

**Welfare Reform and the Spread of HIV**

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**Abstract**

Previous research has studied the effects of welfare payments under the Aid to Families with Dependent Children (AFDC) program on incentives and behavior. By lowering the cost of raising children, states with larger welfare payments have higher rates of fertility among poor women, an adverse consequence. In previous papers, we concluded that by lowering the cost of unprotected sexual activity, greater welfare payments are associated with higher rates of sexually transmitted diseases, including HIV. The restructuring of the welfare system in 1996 transformed AFDC into time limited assistance with an emphasis on work and personal responsibility. We test whether this program (Temporary Assistance for Needy Families, or TANF) has succeeded in eliminating the adverse incentive structure existing under AFDC. Using GLS and IV estimation procedures on state data from 1993 through 2002, we find that the effect of TANF payments on heterosexual HIV incidence is significantly less than under AFDC.

**JEL Classifications:** D1, I38

**Keywords:** Household behavior and family economics; Provision and effects of welfare programs

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## **Do Bilateral Investment Treaties Deliver the Goods? Evidence from Developing Countries**

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### Abstract

Bilateral investment treaties (BITs), signed by developing countries explicitly state the objective of promoting foreign direct investment (FDI). The rapid increase in the number of BITs and the concurrent increase in worldwide flows of FDI between 1980 and 2003 suggest that BITs are an effective strategy toward this goal. Recent studies provide some empirical support for this link. However, FDI flows into specific countries from 1980 to 2003 reveals the puzzling behavior for flows to increase soon after country starts signing BITs, followed by fluctuations with either a downward trend or no noticeable trend at all. Our main contribution is to explain this behavior by explicitly incorporating the impact of treaty violations, as evidenced by treaty disputes arbitrated by the International Centre for Settlement of Investment Disputes, on FDI flows. We find that while BITs are effective in attracting investment, disputes tend to decrease future investment flows.

**JEL Classifications:** F21; F53; O24; O16

**Keywords:** FDI; Bilateral Investment Treaty; domestic content

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# **Economic Welfare Effects of the FDA Regulation of Tobacco Products on Tobacco Growers**

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## **Abstract**

The Family Smoking Prevention and Tobacco Control Act of 2009 (FSPTCA) became federal law on June 22, 2009, authorizing the U.S. Food and Drug Administration (FDA) to regulate the manufacturing and marketing of tobacco products in the country. This study examines the potential economic welfare implications for tobacco farms using the Equilibrium Displacement Model. Results suggest that the FDA regulation of tobacco products could induce a significant fall in domestic cigarette sales, leading to a significant loss in tobacco revenue and economic benefits. Therefore, despite the fact that tobacco growers are excluded from FDA authority in the FSPTCA of 2009, they are indirectly and adversely affected.

**JEL Classifications:** D22, D43, Q12, Q18

**Keywords:** cigarettes, tobacco farms, FDA, regulation

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# The Behaviour of Disaggregated Public Expenditures and Income in Malaysia

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## Abstract

The present study attempts to re-investigate the behaviour of disaggregated public expenditures data and national income for Malaysia. This study covers the sample period of annual data from 1960 to 2007. The Bartlett-corrected trace tests proposed by Johansen (2002) were used to ascertain the presence of long run equilibrium relationship between public expenditures and national income. The results show one cointegrating vector for each specification of public expenditures. The relatively new MWALD test indicates a strong unidirectional causal effect runs from national income to public expenditures in Malaysia. While, bilateral causality evident exists merely between public expenditure on health and national income. In Malaysia, it is not a wise strategy to solely depend on fiscal policy for long-term economic development.

**JEL Classifications:** C22, E60, H50

**Keywords:** Bartlett-corrected trace test; Growth; MWALD; Public expenditure

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# **The Effects of Participation in High School Athletics and the National Honor Society on Future Earnings**

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## **Abstract**

The purpose of the present study is to determine the effects of two select types of high school extracurricular activities on future earnings: athletics and the National Honor Society. Utilizing data from the 1979 National Longitudinal Survey of Youth and a two-stage least squares estimation technique, the results of the present study indicate that high school athletes earn more in later years than honor society students. In fact, after controlling for academic achievement, honor society students earned no more in later years than non-honor society students. Finally, in examining the impact of participation in extra-curricular activities on future earnings, results of the present study suggest that participation in such activities increases earnings later in life.

**JEL Classifications:** J24, J31, I21

**Keywords:** Athletic participation; Future earnings

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# **Impact of Exchange Rate Policy on the Trade of Industrial Products in Sub-Saharan Africa from 1975 to 2007**

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## **Abstract**

The purpose of this paper is to study the potential repercussions of exchange rate policy on the trade of industrial products in Sub-Saharan African (SSA) countries. Panel data from 22 countries was used to estimate the impact of exchange rate policy on the trade of industrial products. In this respect, the effects of three indicators were analysed, namely, the effective real exchange rate (ERER) changes, real exchange rate (RER) volatility, and (model-based measures of) RER misalignment. The method of analysis consists of estimating export equations for four manufacturing sectors (chemicals, textiles, metallurgy, and wood) and two exchange rate regimes, namely, a fixed exchange rate regime represented by the 12 countries of the CFA Franc Zone (CFZ), and a second and more flexible regime, represented by 10 countries outside the CFZ. The results of the study suggest that exchange rate policy exerts a significantly positive impact on external trade performance through changes in the effective real exchange rate, and a negative impact through its misalignment. These results also reveal that it is very important to take account of the framework of economic orientations that accompany the exchange rate policies when assessing their effects on the aggregate behaviour, of the economy.

**JEL Classifications:** C10, C52, F31

**Keywords:** Exchange rate; Manufacturing trade; Misalignment; Volatility

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# Volatility Spillover Effects in Emerging MENA Stock Markets

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## Abstract

International stock markets worldwide experienced a downturn in stock prices and activities following the subprime mortgage crisis in the U.S. in mid-2008. This suggests that stock prices volatility do spillover from one market to another. Thus, the purpose of this paper is to investigate the international transmission of daily stock index volatility movements from U.S. and U.K. to selected MENA emerging markets: Egypt, Israel, and Turkey. Employing a multivariate GARCH in Mean technique due to Engle, the study finds that Egypt and Israel are significantly influenced by the U.S. stock market while Turkey is not.

**JEL Classifications:** G00, G15

**Keywords:** Volatility spillover; Stock prices; MENA

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