

**IFPRI/Cornell**

**Conference on**

**Threshold Effects and Non-Linearities in Growth and Development**

**Washington, D.C.**

**May 11-13, 2005**

Threshold effects and non-linearities are increasingly recognized to be present in the development process, and in the effects of policy on development. Traditionally, threshold effects were present in discussions of "stages of growth" or "the big push" and non-linearity was definitionally present in the Kuznets "inverse-U hypothesis." More recently, however, questions have been raised about the presumed linearity of many of the effects identified in growth regressions. Do reductions in the fiscal deficit go on producing the same growth effects at ever lower levels of deficit? What is the difference in the marginal benefit from inflation reduction at higher and lower levels of inflation? What is the return to further reduction in tariff levels below 10%? What is the interaction effect between aid and good policies, and is this effect different at different levels of aid and in different policy regimes? Questions such as these suggest the presence of non-linearities in the development process and in development policy.

Threshold effects are severe non-linearities that may well lead to discontinuities. In sectors and contexts where network effects and agglomeration externalities are large, there may well be threshold effects. Is there a minimum level of "security" (physical or legal) needed before investment can start to flow at all? Does the same hold for "institutional quality" more generally? How important are infrastructure complementarities? Do countries at different stages of development have different ability to buffer shocks, and does this lead to threshold effects? What about complementarities in the social sectors? In the health sector, where information about health practices is central, does information spread follow an "S-curve" (suggesting a minimum level of investment in information flow before the process takes off by itself)?

These and other questions indicate the potential importance of threshold effects and non-linearities in all aspects of the development process. The International Food Policy Research Institute (IFPRI) and Cornell University are jointly sponsoring a conference to launch a systematic and comprehensive investigation of these phenomena. The conference organizers are Ravi Kanbur (Cornell) and Xiaobo Zhang (IFPRI).

The conference will be held in Washington, DC on May 11-13, 2005. It will feature invited keynote papers, as well as papers submitted in response to this Call for Papers.

Keynote papers will be delivered by the following:

**Daron Acemoglu (MIT),  
Timothy Besley and Robin Burgess (LSE)  
David Canning (Harvard)  
Bradford DeLong (UC Berkeley)  
Steven Durlauf (Wisconsin)  
William Easterly (NYU)  
Michael Kremer (Harvard)**

The full list of papers is given on the next two pages.

**IFPRI/Cornell Conference**  
**Threshold Effects and Non-Linearities in Growth and Development**  
**May 11-13, 2005**  
**International Food Policy Research Institute (IFPRI)**  
**2033 K Street, NW**  
**Washington, DC**  
**20006**

Authors	Affiliation	Emails	Title
Timothy Besley and Robin Burgess	LSE	t.besley@lse.ac.uk; r.burgess@lse.ac.uk	Invited Paper: Title TBD
Daron Acemoglu	MIT	<a href="mailto:dcanning@hsph.harvard.edu">dcanning@hsph.harvard.edu</a>	Invited Paper: Thinking about the Rise and Decline of Nations
Brad deLong	UC-Berkley	<a href="mailto:daron@mit.edu">daron@mit.edu</a>	Invited Paper: Big Pushes in Theory and History
David Canning	Harvard	<a href="mailto:delong@econ.berkeley.edu">delong@econ.berkeley.edu</a>	Invited Paper: Fertility and Growth
Michael Kremer	Harvard	<a href="mailto:mkremer@fas.harvard.edu">mkremer@fas.harvard.edu</a>	Invited Paper: How will Asian growth affect Africa
William Easterley	NYU	<a href="mailto:william.easterly@nyu.edu">william.easterly@nyu.edu</a>	Invited paper: Development: Big Push From the Top or Small Steps From the Bottom? Invited Paper: Nonlinearities and Development: From Evidence to Policy
Steven Durlauf	Wisconsin	<a href="mailto:sdurlauf@ssc.wisc.edu">sdurlauf@ssc.wisc.edu</a>	Invited Paper: The wealth effects of new business startups
Alice Mesnard & Martin Ravallion	World Bank	Mravallion@worldbank.org	Lumpy Setup Costs of Investment: The Lucas Paradox revisited
Assaf Razin & Efraim Sadka	Tel-Aviv University	razin@post.tau.ac.il	How Productive is Optimism?
David Kelsey & Wei Pang	U of Exeter	W.Pang@exeter.ac.uk	Modernization of Agriculture and Long-Run Growth
Zhu Xiaodong & Dennis Yang	Toronto U & Virginia Tech	deyang@vt.edu	Social safety nets or insurance in the presence of poverty traps?
Paul Santos & Christopher B. Barrett	Cornell	<a href="mailto:cbb2@cornell.edu">cbb2@cornell.edu</a>	Agricultural productivity and economy-wide growth: investigation in a Ramsey framework
Xavier Irz and Terry Roe	Minnesota U	<a href="mailto:Troe@appec.umn.edu">Troe@appec.umn.edu</a>	No One True Path: Uncovering the Interplay between Geography, Institutions, and Fractionalization in Economic Development
Chih Ming Tan	Tufts U	<a href="mailto:chihming.tan@tufts.edu">chihming.tan@tufts.edu</a>	Donor Policies and Aid Effectiveness
Carl-Johan Dalgaard	University of Copenhagen	<a href="mailto:Carl.Johan.Dalgaard@econ.ku.dk">Carl.Johan.Dalgaard@econ.ku.dk</a>	Openness, Vulnerability, and Growth
César Calderón, Norman Loayza, Klaus Schmidt-Hebbel	Central Bank of Chile, The World Bank, Central Bank of Chile	<a href="mailto:ccaldero@bcentral.cl">ccaldero@bcentral.cl</a>	Credit Constraints as a Barrier to Technology adoption by the poor: Lessons from south-Indian small-scale fishery
Xavier Giné & Stefan Klöpper	Cornell University	xgine@worldbank.org & stefan@klonner.de	How Accurate Are Reports Of Credit Constraints? Reconciling Theory with Respondents' Claims in Bukidnon, Philippines
Dan Gilligan	IFPRI	<a href="mailto:d.gilligan@cgiar.org">d.gilligan@cgiar.org</a>	A step towards unifying theory of total factor productivity
Levon Barseghyan	Cornell	<a href="mailto:lb247@cornell.edu">lb247@cornell.edu</a>	

Vania Sena                      Aston University

[v.sena@aston.ac.uk](mailto:v.sena@aston.ac.uk)

Threshold Effects in Growth,  
Governance and Rent Seeking  
Thresholds and Parameter  
Heterogeneity in Growth  
Regressions with endogenous  
explanatory variables  
Ethnicity and Earnings in Urban  
Peru

Paul A. Johnson and Chris  
Papageorgiou                      Vassar College

[pajohnson@vassar.edu](mailto:pajohnson@vassar.edu)

Maximo Torero                      IFPRI

[m.torero@cgiar.org](mailto:m.torero@cgiar.org)

Yongmiao Hong and X.  
Zhang                      Cornell / IFPRI

yh20@cornell.edu ;  
x.zhang@cgiar.org

Threshold identification in growth  
typologies