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I. Introduction

In July 1999 the World Bank awarded the Latin American and Caribbean Economic Association (LACEA) with US\$ 400,000.00 from its Fiscal Year 1999 Development Grant Facility. This is part of the Bank's FY99 program on Regional Research Consortia capacity building financed by the Development Grant Facility (DGF). The purpose of the grant was to support LACEA's capacity-building elements (annual meeting, sponsored research networks, training activities and the journal *Economía*, among others) during the fiscal year July 1, 1999 through June 30, 2000.

An Advisory Board for the DGF grant was established consisting of the LACEA Executive Committee plus Francois Bourguignon (Delta-ENS, Paris) and Lyn Squire (The World Bank). The Advisory Board provided advice on the allocation of the DGF funds and assessed the quality of the research and other activities funded by the DGF grant.

This report provides a comprehensive overview of LACEA's grant activities and emphasizes the association's focus on bridging the gap between research economists and economic policy-makers in Latin America and the Caribbean with their counterparts in the North and with increasing their access to the latest research results relevant to Latin America from around the world. LACEA is also dedicated to increasing the dialogue among economists who pursue work in Latin America from differing political and methodological approaches.

The report will also highlight where LACEA's capacity-building activities are consistent with other regional research programs such as the Hemisphere-wide Collaboration on Development Research in the Americas project funded by the National Science Foundation and The World Bank.

As the report indicates, LACEA has been successful in allocating its resources to encourage participation by researchers in countries of the region where capacity building is needed most. By allocating resources in this manner, we have achieved the three main objectives of the project: to encourage greater participation in research and teaching; to promote interaction among scholars, teachers and policy-makers; and to sponsor programs, meetings and conferences for scholarly exchange.

II. Background

The Latin American and Caribbean Economic Association (LACEA) was founded in July of 1992 in order to encourage greater professional interaction and foster increased dialogue among researchers and practitioners whose work focuses on the economies of Latin America and the Caribbean. Since its creation LACEA has grown to an organization with more than 400 active members. Starting from 1996, the association has held annual meetings in Mexico City, Mexico, Bogota, Colombia, Buenos Aires, Argentina, Santiago, Chile and most recently in Rio de Janeiro, Brazil. Additionally, in 1997, LACEA created two networks, the Network on Inequality and Poverty in conjunction with the Inter-American Development Bank and the World Bank,

and the Network on Political Economy. LACEA is currently in the process of launching its journal *ECONOMIA*, modeled on The Brookings Papers on Economic Activity and Economic Policy. LACEA's history, by laws, annual meetings, description of networks and related information can be found on its web site at www.lacea.org.

An Executive Committee whose current members are noted below governs LACEA.

President	Guillermo Calvo, <i>University of Maryland</i> ,
Vice-President	Sebastian Edwards, <i>University of California, Los Angeles</i>
Secretary	Ariel Fiszbein, <i>The World Bank</i>
Treasurer	Enrique Mendoza, <i>Duke University</i>
Past Presidents	Albert Fishlow, <i>Violy, Byroum & Partners Holdings</i> Nora Lustig, <i>Inter-American Development Bank</i>
Directors-at-Large	Nancy Birdsall, <i>Carnegie Endowment for International Peace</i> Mauricio Cárdenas, <i>Independent Consultant, Colombia</i> Eliana Cardoso, <i>Independent Consultant</i> Jose De Gregorio, <i>Ministry of Finance, Chile</i> Ricardo Hausmann, <i>Harvard University</i> Ricardo Paes de Barros, <i>Institute of Applied Research (IPEA), Brazil</i> Jaime Ros, <i>Kellogg Institute for International Economics, Notre Dame University</i> Federico Sturzenegger, <i>Torcuato Di Tella University, Argentina</i> Ernesto Talvi, <i>CERES, Uruguay</i> Mariano Tommasi, <i>Center de Estudios para el Desarrollo Institucional Fundacion Gobierno y Sociedad, Argentina</i> Carlos Vegh, <i>University of California, Los Angeles</i> Andres Velasco, <i>Harvard University</i>

III. LACEA's Research Objectives and DGF Sub-grant Allocation

Since its foundation, LACEA has focused its efforts in three main areas:

- 1. Encourage research and teaching** related to the economies of Latin American and Caribbean countries and to foster dialogue among researchers and practitioners whose work focuses on the economies of the region. As a matter of policy, LACEA welcomes economists of all nationalities, theoretical orientations and policy perspectives.
- 2. Encourage interaction among scholars, teachers and policy-makers** residing and working in Latin America and the Caribbean and professionals residing outside the region.

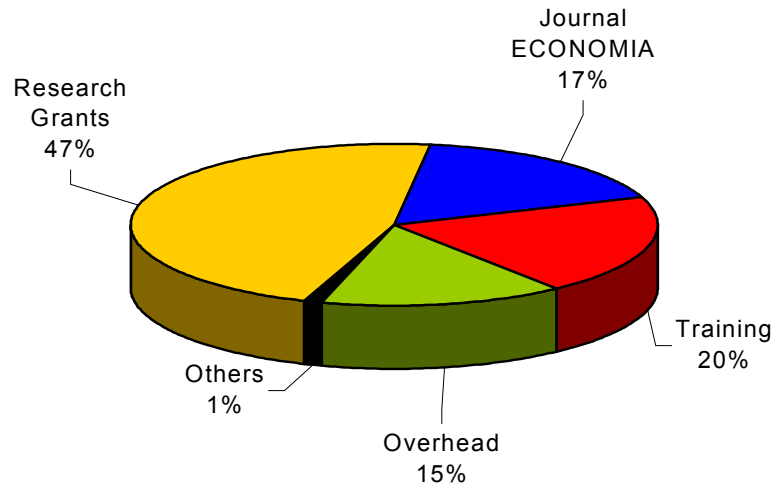
- 3. Sponsor programs, meetings, conferences and other opportunities for scholarly exchange** among individuals and organizations concerned with the economies of Latin American and Caribbean nations. In this capacity, LACEA can act both independently and as a member of other professional or nonprofit associations.

In accordance with these objectives and following the consultation with the DGF Advisory Board, LACEA arranged for the grant funds to be awarded as sub-grants on the basis of competitive process. While the main criterion for awarding grants was the quality of the proposals, the allocation of the grant funds was to encourage participation by researchers in countries of the region where capacity building needs are the greatest.

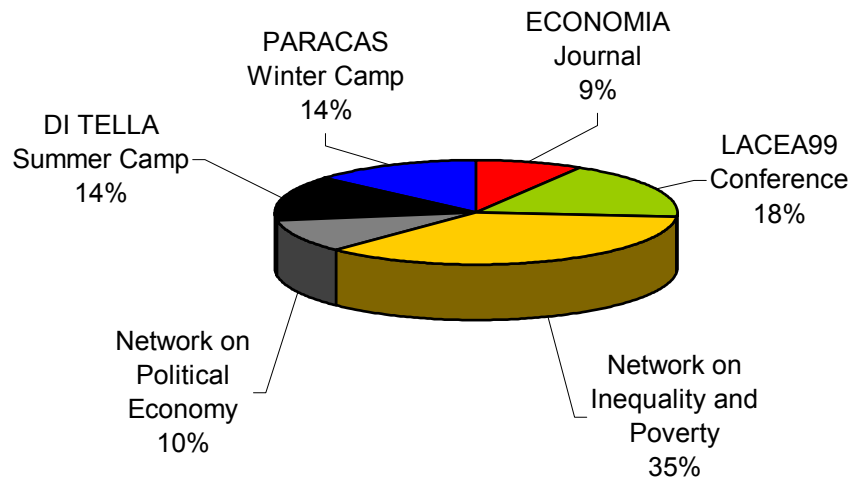
The grants were divided in 3 basic categories: (1) Research, (2) Training, and (3) Journal activities. As agreed, 15 percent of the grant was used to cover expenses related to the administration of the grant (reporting, auditing and accounting requirements, and the administration of the sub-grants giving process). The following table provides a summary of the allocation of DGF funds.

Category	Amount US\$
Research Grants	
LACEA99 Conference Papers	52,000
Networks	
Political Economy	30,000
Inequality and Poverty	105,000
Training Grants	
Winter Camp in International Finance and Economics	40,000
Summer Camp'99 in International Economics and Finance	40,000
Journal ECONOMIA	
Journal Papers	25,000
Initiation Costs	43,000
Subtotal	335,000
Overhead plus Buffer (overhead at 15% of total grant)	65,000
TOTAL	400,000

DGF Sub-grants Allocation



Research and Training Sub-Grants



IV. Description of Sub-grants¹

LACEA99 Annual Meeting-Conference Papers

US\$ 52,000

In 1996, LACEA began holding its own international meetings. The meetings have been highly successful and have grown steadily in size. The first meeting, hosted by ITAM, in Mexico City, featured 157 papers and 200 participants. The 1999 conference took place in Santiago, Chile on October 21-23, 1999, marking the fourth international meeting of LACEA. Organized with the collaboration of the Centro de Economía Aplicada of the Universidad de Chile and the Instituto de Economía of the Pontificia Universidad Católica de Chile. José De Gregorio (Universidad de Chile) and Dominique Hachette (Pontificia Universidad Católica de Chile) served as the conference organizers. Nearly 280 paper were presented to just under 400 participants.

The conference was organized by a distinguished group of scholars from all of LAC and the US as noted below.

Local Organizing Committee:

José De Gregorio, Co-Chairman, Universidad de Chile

Dominique Hachette, Co-Chairman, Pontificia Universidad Católica de Chile

Marcela Casanueva, Conference Assistant

International Program Committee:

Guillermo Calvo, University of Maryland and Universidad Torcuato di Tella

Pedro Cavalcanti Ferreira, Fundação Getulio Vargas

Rudiger Dornbusch, Massachusetts Institute of Technology

Sebastián Edwards, University of California, Los Angeles

Raquel Fernández, New York University

Ricardo Ffrench-Davis, CEPAL

Albert Fishlow, Council on Foreign Relations

Jordi Galí, Universitat Pompeu Fabra

Marcio Garcia, Pontificia Universidad Católica de Rio de Janeiro

Ricardo Hausmann, Inter-American Development Bank

Alejandro Hernández, Instituto Tecnológico Autónomo de México

Hugo Hopenhayn, Universidad Torcuato di Tella and University of Rochester

Enrique Mendoza, Duke University

Juan Pablo Nicolini, Universidad Torcuato di Tella

Roberto Perotti, Columbia University

Guillermo Perry, Banco Mundial

Roberto Rigobon, Massachusetts Institute of Technology

Julio Santaella, Instituto Tecnológico Autónomo de México

Ennio Stachetti, Michigan University

Roberto Steiner, FEDESARROLLO

Ernesto Talvi, CERES

¹ Please see Annex for individual report of activities

Andrés Velasco, New York University
 Carlos Végh, University of California, Los Angeles

National Program Committee

Cristián Aedo, Universidad Alberto Hurtado
 Eduardo Bobenrieth, Universidad de Concepción
 Dante Contreras, Universidad de Chile
 Vittorio Corbo, Pontificia Universidad Católica de Chile
 Eduardo Engel, Universidad de Chile
 Ronald Fischer, Universidad de Chile
 Rodrigo Fuentes, Universidad de Chile
 Guillermo Larraín, Ministerio de Hacienda
 Rolf Lüders, Pontificia Universidad Católica de Chile
 Guillermo Patillo, Universidad de Santiago
 Klaus Schmidt-Hebbel, Banco Central
 Rodrigo Valdés, Banco Central
 Rodrigo Vergara, Centro de Estudios Públicos

The table below provides a sample of some of the papers presented at the conference. A full list of papers and a conference program can be found in the Appendix, section ???. In addition, the conference agenda, papers, list of participants and more can be found at the web site at www.dii.uchile.cl/~lacea99/main.html.

Title	Author	Gender	Institutional affiliation	Country
“A non-linear specification of the demand for narrow money”	Luis Arango	M	Banco de la Republica de Columbia	Colombia
“A monetary transmission mechanism through the banking sector”	Juan Carlos Castaneda	M	UCLA	United States
“Elections and exchange rate policy cycles”	Marco Bonomo (with Cristina Terra)	M	Getulio Vargas Foundation	Brazil
“Prudential regulations, restructuring and competition: the case of the Argentine banking industry”	Laura D’Amato (with Tamara Burdisso)	F	Central Bank of Argentina	Argentina
“Agglomeration and trade: the case of Colombia”	Cristina Fernandez	F	Banco de la Republica	Colombia
“Dollarization and the integration of international capital markets”	Elizabeth Huybens (with Bencivaga,	F	ITAM	Belgium

	Rincon, Smith)			
“The impact of anti-poverty programs on female labor force participation: the case of PROGRESA in Mexico	Susan Parker (with Jose Gomez de Leon)	F	Progresa	Mexico
“A debt puzzle”	Andrea Repetto	F	Universidad de Chile	Chile

Network on Political Economy (PEG)

US\$ 30,000

In the last ten years most countries in the region have successfully implemented the so-called “first generation” reforms, geared towards restoring basic macroeconomic balances. In many cases, the bulk of these reforms have been undertaken in a rather expedient manner, given that in the correction of these imbalances the executive branch of the state plays a prominent role. In dealing with “second generation” reforms, the scope of action for governments is more limited, as congress, business organizations, labor union and vested interest of bureaucracies become very active players.

Few countries have made significant progress in reforming institutions. In many cases, the lack of a coherent political strategy has been a critical element inhibiting the reform process. A review of some key analytical issues, as well as a discussion of institutional reform experiences should shed important light on the political economy aspects that new reforming countries should be prepared to deal with.

In the light of these issues, the workshop on “The political economy of institutional reform” was organized in Cartagena, April 6-8, 2000, under the coordination of Mariano Tommasi and Roberto Steiner. Twelve papers were presented. Two of them were invited and ten were selected through a competitive process. The selection procedure was highly transparent. On November 2 a “call for papers” was distributed to all LACEA members as well as to key contacts in several research centers, universities and multilateral institutions. Papers selected had to comply with two deadlines, one regarding the abstract (December 10), the other one regarding a first draft (January 31). In addition to the workshop’s organizers, the selection committee included James Robinson of UC Berkeley.

With funds coming from the DGF sub-grant, authors of the papers that were selected were offered financial assistance in the form of travel and hotel expenses. Some authors, particularly those working at multilateral institutions, did not require full financial assistance. The workshop proved to be a success. There was ample time devoted to each paper, which allowed for a highly productive discussion. The table below summarizes the paper topics, the authors and the related institutions and affiliations.

Title	Author	Gender	Institutional affiliation	Country
Labor market "rigidity" and the effectiveness of adjustment programs	Alvaro Forteza	Male	Universidad de la República	Uruguay
Political Institutions and economic outcomes	Alejandro Gaviria	Male	Inter-American Development Bank	Colombia
Information aggregation, voter coordination and the choice of electoral rules	Cesar Martinelli	Male	Instituto Tecnológico Autónomo de México (ITAM)	Mexico
Institutions for commitment in the Brazilian regulatory system	Bernardo Mueller	Male	Universidade de Brasilia	Brazil
Electoral rules, political systems and institutional quality	Ugo Panizza	Male	Inter-American Development Bank	Italy
The colonial origins of comparative development: An empirical investigation	James A. Robinson	Male		US
The political economy of regional public spending and its implications for fiscal soundness, spending allocation and social services for the poor	Fabio Sánchez	Male	Universidad de los Andes	Colombia
The role of wages and auditing during a crackdown on corruption in the city of Buenos Aires	Ernesto Schargrofsky	Male	Universidad Torcuato Di Tella	Argentina
Structural reform in Latin America: Institutional constraints in the initiation, implementation and consolidation of the structural reform process	Jorge A. Schiavon	Male	Centro de Investigación y Docencia Económicas	Mexico
The institutional foundations of public policy: Theory and the Argentine case	Pablo Spiller	Male	UC Berkeley	Argentina
What is the right level? A principal agent building block for the study of decentralization and integration	Mariano Tommasi	Male	Universidad de San Andrés	Argentina
	Federico Weinschelbaum	Male	Universidad de San Andrés	Argentina
Latin America and the state-market debate: Beyond stylized facts	Carol Wise	Female	Johns Hopkins University	US

Network on Inequality and Poverty (NIP)

US\$ 105,000

The Network on Inequality and Poverty of LACEA, World Bank and Inter-American Development Bank was established to stimulate academic work in the Latin American and Caribbean region. The organizers of the Network were Arianna Legovini (IDB, Washington) and Marcelo Neri (FGV, Brazil).

To encourage large-small country collaboration in economic research on the issues of poverty and inequality in the Latin American and Caribbean region, NIP invited submission of project proposals. Proposed topics included:

- Individual and Intergenerational Mobility: transitory and permanent poverty, and effects on inequality
- Measuring the Impact of Social Programs: Partial and general equilibrium impact evaluation of Targeted Human Development Programs (i.e. targeted social programs that aim at developing human capital of the poor such as Progresá in Mexico, PRAF in Honduras, and Bolsa Escola programs in Brazil)
- Social Impact of Crime and Violence
- Political Economy of Reforms
- Redistributive impact of alternative tax systems
- Privatization and access to basic infrastructure for the poor
- Use of credit as a vulnerability reducing mechanism

Research projects were selected through an open competitive bidding process. The top four qualifying research projects were eligible for monetary support, including stipend, travel and accommodation expenses. Proposals specified length of the project, participants and outputs. Preference was given to excellent economic research proposals linking researchers in 2 or more countries. Initial results were presented at the 2000 meetings. A full report appears in the appendix.

In addition, the Network issued a call for papers for presentation at the 2000 meetings. Papers were also selected through a competitive bidding process.

The Network met in Rio de Janeiro, Brazil on October 11-14, 2000 in conjunction with the LACEA Conference 2000. James Heckman Henry Schultz Distinguished Service Professor of Economics and Director of Social Program Evaluation at the Harris School of Public Policy at the University of Chicago and Nobel Laureate in Economics (2000) gave the keynote address on the subject of “Structural Equations, Treatment Effects and Econometric Policy Evaluation.”

The lecture was followed by three sessions on the social impact of crime (led by Francois Bourguignon, Delta, France and WB); the economics of child labor (led by Sonia Bhalotra of Cambridge University); and targeting the poor and evaluating results (led by James Heckman).

Further activities included the NIP session at the LACEA conference on the Distributional Implications of Macroeconomic and Trade Policies.

Finally, the Network established its first web site to collect and disseminate academic work on poverty and inequality issues. The web site is located at <http://www.nip.cl>.

Title	Grant US\$	Author	Gender	Institutional affiliation	Country
Dinámica de la pobreza en el Perú	10,000	Javier Herrera	Male	DIAL/IRD, France	Peru
		Vilma Snadoval	Female	INEI	Peru
Child Labor and Poverty in Venezuela and Mexico	15,000	Luis Felipe López-Calva	Male	El Colegio de Mexico	Mexico
		Samuel Freije	Male	Cornell University	Venezuela
Trade Liberalization or SBTC?: Evidence on Inequality from Mexico and Brazil	10,000	Liliana Meza González	Female	Anáhuac University	Mexico
		Naercio Aquino Menezes-Filho	Male	University of São Paulo	Brazil
The Social Costs of Crime in Mexico: is there an Impact on the Distribution of Income?	10,000	Graciela Terual Belismelis	Female		Mexico
		Renata Villoro Valdés	Female		Mexico

PARACAS Winter Camp in International Finance and Economics ***US\$ 40,000***

The Winter Camp in International Economics and Finance meets once a year. The goal of these meeting is to gain a better understanding of the macroeconomic problems faced by Latin American countries, and to encourage research on the subject by young economists.

The format of the camp is akin to a workshop allowing for a thorough presentation and analysis of each paper. The informal nature of the interaction also fosters a highly collegial atmosphere such that young scholars from Latin America have ample opportunity to interact with their more senior counterparts from the north. This sort of interaction goes a long way toward achieving the goals of the NSF funded Hemisphere-wide Collaboration project which aims to form new research ties between Latin American and US-based researchers in the area of economic development studies.

The second Winter Camp was jointly organized by the Faculty of Economics of Universidad del Pacifico and the Center for International Economics of University of Maryland. It was held in Paracas, Peru January 12-15, 2000. The topics for this Camp focused on the choice of exchange

rate systems and on how feasible or desirable is to pursue an inflation targeting regime in a small open economy.

The organizing committee appointed a Program Committee to overview the selection of the papers to be presented at the Paracas meeting. The Committee selected 18 papers out of the submissions received. The authors of these 18 papers were offered a small grant in the form of travel and hotel expenses to Paracas.

Title	Author	Gender	Institutional affiliation	Country
Monetary stability and liquidity crises: The role of the lender of last resort	Gaetano Antinolfi	Male	Washington University, St. Louis	Italy
Fear of floating	Guillermo Calvo	Male	University of Maryland	Argentina
Has monetary policy been so bad that is better to get rid of it? The case of Mexico	Marco del Negro	Male	ITAM, Mexico	Italy
Banking crises, implicit government guarantees and optimal insurance schemes	Pablo Druck	Male	Universidad del CEMA	Argentina
Deflation or devaluation?	Eduardo Fernández-Arias	Male	IDB	Uruguay
The macroeconomic consequences of corporate distress	Javier Hamman	Male	IMF	Peru
Monetary stability and liquidity crises: the role of the lender of last resort	Elisabeth Huybens	Female	ITAM, Mexico	Belgium
Policy options in corporate restructuring	Daniela Klingebiel	Female	World Bank	US
Inflation targeting under imperfect credibility	Michael Kumhoff	Male	Stanford University	Germany
Classifying exchange rate regimes: deeds vs. words	Eduardo Levy-Yeyati	Male	Universidad Torcuato Di Tella	Argentina
External sustainability: a stock equilibrium perspective	Norman Loayze	Male	Banco Central	Chile
Stabilization cum liberalization and endogenous financial crises	Gabriel Martínez	Male	University of Notre Dame	Ecuador
Business cycles in Latin America: The role of international interest rates	Pablo Andrés Neumeyer	Male	Universidad Torcuato Di Tella	Argentina
Inflation targeting and exchange rates rules in an open economy	Eric Parrado	Male	New York University	Chile
The Chilean experience with corporate restructuring	Claudio Skarmeta	Male	Private Consultant	Chile
Output fluctuations in Latin America: What explains the recent slowdown?	Santiago Herrera	Male	World Bank	Mexico
Should Mexico index wages and prices to the dollar? A theoretical look at the idea	Lane David	Male		US
Why do countries float the way they float?	Ugo Panizza	Male	IDB	Italy

DI TELLA Summer Camp in International Economics and Finance
US\$ 40,000

The Summer Camp in International Economics and Finance is a unique event that brings together top researchers, financiers, and policymakers from the North and the South to discuss recent theoretical and empirical advances in International Finance, with special emphasis on recent crises. One key advantage of holding these Camps in the South is that they facilitate the participation of policymakers that are directly dealing with these problems.

It is expected that over the years this type of intellectual exercise will help to identify key issues, and induce influential researchers to devote their energies to these issues. This type of policy oriented research should eventually result in economic policies in the north and the south that will prevent these crises, induce macroeconomic stability, and foster growth. Moreover, this workshop has proved successful in promoting collaboration between researchers from the North and South and thus further supporting the NSF's goals of bridging the knowledge gap in the understanding of development issues affecting the region.

Title	Author	Gender	Institutional affiliation	Country of Origin
An Options Based Analysis of Emerging Exchange Rate Expectations: Brazil's Real Plan, 1994-1999	José M. Campa, (with P.H. Kevin Chang and James F. Refalo)	Male	Stern School of Business, NYU	Spain
Volatile Exchange Rates and the Forward Premium Anomaly: A Segmented Market Asset View	<u>Fernando Álvarez</u> (with Andrew Atkeson and Patrick Kehoe)	Male	University of Chicago	
Emerging Market Crises: An Asset Market Perspective	<u>Ricardo Caballero</u> (with A. Krishnamurthy)	Male		Chile
Bankruptcy protection against macroeconomic shocks: the case for a 'super Chapter 11'	<u>Marcus Miller</u> (with Joseph Stiglitz)	Male	University of Warwick	British
Contagion	<u>Bernhard Paasche</u>	Male	Carnegie Mellon University	Mexico

Collateral, Credit-History, and the Financial Decelerator	<u>Ronel Elul</u>	Male	Brown University	United States
Competition and Reputation	Pedro Teles (with Ramón Marimón, Juan Pablo Nicolini)	Male	Banco do Portugal	Portuguese
Building a Case for Currency Boards"	Carlos Zarazaga	Male	Federal Reserve Bank of Dallas	Argentina
Hedging and Financial Fragility in Fixed Exchange Rate Regimes	Sergio Rebelo (with Craig Burnside, and Martin Eichenbaum)	Male	Northwestern University	Portuguese

ECONOMIA

Journal

US\$ 68,000

In the Fall of 2000, LACEA will publish the first issue of a new journal focusing on economic policy issues relevant to Latin America. The objective of this journal is to provide a forum for high-quality research directly applied to policy issues within and among countries of Latin America and the Caribbean. The journal will go by the title *Economia*, and will be published by the Brookings Press.

The countries of Latin America and the Caribbean have experienced dramatic changes in economic policy in the last decade, decisively moving toward more open market systems. The reforms have gone hand in hand with a remarkable increase in the quality of the policy debate in the region. At the same time, a new generation of highly trained economists, many of them graduates of top-notch academic programs in North America and Europe, has reached positions of great influence and responsibility and the quality of economics research and teaching has improved markedly. Yet many of these policy debates remain focused at the country level. There is a limited number of forums at which economists and policy makers from the region can come together to share thoughts and experiences on given policy issues. And there are even fewer outlets which these policy lessons can be put into writing, subjected to strict academic standards, and made accessible to a broader audience, both within and beyond the region.

This context created important opportunities for a new journal, but one that offers a product that is clearly differentiated from run-of-the-mill academic publications. The new journal will have three distinguishing characteristics:

- It is a policy journal --that is, one in which new theories or techniques are applied to policy questions, and not simply presented for their own sake.
- It seeks papers on issues that are both at the forefront of the policy agenda and of broad interest to countries throughout the region. Examples include the design of regulatory frameworks for privatized utilities, lessons on avoiding Asia-style financial meltdown, managing the challenge of greater economic integration, and new research on the determinants of earnings inequality.
- It demands the highest standards of theoretical and statistical rigor, but only publishes papers that are written in a style and language that makes them accessible to policy makers.

The Executive Committee of LACEA appointed Andrés Velasco, of the John F. Kennedy School of Government at Harvard University, and the University of Chile, as its editor. The Editorial Board is made up of the following highly qualified academics, based in Latin America as well as outside the region (North America and Europe):

Based in Latin America:

- Eduardo Engel (Universidad de Chile)
- Francisco Ferreira (PUC-Rio, Brazil, and World Bank)
- Ilan Goldfajn (PUC-Rio, Brazil)
- Jose de Gregorio (Minister of Economy, Chile)
- Hugo Hopenhayn (Universidad Torcuato di Tella, Argentina)
- Roberto Steiner (Universidad de los Andes, Colombia)

Based in the United States:

- Raquel Fernández (NYU)
- Nora Lustig (Inter-American Development Bank and Brookings Institution)
- Carmen Reinhart (University of Maryland)
- Florencio López de Silanes (Harvard University)
- Carlos Vegh (UCLA)

The journal includes two kinds of papers. At least half the papers are commissioned by the Editorial Board, with an eye toward topics of policy relevance in the region. The remainder of the papers are chosen from the invited and submitted contributions presented at the LACEA annual meeting. The organizing committee of this annual meeting has the responsibility of suggesting papers to the Editorial Board. This is a major channel to disseminate research produced in the region which may otherwise lack international outlets. Both commissioned and submitted articles are subjected to standard refereeing procedures, and the Board and the Managing Editor retain full rights not to publish papers that do not meet the journal's standards.

The papers are presented and discussed at twice-yearly panel meetings. The first of these meetings took place in May, at the Center of Latin American and Caribbean Studies at NYU. The panel was made up of all authors, plus all associate editors of the journal, plus a selected number of individuals from throughout the region who were invited to serve

for one-year terms. The second meeting is scheduled to coincide with the LACEA annual meeting on October 2000.

Following is the list of contents of the first issue:

- Ricardo Caballero: "*Macroeconomic Volatility in Latin America: Facts and Policy Implications*"
- Ronald Fischer, Alexander Galetovic and Pablo Serra: "*Regulation of Privatized Utilities: Issues and Lessons*"
- James Heckman and Carmen Pages: "*Regulation and Deregulation: Lessons from Latin American Labor Markets*"
- Norman Loayza and co-authors: "*Determinants of Crime and Violence in Latin America*"
- Nora Lustig: "*Crisis and the Poor: Socially Responsible Macroeconomics*" (Presidential Address, LACEA 1999)

V. Detailed Allocation of Sub-grants

Institution	Purpose	Tranche 1	Tranche 2	Subtotals
Getulio Vargas Foundation	Network on Inequality and Poverty	\$85,000	\$20,000	105,000
University de los Andes	Network on Political Economy	\$25,000	\$5,000*	\$30,000
University del Pacifico	Winter Camp in International Finance	\$35,000	\$5,000	\$40,000
Univ. Torcuato Di Tella	Summer Camp in International Finance	\$35,000	\$5,000	\$40,000
Univ. de Chile & Univ. Catolica	LACEA 1999 Annual Meeting	\$42,000	\$10,000	\$52,000
Center for LA Studies at NYU	journal <i>Economia</i> -content	\$20,000	\$5,000*	\$25,000
	journal <i>Economia</i> -production	\$37,000	\$6,000	\$43,000
Subtotals		\$279,000	\$56,000	\$335,000
Overhead (15%)				\$60,000
Buffer				\$ 5,000
Total				\$400,000

*\$10,000 unspent. Request pending to spend in 2000-01 grant period.

VI. Appendices

A. LACEA 1999 Annual Meeting
(Conference Program and Listing of Presenters)

B. Network on Political Economy
(Full Report)

C. Network on Inequality and Poverty
(Full Report plus four grant papers and NIP program)

D. Winter Camp in International Finance
(Full Report)

E. Summer Camp in International Finance
(Full Report)

F. LACEA's journal *Economia*
(Full Report)