Kevin McCabe: This is related and it's a question I've wanted to get out for a while mainly to the USAID people. I'm not a growth person or a development person. I've been reading De Soto's work on embedded capital and the question of being able to free up that embedded capital and lately Vernon's been on the talk market with his Nobel Prize explaining to everybody how the world works and one of his big things has been that competency of nations depends tremendously on the rate of return on capital essentially. If he was going to pick one thing that mattered, the countries that could get the capital are going to be net winners in the process.

Now I'm sitting here saying, okay so I go to a developing country and I free up that embedded capital and it immediately flows out to the best rate of return country, then that might not be bad because they are going to get money back for that because it is the best rate of return, so the money will come back in, but what are they going to use the money for? Now the first scenario is maybe consumption, so what you create are kind of consumption states that basically act that way, but it's also possible that maybe comparative advantage kicks in and eventually the money flows back into investments in the country that are valuable. Then I also go, that is an awful long chain of causal reasoning to make me comfortable and I'm wondering how you guys look at it and what you think about that whole set of issues.

USAID Rep: You're not allowed to ask questions [laughter].

Jim Elliott: Well that's an interesting question that you raised and I assume that when you are talking about embedded capital you are referring to human capital as well as other kinds of capital. And I think that there is a lot of rational to what you say because it seems to me that there are countries in the world that are so poor and so backward that the best hope of their people is to immigrate somewhere where they can enjoy opportunities. Of course, it's our job at AID to try to help them enjoy opportunities at home and when we think about the welfare of a country, we don't think in combined terms of people who've left it and the people who are still there. But in many of the economies of the world remittances in reference to GNP are very large so this is not something that we deliberately promote, but it is I think a very important factor in development.

John Grayzel: I just wanted to give a response. I've been sitting here and it's been very stimulating. I've been trying to figure out what I think still hasn't made the connection yet of what faces us in development and then when you just said what you did something came to mind.

The countries that we work in—we've been having this whole discussion and it's been about national institutions, but for the countries we work in a large part of the problem is the international institutions. The reason they don't have their clusters bubble up like the ceramic cluster did in Italy when you didn't have the opportunity to buy bonds on the New York Stock market—the money is stolen out of these countries and then placed where it does get its best return and the international institutions don't have any incentive structures to encourage investments back in the countries that are generating it.

You talk about Haiti, I mean Haiti is a country that's been bled for 150 years from its capital beginning when the French left. So it seems to me that we have to take a lot of the insights you've given, but we have to start working them on the international level. The way the economic international institutions are run, they do not engender trust in the countries they supposedly help. I mean, would you follow the World Bank's recommendations for a project analysis with your own money, given their record? You'd be crazy. So I guess that my question is, is there a need to take this institutional economics and look at the international institutions and not just the national ones? And may not a lot of the problems be on that international level?

Steve Pejovich: I think the most pressing issues for me [if I were back in 1989] would be to convince Jeffrey Sachs to stay home [Laughter], but let me go back some years. Arnold Harberger from Chicago wrote a very comprehensive study in which he argued that once you make adjustments for differences between the countries: differences in tariffs, protections, regulations, what not, once you make adjustments in all those different things that inhibit the free flow of capital between countries the marginal rates of return are approximately the same across the range of countries which means one thing that there is no such thing as a shortage of capital, only a surplus of regulations. Now to answer your questions what can be done? I don't think it's a question of resources, usually it's a question of those countries deregulating their economies.

USAID Rep: It is, but the problem is that we as development people find ourselves living in worlds, we work with worlds, where their populations are not all working on the same temporal, financial global dimensions; they're working in different states but we're generally trying to help people who are frozen in that situation you mentioned, but we are helping them through people who are part of a global network.

Pejovich: All the World Bank that you are talking about has done in the past 40 or 30 years has been to bail out corrupt government to honor the costs of keeping the dictators in power.

I'm simply answering that the one thing that I hear very often when I talk to people in development economics and about the shortage of capital in the third world is there is no such thing. There is a surplus of regulations there. For example, The Czech republic is getting all the money they want from abroad but Romania is not, why?

Paul Zak: I'd like to bring in a thought. I think that point that Mr. Greyzel raised was a very good one. Hayek called this the fatal conceit. That we think we know so much that we can change to world, but I think what we're learning is to be very humble. In many cases the only way to have effective change is to have failure and that's something that doesn't sit very well because we all think that, hey, we're pretty bright we should be able to fix this. I'm not sure that some of these problems are fixable, at least not externally fixable. They may have to just fail and I think there is more and more evidence coming out of the Russia case that had the international community not been involved they probably would have had a really terrible failure or Great Depression and somehow would have pulled themselves out of it and would have been focused to actually design institutions.

I'm not sure if that is a consensus for you, but I am certainly reading more and more of that now that the intervention was in fact worse then just letting them fail. There is real human cost to that human failure and we have to be very sensitive to that but from the big picture point of view, I think that failure may actually be a good thing. It's a very difficult pill to swallow, I know, but I think in some cases it's better to let the system fail and reform on its own, perhaps with some guidance but perhaps without any money, just education may be the way to go. Personal view, I don't want to ascribe that view to anyone at this table or to the Mercatus Center or anybody else.

Nicholas Klissas: In the case of Russia and the collapse of the Soviet Union you still had four states with nuclear weapons, and in the case of Iraq we're in an intervention and we're fighting a war in a country that has nuclear and biological weapons—at least we think it does. It's a very dangerous place. There are also other countries where there are starving populations so it's not necessarily the case that we can laissez-faire and just let them work it out on their own.

Boettke: I understand that and I think that there is a straw man—which is a laissez-faire straw man too. I think that the reality is that we've tried an awful lot of things, right? It's not like we haven't tried hard on several things: investment gap, human capital, trying to build social capital, trying to do all these things and you have to step back and look at the data for a minute, and my God there are billions and billions of dollars that have been wasted—into a black hole and the question is what would be a more effective way to do this? One of the most effective ways that we find when we look at these results is these countries that have good set of institutions, when they receive foreign aid, it actually translates into something positive. But the question there is why would they need the foreign aid if they already have the good institutions? So what happens, which goes back to Professor Pejovich's idea, is we have a surplus of regulations not a shortage of capital? The question is really making sure that they become attractive economies to attract foreign capital into their countries. I think that is a result, not an assumption going in, but a result of fifty years of studying the attempts for trying to do something otherwise.

One last thing about Paul's comment, which I think is extremely important, about failure is that we don't really have political coalitions that like failure, but failure is vital to an economic system. I used to have a factoid that I gave to people when I was talking about Russia, which was that in August of 1995 there were more bankruptcies in the city of New York then in all of Russia between 1991 and 1995. They simply wouldn't let any firms go bankrupt. But actually a market economy runs on this idea of people betting on ideas, risking their capital on those bets, and winning or losing on those bets.

Zak: I do think we have some wins recently that I think the people in this room know much better then I do at least from what I've read just casually. Potentially Afghanistan, where the US essentially provided enforcement and nothing else and there's an inflow of former immigrants to the US who are returning home. In Northern Iraq, the Kurds apparently have been very successful in their own development once the United States and Britain enforced the no fly zone and have established very strong trade routes including with Turkey and some even with the Saddam regime.

So I think maybe the rule there is to just provide the basic structural ground works, maybe some clean water, a little health care and then let them develop their own system with maybe some encouragement. Again, I think that's the most humble view I can think of from institutional economics but it says let the indigenous systems evolve themselves and maybe they're not the model that we think is best but if it's a model that works reasonably well in those countries maybe that's the best we can hope for.

Zinnes: Let me ask Paul [Zak] a question on that. Following up with this gentleman at the end whose name I can't see. This is just a question. We're saying, lets just leave them alone and let them go on their own with just basic help but what this gentleman's saying is we're not leaving them alone on all fronts. You're proposing leaving them alone on half the fronts. You know it would be fine in some sense to leave them alone, to put them back in a state of autarchy where they're in their little region but in fact that isn't happening. We have a lot of, as you know, a lot of opportunities and moral hazard in the leadership so to speak, so how would you respond to that? To we're going to leave them alone but only on half the fronts. We're going to leave alone the treatment but we're not going to leave alone that they can take advantage of their leaders.

Zak: Great point, Clifford. Again, I'd like to hear other people's information from the room but I think as you know in both Afghanistan and the Kurd's region in Iraq, those were failures. Those were places where there were just failures over an enormous period of time and the only reason that the US is involved; frankly at the level we are, is because the failures came home to roust here. What it means is that a great development tool is to have nasty neighbors. It worked for South Korea and it worked for Taiwan. You need a real motivation, but absent that you need (I'm not sure Mexico is even an example, they're too rich to develop and too poor to fail, they should be a very wealthy country because they're next to the wealthiest country in the world.) Mexico is a country I do know well, and the corruption there is just awful. Although, the Fox administration has worked hard to break up the standard old time dinosaur coalitions, it's a very hard thing to do, so by any accounts Mexico should be as wealthy as Canada, and Canada should be fifty percent more wealthy then they are for reasons you guys know.

So I think that what we can provide is basic protection of property rights and basic enforcement of property rights. We know we need that. Probably some independent judiciary—we need that. I think that the health issues economist haven't focused enough on, but those are important: clean water, some basic level of healthcare and maybe food supplements something like vitamin A. You know, simple things that are very cheap and then maybe some guidance.

That's my sort of pessimistic read of what we can really do well, and you know there are humanitarian emergencies and someone has got to help out on that.

There are no--and you guys know this--the work of Amartya Sen, every famine in history, at least for the last 200 years certainly, is a political issue. It's not because there is a shortage of food. It's just a distributional issue. So we are bailing out dictators at some end and we're saving lives too.

Ed Connerley: I'm struggling to remember the whole day. I guess I'm a little concerned with the way we're ending up here because we're going back to interventionism it seems to me. I thought that I heard somewhere in the day, through the day, a theme that said, well maybe starting with the Pejovich paper on culture as a constraint and the distance between formal and informal institution as a cost and Pete's paper. I thought I heard a lot of reservations about interventionism, but I also thought, and it was reinforced by the middle of the day in the McCabe's work and Steve's work on what I took to be learning and measurement. I mean, how do we really get down to the details of institutional and social arrangements and learn so what we propose can be culturally appropriate?

I think there is at least implicit in what I've heard, an alternative that hasn't been specifically articulated and that is the alternative that I thought was being articulated is not to not intervene because as John and others I think here have said, we don't have that choice. But to intervene in the form of knowledge creation that I thought I heard during this day some sort of a suggestion that we could go to a country without preconceived ideas about what they do.

Particularly in Pete's case with very rigid specifications of what our frameworks for learning are then following with the other presenters this notion of instead of creating change in that country, what we should be doing is creating knowledge about that country with people from that country, knowledge, which is locally appropriated and consistent and can be aggregated in world terms and larger terms.

This would be public goods creation for those beneficiary nations and so I think one of the important things to think about is can we intervene in the form of knowledge creation

rather than in the form of measuring what impact we've had on HIV/AIDS or what impact we've had on other things?
Particularly, if we're going to intervene about institutions it seems to me we need to initially go in with the admission that we don't know how to do this and that frees us up to then make our goal instead of curing it's learning. I really think that is an important kind of a theme that I thought I heard and I'd invite comment on whether that's really there or whether I'm making it up.

Boettke: Unfortunately, we're running at the end of our time so I think that is an excellent theme for us to be thinking about and I'm going to give John Nye the last word because he has been wanting to get in and then we'll have a few more words from me and then that's it.

Nye: I do think I emphasized one thing earlier and that could work in both the learning and the policy sense. That is we can focus on trying to understand which coalitions need to be meliorated, placated, or bought off. I think that this is very important in many, many cases. I think one of the convential wisdoms about the success of Japan, this is something that I am not an expert in so I could be wrong, but convential wisdom is that the Japanese were able to encourage reform after the opening up in mid 19th century by literally buying off the Samurai. My understanding was they understood that the Samurai had a huge vested interest in the existing system and there was no way they were going to reform without their cooperation so they bought them off to the extent that they didn't get 100% cooperation but it destroyed the coalition without destroying them or literally dispositioning them.

In contrast, we often go to these countries in Central and Eastern Europe, we literally tell the people you are going to be basically dispossess and say why don't you reform yourselves out of business and I think that's not a practical thing. Similarly, an example I do know of: France. In the mid-19th century Napoleon III successfully identified which groups would oppose free trade reforms by actually asking them what they thought of the trade rules. He got these comments all over the country about which guys believed in more protection and which guys believed in less. They just spouted off about what they wanted and then Napoleon targeted a series of low-interest, never pay me back loans, just enough to break up the textile coalitions that would oppose free trade and he implemented them almost simultaneously with the free trade agreement, thus undercutting the political opposition the minute he past the free trade treaty with England. In my view, this is one of the great-unsung accomplishments of state intervention. More than that I am sympathetic to Pete's notion of lack of interventionism, but I do think that one of the things we can learn is to the extent that there are things that block, we need to ask whose blocking, what do we know about it and how good are we at targeting, in some sense making side payments, which are very traditional in neo-classical economics, but which we rarely observe in practice.

Pete Boettke: I just wanted to make a few concluding remarks that have to do with our upcoming events with all this.

The next forum, which will be June 24, will feature Douglass North, Timur Kuran and Barry Weingast discussing their work. Timur Kuran talking on the Middle East, Barry Weingast will be talking about Latin America and Douglass North will be mainly talking about institutional change in general.

We will have fieldwork going on this summer. We have three teams of researchers going to the Dominican Republic, the Philippines, and Romania. They are going to be engaged in the study of impediments to entrepreneurship at the political, legal and the socio-cultural level including, in the Philippines most importantly, we're going to be studying microfinance, actually Nimai Mehta who taught at the University of the Philippines for many years is going to be the research team leader in the Philippines and a gentleman named Paul Aligica who is from Bucharest will be the team leader of the team in Romania. We're finalizing the deal with the team leader in the Dominican Republic.

In the fall we will have reports on that fieldwork as they develop. What we're trying to have is an entrepreneurial grid through which we can identify the most important impediments in particular environments to entrepreneurship in those areas. I appreciate any suggestions, comments, criticisms that people have. You have my email address. Don't hesitate to contact me if you think I'm throwing out assertions without arguments. You can call me or email me and I'll try to argue with you until I turn blue in the face.

I want to thank everyone who's come here today to engage in this dialogue. I hope it's viewed as a productive dialogue. I'd like to thank Darin from IRIS and also Brian, Will, and Christianne from the Mercatus Center for making this sort of event possible.