

# **New Economic Papers. Business, Economic and Financial History**

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#### **1. The Cost of Property Rights: Establishing Institutions on the Philippine Frontier Under American Rule, 1898-1918**

Date: 2008-09

By: Noel Maurer

Lakshmi Iyer

URL: <http://d.repec.org/n?u=RePEc:nbr:nberwo:14298&r=his>

We examine three reforms to property rights introduced by the United States in the Philippines in the early 20th century: the redistribution of large estates to their tenants, the creation of a system of secure land titles, and a homestead program to encourage cultivation of public lands. During the first phase of American occupation (1898-1918), we find that the progress of implementing these reforms was very slow. As a consequence, tenure insecurity increased over this period, and the distribution of farm sizes remained extremely unequal. We identify two primary causes for the slow progress of reform: first, the high cost of implementing these programs was a major factor in reducing take-up. On the other hand, the government was reluctant to evict delinquent or informal cultivators, especially on public lands. This reduced the costs of tenure insecurity. Political constraints prevented the government from subsidizing land reforms to a greater degree.

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JEL: N45 N55 P14 P16 Q15

## 2. The World Bank's early reflections on development : a development institution or a bank?

Date: 2008-07-01

By: Alacevich, Michele

URL: <http://d.repec.org/n?u=RePEc:wbk:wbrwps:4670&r=his>

Until the late 1960s, the World Bank presented itself as an institution devoted to making sound and directly productive project loans. Yet, during its very early years, some discussions developed inside the Bank regarding the possibility of issuing different types of loans, namely (i) loans aimed at tackling social issues ("social loans"), and (ii) loans aimed at providing foreign currency to address disequilibria in the balance of payments ("impact loans"). This paper brings together historical analysis and theories of organization development to study the housing issue as a case in point. The analysis reveals that the Bank was unwilling to lend for housing programs not because these were not sound - in fact, they were - but because they were geared toward achieving social welfare objectives and were not directly linked to productive investment projects, such as dams, power stations, and railroads. This early decision had a significant impact on the subsequent development of the Bank's view of policy-making: it locked the institution into a particular lending pattern, and deprived it of important intellectual resources. It was not until the late 1960s that the Bank began to take social issues into consideration, rather late compared with other multilateral institutions.

Keywords: Banks&Banking Reform,,Access to Finance,Corporate Law,Public Sector Corruption&Anticorruption Measures

### **3. The Economic Thought on Poverty Measurement: From the Nineteenth-Century to the Rediscovering Era**

Date: 2008

By: Celso Nunes (Madeira University)

URL: <http://d.repec.org/n?u=RePEc:inq:inqwps:ecineq2008-92&r=his>

This essay describes the evolution of the Economics of Poverty from the seminal works of Charles Booth and Joseph Rowntree to the Rediscovering Era in the 1960's. It shows how the leading objectives of its authors changed over the decades. The description is roughly exhaustive, pointing out the way how the leading concepts, many of them frequently used even nowadays, were developed by its authors.

Keywords: Economic Thought, Poverty, Measurement

JEL: B19 B29 B49 I32

### **4. International Financial Aggregation and Index Number Theory: A Chronological Half-Century Empirical Overview.**

Date: 2008-09

By: William Barnett (Department of Economics, The University of Kansas)

Marcelle Chauvet (University of California at Riverside)

URL: <http://d.repec.org/n?u=RePEc:kan:wpaper:200804&r=his>

This paper comprises a survey of a half century of research on international monetary aggregate data. We argue that since monetary assets began yielding interest, the simple sum monetary aggregates have had no foundations in economic theory and have sequentially produced one source of misunderstanding after

another. The bad data produced by simple sum aggregation have contaminated research in monetary economics, have resulted in needless “paradoxes,” and have produced decades of misunderstandings in international monetary economics research and policy. While better data, based correctly on index number theory and aggregation theory, now exist, the official central bank data most commonly used have not improved in most parts of the world. While aggregation theoretic monetary aggregates exist for internal use at the European Central Bank, the Bank of Japan, and many other central banks throughout the world, the only central banks that currently make aggregation theoretic monetary aggregates available to the public are the Bank of England and the St. Louis Federal Reserve Bank. No other area of economics has been so seriously damaged by data unrelated to valid index number and aggregation theory. In this paper we chronologically review the past research in this area and connect the data errors with the resulting policy and inference errors. Future research on monetary aggregation and policy can most advantageously focus on extensions to exchange rate risk and its implications for multilateral aggregation over monetary asset portfolios containing assets denominated in more than one currency. The relevant theory for multilateral aggregation with exchange rate risk has been derived by Barnett (2007) and Barnett and Wu (2005).

**Keywords:** Measurement error, monetary aggregation, Divisia index, aggregation, monetary policy, index number theory, exchange rate risk, multilateral aggregation, open economy monetary economics.

**JEL:** E40 E52 E58 C43

## **5. Good, bad, and ugly colonial activities : studying development across the Americas**

**Date:** 2008-06-01

**By:** Bruhn, Miriam

Gallego, Francisco A.

URL: <http://d.repec.org/n?u=RePEc:wbk:wbrwps:4641&r=his>

Levels of economic development vary widely within countries in the Americas. This paper argues that part of this variation has its roots in the colonial era. Colonizers engaged in different economic activities in different regions of a country, depending on local conditions. Some activities were "bad" in the sense that they depended heavily on the exploitation of labor and created extractive institutions, while "good" activities created inclusive institutions. The authors show that areas with bad colonial activities have lower gross domestic product per capita today than areas with good colonial activities. Areas with high pre-colonial population density also do worse today. In particular, the positive effect of "good" activities goes away in areas with high pre-colonial population density. The analysis attributes this to the "ugly" fact that colonizers used the pre-colonial population as an exploitable resource. The intermediating factor between history and current development appears to be institutional differences across regions and not income inequality or the current ethnic composition of the population.

Keywords: Population Policies, Economic Theory & Research, Demographics, Country Population Profiles

## **6. Dairying in the Waikato Region of New Zealand: An Overview of Historical Statistics**

Date: 2008-09-10

By: Michael Cameron (University of Waikato)

Kendon Bell (University of Waikato)

URL: <http://d.repec.org/n?u=RePEc:wai:econwp:08/12&r=his>

The dairy industry is an important contributor to the economy of the Waikato region of New Zealand. An understanding of the history and development of the dairy sector in the different districts of the

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Waikato region is important in terms of informing future policy. Unfortunately there are currently no consistent long-run spatially disaggregated data sets available for the districts of the Waikato region that extend any further back than 1990. In this paper, we present the current state of dairy farming data available for the territorial local authorities within the Waikato region, and briefly discuss a set of methods that will be employed to develop consistent long-run spatially disaggregated data series for (i) milk production; (ii) total number of productive dairy cattle; (iii) total number of dairy farms; and (iv) total effective hectares devoted to dairy production.

Keywords: dairy; statistics; Waikato; New Zealand

JEL: Q10 Q15

## **7. Internationalising to create Firm Specific Advantages: Leapfrogging strategies of U.S. Pharmaceutical firms in the 1930s and 1940s & Indian Pharmaceutical firms in the 1990s and 2000s**

Date: 2008

By: Athreye, Suma (UNU-MERIT, Brunel Business School, Brunel University)

Godley, Andrew (Department of Management, University of Reading Business School)

URL: <http://d.repec.org/n?u=RePEc:dgr:unumer:2008051&r=his>

Internationalisation is a useful strategy to gain firm specific advantages during periods of technological discontinuity. The pharmaceutical industry offers us two such episodes as examples: when the antibiotics revolution was beginning and when the possibilities of genetic routes to new drug discovery were realised. This paper compares the strategies adopted by laggard U.S. firms scrambling to gain capabilities in antibiotics, and Indian firms equally eager to acquire positions in new biotechnology based drugs and

shows that both groups used internationalisation strategies to gain technological advantages and build up their firm specific advantages.

Keywords: Technological leapfrogging, Internationalisation Strategies, Indian Pharmaceutical industry, Antibiotics revolution, US Pharmaceuticals

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