The Market for Economic Research in Peru

By Shane Hunt
shunt@bu.edu
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Executive Summary

Delimiting the Market

Following discussion of the difficulties in determining what constitutes economic research and who is engaged in producing it, estimates were made of the number of individuals involved in research activity. The best estimate, for 1999, was that 239 economists were engaged in research in Peru. Of this number, 26% were affiliated with the 5 institutions that constituted PERC, while 38% were affiliated with the expanded number of institutions affiliated with the new CIES. Another 33% were affiliated with government agencies, and 29% had other affiliations or no affiliation at all.

Income and Working Conditions

Recent budget studies indicate that a professional economist with graduate training and also with family responsibilities would have monthly family expenditures of at least $3,000 to $3,500 per month and set a minimum monthly income of about $2,000 per month. The gap between these two figures would be filled by the spouse's earnings.

Among the 239 individuals identified as engaged in economic research, it was estimated that 144 (i.e., 60%) received assured salaries above this minimum income figure. The other 40% was partly or entirely dependent on a series of short-term research contracts. Many of those with assured salaries were however obliged to devote their research efforts to the production of economic newsletters or reports, with very little opportunity for independent choice of research topic. Jobs for economists that offer both adequate assured salaries and some degree of research flexibility can be found only in a few institutions: 3 or 4 government agencies, two universities, and two international agencies located in Lima.

The professional life of an economic researcher is summarized by brief biographies of four individuals. For all four, a series of funded research contracts is integral to their professional work and a very important element of their total income. Those in relatively secure positions are able to limit the contracts they accept to those offering the prospect of research using fairly sophisticated techniques and written for an audience of economists rather than policy administrators. Furthermore, they have not had to sustain periods lacking both contracts and contract income. Those in less favored positions have had to accept consultancies offering less opportunity for publication, and have also sustained fallow periods without contract income. For all four, however, the prospect of future contracts is always uncertain. This encourages a tendency to accept contracts even when it is not clear that the researcher will have enough time to produce a quality product.

A survey of 30 research projects undertaken by 9 researchers produced the following generalizations. The prototypical research project is a six-month project that provides three months of full-time research work. It is funded by a foreign agency that has chosen the topic, written the terms of reference, and awarded the contract by competition (concurso). The researcher is required to submit a midcourse report and a final report, and receives comments on both. With some egregious exceptions, the comments are positive and helpful. The report is ultimately published in some form, but its ultimate impact on policy making is generally not known.

Research Production

Economic research is conducted in Peru more or less the same way it is in other countries. Access to bibliography and to statistical programs is excellent and the training of researchers is of high quality. Four weaknesses were however identified in the research process.

First, researchers seldom have the chance to choose their topics, and thus find it difficult to maintain a consistent line of research, where each element would contribute to a larger whole.

Second, intellectual interaction between institutions is not strong. Outside their own institutions, researchers seldom have their work subjected to cogent, professional criticism.[1]

Third, the quality of feedback from funding organizations is highly variable. While many funders show real interest in the research they have sponsored, in other cases the sponsoring agency has appeared to be either indifferent or, in some extreme cases, actively hostile. One form of indifferent reaction frequently experienced by Peruvian researchers has been to have their research evaluated by the minutiae of the terms of reference rather than by an assessment as to whether the research makes sense and is potentially useful. Most of these difficulties have arisen in cases where the funder was an agency of the Peruvian government, particularly during the Fujimori presidency.

Fourth, final editorial review is often not very rigorous, whether undertaken by the funder or by the researcher's own institution as a condition for acceptance as a Discussion Paper. The researcher is generally allowed to prepare a more polished version for publication in a refereed journal, either in Peru or overseas, but there is little incentive to do this, and strong economic incentive not to do so, but rather to go on to the next research contract. As a result, the economic

[1] An exception to this state of affairs is CIES, and PERC before it, both of which have used an exacting system of anonymous referees for providing comment and evaluation of submitted research papers.

research process is truncated at the end. The final stage of polish and editorial revision is generally absent.

Achievements and Incentives in Publication

Peruvian economists desiring to publish outside the confines of their own institutions have a series of options available. Closest to home are Peruvian economics journals such as Apuntes or Economía. Despite a superficial appearance of exclusivity, they are in fact open to manuscript submissions from all sources on an equal basis. Farther afield, Spanish-language journals of regional scope are published in Argentina, Chile, and Mexico. In both these national and regional alternatives, editorial standards are generally more exacting than the editorial filter typically applied to in-house publications by Peruvian research institutions, but rejection rates are not so high as to pose a powerful disincentive.

It's a bigger jump to English-language journals, however, in terms of the rigor of editorial review, the requirement for analytical sophistication, and the probability of rejection. Nevertheless economists at leading institutions in Argentina, Brazil, Chile, and Mexico have made this jump very successfully in recent years and now publish regularly in leading English-language journals. Their success can provide a goal for the leading Peruvian institutions, although it is hoped that the quality improvement in such a change of publication outlets can be accomplished without sacrificing the public policy orientation that characterizes the work of Peruvian economists today.

Up to the present time, very few Peruvian social scientists have made the transition to the international arena, and of those few hardly any are economists. Several Peruvian economists have however established impressive reputations at the national level.

Structure of Demand

Economic research is a public good that generally requires a philanthropic organization that will fund research useful to others. The many segments of national society that are potential users of economic research, but which lack the means for funding research and are therefore the potential beneficiaries of philanthropy, may be classified by institution or by forum. This brief survey of potential demand focuses on two segments that are both institutions and forums – the media and public debate, and the universities and economics instruction.

Coverage of Recent Economic Research

First, however, recent economic research was surveyed, classified by policy area. The policy areas chosen were those covered by the recent Carta de Nevegación, with some modifications. The coverage of recent research was estimated by a review of recent proposals in CIES concursos, and also by a review of the Escobal-Iguíñiz volume.[2] These sources were supplemented by personal knowledge of a few recent studies that summarize the current situation in a given policy area.

A review of these sources suggested substantial research coverage of the fields of agriculture, health, education, and poverty, and, at the other extreme, very little coverage of statistics, privatization, taxation, environment, and gender. Most fields included at least one or two broad-based diagnostic studies, but very few such studies reached the level of detail required for making policy decisions.

The Contribution of Economists to Public Debate

In order to assess the influence of economic researchers on public debate, interviews were conducted with leading economic journalists and authors of financial newsletters, in which they were asked who they would contact to secure background information for a series of hypothetical economic events.

Although many economic researchers were named, including many affiliated with PERC institutions, it was striking to note that most of those mentioned were interested parties in relation to the event in question. More precisely, they were representatives of the government, or of gremios, or of private sector companies. No respondent thought of contacting trade union representatives in any instance. It was also striking to note that no respondents thought of diversifying their sources of information so as to hear “the other side” of an argument.

One reason why the journalists mentioned the names of so many interested parties was that disinterested parties with the requisite expertise are hard to find in Peru. Their absence points to the need for independent voices that could serve as watchdogs for the public interest. Fulfilling such a role requires three essential qualities: up-to-date knowledge, an ability to express ideas clearly and simply, and financial independence from both government and major interest groups. In addition, someone serving the role of watchdog must be willing to be available to the press and to be exposed to public criticism. He or she also needs to be willing to invest the time not only to keep up to date but also to write occasional articles for public consumption.

It was evident from the interviews that the media would welcome more contributions from economic researchers. The public’s thirst for economic news and commentary is nearly insatiable.

Demand for Research Materials in University Instruction

[2] Javier Escobal and Javier Iguíñiz, Balance de la Investigación Económica en el Perú (Lima: Consorcio de Investigación Económica y Social, 2000).

An inquiry was made as to whether researchers had satisfied the demand for Peruvian materials that could be incorporated into university-level economics courses. To this end, syllabi and reading lists for courses in eight applied fields of economics were examined at three major universities.

Several conclusions derived from this review. First, for all the fields examined a great variety of Peruvian materials was available and was included in at least some syllabi. Second (in the opinion of this writer) many courses did not make adequate use of the empirical materials available. Some courses seemed too theoretical, perhaps assuming that students would take follow-on empirical seminars, even though many in fact would not. Other courses, while including empirical sections, seemed to have overlooked the most pressing policy issues of Peru's recent past. Still other courses, while assigning interesting empirical studies on Peru, seemed to have overlooked many good studies, especially those written by researchers in international agencies or in universities other than the university in which the course was being offered.

The survey of course materials was supplemented by a questionnaire administered to young economists in the BCR and SBS, which asked them to list readings on Peru that they remembered from their university studies. The survey revealed that students read widely in the literature on Peruvian economic problems, but that intellectual barriers between Peru's two leading universities meant that Católica students read essentially nothing of the work of Pacífico economists, and Pacífico students read essentially nothing of the work of Católica economists.

Conclusions and Recommendations

The principal question addressed in the conclusion is to ask if the market for economic research is working well. Are both suppliers and demanders getting what they want?

The somewhat impressionistic answer is that the market in fact is working reasonably well. Suppliers and demanders are both staying in the market from period to period, and must therefore be reasonably satisfied. As for potential demanders without funding, those who must rely on philanthropic effort to make economic research available, they too seemed reasonably content. In interviews, neither journalists nor university teachers expressed great discontent with the availability of economic information.

Yet it seemed to this writer that opportunities were being missed, to improve the quality of research through better final editing, to give greater coverage to fields such as taxation and privatization that seem to have gotten lost in the collective research agenda, to project researchers into the public arena and to encourage some of them to become watchdogs of the public interest, to rethink reading lists so as to make economics courses more empirical and, one hopes, more interesting to students.

General recommendations are as follows (for more specific recommendations, see text):

1. Researchers should be encouraged to devote extra time to final polish and editorial revision of manuscripts, so that the final product is more cogent, more readable, and therefore more socially useful. At the same time, readers need to be guided toward studies judged truly superior and therefore worth reading by a wide professional audience.

2. The adequacy of research effort being in doubt in virtually every policy area, an attempt should be made to show what really thorough research coverage of one or two selected policy areas might look like.

3. Measures should be undertaken to encourage researchers to participate more in public debate, particularly in the role of disinterested watchdogs in given policy areas.

4. There is also a role for an institution as watchdog. The task need not be left entirely to individuals. Some of the activities that an institutional watchdog might perform are the sponsoring of studies evaluating the performance of the press on stories related to economic policy, and the development of performance indicators as a means of evaluating government performance in a series of policy areas

5. While professorial autonomy in course design and reading assignments needs to be respected, many possibilities exist for improving instruction through improving reading lists on a purely voluntary basis. The need for updating is greatest at public and provincial universities, where library resources are often inadequate and teaching loads excessive. Many professors have simply been too busy to give much thought to updating or redesigning their courses. Nevertheless the experience of PERC in providing short courses in environmental economics shows that professors are very receptive to short courses of actualización (i.e., updating through in-service).

The Market for Economic Research in Peru

1. Introduction

This report characterizes the market for economic research in Peru today, in terms of its size, significant components, working conditions, research production, and nature of demand. It does so in order to seek answers to the following questions:

1. How big is the market for economic research? Who does this research and under what working conditions?

2. Within this market, what is the nature of the product (i.e., the research), in terms of quality, timeliness, and empirical relevance?

3. Viewing economic research as a public good, what are the sources of demand? That is, what groups benefit from the production of economic research?

5. Finally, the question that is both the most basic and the most difficult, is the market working well? Are demanders getting what they want? And are suppliers also getting what they want, that is, are they staying in the market for the foreseeable future?

These questions are posed out of a concern that the market may not in fact be working well, at least in some significant dimensions, and out of a conviction that improvement in its functioning can be assisted by a better understanding of its present shortcomings.

The paper is organized unto the following sections: In Section 2, an estimate is made of the size of the market, and also of its most basic structural characteristics, in terms of type of employer and of research activity. Section 3 discusses and estimates income requirements. These are the reservation wages required to keep economists active in research activities. Section 4 describes the research process, how research is most often organized and undertaken, and what shortcomings seem to exist in the process. Section 5 discusses publication options and their effect on research quality. Section 6 briefly discusses the sources of demand and the characteristics of the product demanded. This section emphasizes the distinction between private demand and demand for a public good. Section 7 gives a brief survey of the areas of economics most attended to by recent research efforts. Sections 8 and 9 analyze in greater depth two types of potential demand that lack funding, and which can be justified only as public goods: Demand for economic information in public discussion through the media, and demand for teaching materials in university economics courses. Finally, Sections 10 and 11 present conclusions and recommendations.

2. Delimiting the Market

Since this is essentially a market of information, then quantities produced and transacted would best be measured in some type of information unit. However, data limitations make this infeasible. A second-best alternative is to measure the size of the market in terms of the number of producers, that is, the number of professionals doing economic research.

Few economists in the world are so fortunate as to be able to do research on a full-time basis. Researchers generally do research in combination with other professional activities. Therefore, on the supply side, this study includes in the market those for whom the production of economic research is a significant and continuing part of their total work effort.

Whatever way the market is defined, it cannot help but be confusingly heterogeneous. At the core of the market are certain economists who do high-quality research and publish their results in books, journal articles, discussion papers, and policy memoranda. Moving outward from that core, the product changes in both quality and character. Along each dimension of change, a line must be drawn so as to delimit and give coherence to the market.

The most difficult dimension is that which begins with analysis at the core and moves toward description on or beyond the margins. The difficulty lies in the many distinctions that can be drawn between analysis and description. Where some would see a given study as analysis enriched by empirical detail, others would see only description if the study lacked a formal, mathematical model. This latter view, while probably predominant in the academic world of North America and Europe, seems too restrictive to be usefully applied to the case of Peru. It would cause Peruvian economic research to be defined almost out of existence.

A more operational definition of “analysis” would see it as empirical detail - description - applied to a specified issue or question, with or without the use of mathematics and econometrics. While this definition will make it possible to define a substantial body of work in Peru as "economic research," it does not get us entirely out of the definitional woods. Because now we have as analysis, i.e., work to be included in our market for economic research, descriptive material that is focused on a question, while other material is set outside this market if it is relatively unfocused descriptive material.

This distinction, between focused and unfocused work, is the same as an assessment based on quality. Inevitably it would be very subjective, although a number of different observers might make similar independent assessments.

To avoid the difficulties of such quality assessments, we use a proxy for quality, which is the academic preparation of the researcher. We consider that the economic research is of high enough quality, i.e., analytical enough, to be included in our research market if the researcher has done graduate work to at least a level of MA completion, either overseas or at a quality national program such as that of Católica.[1] The graduate work need not necessarily have been done in economics, however. Some respected Peruvian economic researchers in fact did their graduate work in related fields such as public policy or even political science.

This restriction to researchers with graduate study is however relaxed in cases where an economist with a high-quality BA is working in a respected institution and, according to an interviewee, doing work that is more responsible and more independent than simply that of a research assistant. The rationale for including such people is that, through appropriate supervision and guidance, what such economists lack in experience can be made up for partly by the environment, partly by their own ability to catch on, so that good-quality research can result.

One advantage of drawing the line at this point is that it effectively rules out research work done for undergraduate theses. Some thesis work may be very good, but the authors' presence in the research market is ephemeral. Upon graduating, he or she is either gone from this market, or counted elsewhere.

Another difficult dimension that also requires a line of demarcation concerns the form of the research product. In principle, the market should not be restricted to the production of research studies, since the essence of the market is the imparting of information, not the attachment of words to paper. Information can be transmitted not only by manuscripts, but also by policy memos, oral presentations, and even television interviews.

A familiar sight in Lima is the well-trained economist who has become businessman and public figure, but who continues to consult, write newspaper columns, and give television interviews on matters of economic policy. Despite this activity, the research phase of such a person's career was closed long ago. It seems stretching definitions too far to count him in the current market for economic research. This suggests that the shorter forms of communication, e.g., memos and interviews, are useful complements to research, but in and of themselves they are not research. Only written work of some length holds the possibility of containing the depth and originality of thinking that is the essence of research.

A final dimension to consider concerns the nature of the subject matter. What is economics? This question is most easily answered by indicating two areas that are defined not to be economics, for the purposes of this study. The first is the production of economic statistics, particularly those production activities of a fairly routine nature. Thus INEI will not appear among the institutions producing economic research. The second area is private sector research activity that is specific and internal to the individual firm. If Firm Alpha hires economists to do market research or financial

[1] Pontificia Universidad Católica del Perú. In some instances where the researcher's academic background was not clear but some knowledge existed of research quality, the decision whether or not to include a researcher in the market was based on a direct assessment of the research.

analysis specific to the condition of the firm itself, that activity is left out of account in this study. If however Firm Alpha sets up an economics office that tracks developments in the national economy or in the sector where the firm operates, and writes research reports about what it is tracking, that activity should be included here.

The Size of the Market

The market thus delimited, what is its size and composition? The number of economic researchers is estimated in Table 1, by affiliation or employing institution.[2] For each employer, two different estimates are given: High and Low. The difference between the two columns of estimates is substantial, the low-estimate total being less than half of the high estimate. So great a discrepancy gives an indication of the margin of error that attaches to many of the numbers. So great a discrepancy also requires an explanation.

One difference between the columns concerns the inclusion of economists lacking graduate training. The low-estimate column represented a tougher line on including such economists, counting them only in cases where the evidence seemed clear that they were truly engaged in substantial research activities. For the low-estimate column, BAs were included only in the cases of GRADE, BCRP, and the major consulting firms.

Perhaps a more important difference came from asking whether economists in a given organization really had time for research, or whether any research intentions were usually squeezed out by the pressure of other responsibilities. This criterion is the principal cause of the vast reduction in numbers associated with government ministries as one goes from high to low estimates. Most economists recruited into the ministries, particularly the MEF, have compiled excellent records as researchers in other contexts, and often they enter government with the offer of a position that is supposed to include research at least part-time. The usual outcome, however, is that time pressures and the frenetic pace of decision making defeat all efforts at scheduling the more thoughtful, long-term projects that constitute research. In general, there is time for the memo (or ayuda memoria). There is no time for the working paper that would support the memo.[3]

Table 1
Economic Researchers in Peru, 1999-2000

	Institution	High Figure	Low Figure
Consorcio de Investigación Económica			
	DESCO	3	3
	GRADE	14	14
	IEP	3	3
	Universidad del Pacífico	21	21
	PUCP	20	20
Government, Private Sector Regime			

[2] These estimates were compiled on the basis of interviews and examination of institutional web pages. They are not rigidly related to a point in time, but most data were collected in 1999. Further detail on how the estimates were made is contained in a separate appendix that is available on request from the author.

[3] However, there is time for the background paper in agencies such as the BCRP and OSIPTEL.

	BCRP	61	35
	SBS	10	10
	INDECOPI	12	5
	OSIPTEL	6	4
	Other Agencies[4]	23	10
Government, Public Sector Regime			
	MEF	80	10
	Other Ministries	41	5
	Municipalidad de Lima	3	0
International & Bilateral Agencies			
	Comunidad Andina	15	10
	ILO, CIP	7	7
	Other International & Bilat. Agencies[5]	6	0
Consulting Firms			
	Apoyo	23	16
	Macroconsult	14	6
	Other Consulting Firms[6]	6	2
Other Research Institutes, NGOs			
	Research Institutes in CIES[7]	16	15
	Other Research Institutes[8]	4	4
Other Universities			
	Universities in Lima[9]	24	5
	Universities in Provinces[10]	21	4
Banks & Private Companies			
	Banks & Financial Institutions[11]	31	13
	Private Companies[12]	5	0
Gremios[13]		8	4
Self-Employed Consultants		17	13
Totals		494	239

Concern that economists really weren't doing research prompted the substantial reduction in numbers not only in the ministries, especially MEF, but also in the BCRP outside of the Departamento de Estudios Economicos, and in several of the universities, both in Lima and in the provinces.

A final reason for the difference is a somewhat more skeptical view about research quality. This is a minor factor, however, one that was applied in only a few instances. Several organizations whose numbers were reduced substantially in going from high to low estimates were those for which the information available was rather shaky. In such

[4] CONASEV, SAFP, OSINERG, SUNAT, IPSS, COFIDE.
[5] World Bank, IDB, USAID, GTZ.
[6] Cuanto, Maximixe.
[7] CEPES, SASE, Instituto Apoyo, CIPCA, ADEC/ATC, CEDEP.
[8] ILD, IPE.
[9] San Marcos, UNI, Universidad Agraria, Universidad de Lima, San Ignacio de Loyola, ESAN.
[10] Universidad de Piura, Universidad Nacional de Piura, San Antonio de Abad
[11] Banco de Crédito, Banco Continental, Banco Weise, Interbank, Banco de Santander, Merrill Lynch, ING Barings.
[12] Grupo Romero, Telefónica.
[13] Sociedad Nacional de Industrias, COMEX.

cases, the initial, high estimate was one that gave much benefit of the doubt. The second, lower estimate was by contrast an exercise in realism, and is probably the more accurate.

Focusing then on the low estimates, we conclude that the market for economic research in Peru comprised approximately 239 economists, and that the 61 economists in the 5 member centers of the Consorcio de Investigación Económica (CIE, or PERC) represented 25% of this market. The expanded membership of new Consorcio de Investigación Económica y Social (CIES) included 91 of the enumerated economists, 38% of the total.[14] The remaining economists were located in government (79, or 33%), consulting firms (18), international agencies (17), banks and financial institutions (13), self-employed (13), and other institutions (8). To put the matter most simply, about 70% of economic research was located either in CIES or in government.

As a check on the coverage and relative importance of the different institutional groupings shown in Table 1, more specialized lists of economic researchers from a number of other sources are compiled in Table 2. The alternative sources shown in this table are:

- Membership in SEPIA, the Seminario Permanente de Investigación Agraria. This organization incorporates nearly all serious researchers on agrarian issues and covers all social sciences. A review of the membership list resulted in a count of 20 economists among the members.[15]

- Membership in the Sociedad Peruana de Econometría y Economía Aplicada (SPEEA). This is a relatively new organization consisting largely of younger economists, well trained in and anxious to keep up with modern analytical techniques. SPEEA meets infrequently and operates largely through the Internet.

- Presentation of papers in the 1999 annual conference of SPEEA.

- Presentation of papers in the 1998 annual conference of the Latin American branch of the Econometric Society. Despite its name, this organization is really devoted to all of economics, although its emphasis is toward the use of sophisticated, modern techniques. For economists, these are perhaps the most prestigious annual conferences held anywhere in Latin America. The 1998 conference drew a large participation of Peruvians because it was hosted by PUCP in Lima.

- Mention in the Economics section of Top People in Peru, which is a Peruvian Who's Who, its most recent edition being of 1997. Although it is striking to see how quickly

[14] The CIES members institutions are not shown separately in Table 1. In addition to those shown in the original PERC and under the "Other research institutions in CIES," other members include Macroconsult, most of the "Universities in Lima," some of the "Universities in provinces," and one gremio (SNI).

[15] I thank Manuel Glave for assisting me in the identification of economists.

times, and people, change, nevertheless it can serve as a rough measure of status and influence in public debate for later years such as 1999 and 2000.

In Table 3, the data of Table 2 are consolidated and compared directly to Table 1 so as to examine the relative importance of PERC and CIES in the total supply of economic researchers. It might be expected that most of the sources presented in Table 2 would show a greater concentration of economic researchers than that of Table 1, because, in one way or another,
the distributions are limited to an elite of economists. In most cases the elite is self-selected through willingness to join organizations or make conference presentations, and in one case it is selected by the mavens of Peru Monitor and the Peru Report.

Table 2
Where Notable Economists Work
Some Indicators[16]

	SEPIA[17] Member 1999	SPEEA[18] Member 1999	1999 SPEEA Conference	Econometric Society Conference	Top People in Peru 1997[19]
	Econ.		Paper or	Lima 1998	Section of
	only		Comment	Paper	Economists
DESCO	0	0	0	0	2
GRADE	6.5	5.5	2	2.5	2
IEP	2	1	0	0	2
U Pacífico	0	10	5.5	1	9
PUCP	3.5	11	0	2.5	9
BCRP	0	12	2.5	6	3
SBS	1	8.5	4.5	1.5	0
INDECOPI	0	5	0	0	1
OSIPTEL	1	2.5	0	1	1
IPSS	0	3	0	0	0
MEF	0	3	0	0	3
MinTra	0	3	0	1	0
Other ministries[20]	0	1	1	1	1
Other govt.[21]	0	3	0	0	2
U de Lima	0	5.5	0	0	2
San I. Loyola	0	2	0	0	0
ESAN	0	1	0	0	3

[16] Half scores for SEPIA and SPEEA membership indicate that members have joint affiliations. Half scores for SPEEA or Econometric Society conferences indicate that papers have been jointly presented.
[17] Seminario Permanente de Investigacion Agraria
[18] Sociedad Peruana de Econometría y Economía Aplicada
[19] Jonathan Cavanaugh, ed., The Peru Report's Updated Guide to Top People in Peru; Quién es Quién? 1997. Lima: Peru Reporting E.I.R.L., 1997.
[20] MinPre, MINSA, MAG, MITINCI, one entry each.
[21] SUNAT, COFIDE, SAFP, OSINERG, Municipalidad de Lima, one entry each.

Other univ.[22]	1	0	0	0	2
Apoyo	0	1	0	0	3
Macroconsult	0	2	1.5	2	4
CEPES	2	0	0	0	0
Other consulting firms, NGOs[23]	2	0	0	0	3
Int. agencies[24]	0	3	0	0	3
Banks, finance[25]	0	2.5	1	0.5	3
Companies[26]	0	1.5	0	0	0
Empresarios	0	0	0	0	12
Overseas	1	44	2	0	18
Unknown	0	1	0	0	6

Table 3
Affiliations of Economic Researchers[27]

	PERC	CIES	Govt	Other	Total
Table 1 (High estimate)	61	128	236	130	494
Table 1 (Low estimate)	61	91	79	69	239
SEPIA membership	12	15	2	2	19
SPEEA membership	27.5	37	41	9	87
SPEEA conference, 1999	7.5	9	8	1	18
Econometric Society, 1998	6	8	10.5	0.5	19
Top People in Peru, 1997	24	38	11	11	60
Table 1 (High estimate)	12%	26%	48%	26%	100%
Table 1 (Low estimate)	26%	38%	33%	29%	100%
SEPIA membership	63%	79%	11%	11%	100%
SPEEA membership	32%	43%	47%	10%	100%
SPEEA conference, 1999	42%	50%	44%	5%	100%
Econometric Society, 1998	32%	42%	55%	3%	100%
Top People in Peru, 1997	40%	63%	18%	18%	100%

[22] Universidad Agraria, San Marcos, UNI.
[23] Maximixe, ILD, IPE, ITDG, Proyecto Algarrobo.
[24] GTZ, CARE, Comunidad Andina, UNICEF.
[25] Banco de Crédito, Banco Continental, Bolsa de Valores, Sociedad de Agentes de Bolsa, ING Barings, Merrill Lynch.
[26] Telefónica, Bell South.

[27] Economists listed as “Empresarios,” “Overseas,” or “Unknown” in Table 2 are excluded from Table 3. Note that the PERC membership is also included in the CIES column.

These expectations are borne out in Table 3. By these various other distributions, economic research is more heavily concentrated in PERC (or the newer CIES) and government, leaving less representation for economists in “Other” institutions than is the case of the estimates taken from Table 1. The only category whose participation seems rather erratic is government. It should be remembered, however, that this category is dominated by BCRP and SBS, two institutions where economists do research, make presentations at conferences, and also publish, but make few public pronouncements, thus often disqualifying themselves from the opportunity to be a “top person.” Also, they are institutions concerned with the financial sector and therefore little interested in agrarian issues.

Setting aside the SEPIA numbers as being too sector-specific for generalization, the relatively more concentrated distributions of Table 2 show that the five institutions of PERC included from 32% to 42% of the economic researchers tabulated, while the share for the broader CIES ranged from 42% to 63%. These figures tend to give credence to the more encompassing distributions derived from Table 1, the low estimate from that table showing that PERC and CIES accounted for 26% and 38%, respectively, of the individuals engaged in economic research in Peru.[28]

3. Income and Working Conditions

Stability in a market requires that suppliers receive incomes sufficient to induce them to stay in the market. It is worth asking how much income is required by producers of economic research in Peru, and what income-earning strategies are required to meet minimum income targets. In simpler words, how do researchers make ends meet? And what implications are there for the character of research produced?

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[28] The estimates of this paper are superficially similar to those of a survey of economic research done in the mid-1980s by Alarco and Moloche. (Germán Alarco and Carmen Moloche, “La investigación económica en Lima. Catálogo 1985/1986,” Apuntes, No 16, Primer Sem., 1985, pp. 143-185) The total number of researchers listed there is 254, a number very close to our preferred low estimate of 239. However, the differences in coverage between the two estimates is vast. The Alarco-Moloche figures were based on a questionnaire sent to 124 (!) research centers, of which 88 furnished a listing of their current projects. However, 35 responding institutions listed projects without giving the names of researchers. The 254 names came from only those 53 institutions that did provide names. A review of the list showed that many were non-economists (e.g., sociologists, historians), although all research reported was purportedly economic. Moreover, it seems evident that many economic researchers failed to reply (e.g., only 7 economists are listed for PUCP, only 8 for BCRP). In fairness to the study, however, it should be noted that the objective was not to count researchers, but to report on what research was being done. From the perspective of this paper, therefore, the numbers aren’t very useful, but some impressions are, viz.: 1) Many government agencies that formerly sponsored research now no longer do so, in many cases because the government agency has been abolished (e.g., ECASA, ENCI, Mineroperu, Banco Agrario, Banco Industrial, INP). 2) Other agencies that continue to sponsor research do so in significantly diminished amount (e.g., JUNAC, World Bank, various ministries). 3) The mortality rate among research centers has been high over recent decades. 4) The turnover among researchers is notable. Among the 254 researchers listed, I could identify only 25 who have continued to be active researchers in recent years.

Of course, income requirements depend very much on the individual and can vary greatly, depending on the social milieu that each person is accustomed to, and also on the individual's family status.

It is a given for any Peruvian professional that migrating to a developed country could bring a vast increase in income. For economists, particularly those in independent research centers, a move to an international agency in Chile, the United States, or Europe is always a possibility, one that could easily produce a doubling of income, and greater income stability as well. Without leaving Peru, a shift to business activities can bring similar increases in income and income stability. To remain a researcher, therefore, is to incur sacrifices that can be more easily sustained if family responsibilities are not great. Thus one sees among the ranks of researchers a large number who either are unmarried or are secondary income earners in their families.

Nevertheless employers of economists and contractors of economic research cannot rely exclusively on a labor force without family responsibilities. Occasionally, therefore, surveys are undertaken to determine living costs for professionals.

A recent, detailed survey by Price Waterhouse Coopers estimated income and living expenses for six levels of white-collar workers (empleados), in each case for a family of four.[29] It is not clear, however, where economic researchers might fit in the six-level hierarchy. The fifth level, titled “Profesionales y técnicos,” is perhaps the closest. It is defined to include “abogados, auditores, analistas financieros, ingenieros industriales.” These are however positions associated with university degrees, but not with postgraduate work. The next highest level, “Mandos medios,” (Middle management) comprises “contador general, jefe de personal, supervisor de planta, sub-gerente de ventas,” i.e., with supervisory responsibilities that the researcher does not deal with. An economic researcher might be somewhere between those two levels, for which basic after-tax income and expenditure data are shown in Table 4.

Table 4
Family Income and Expenditure for Two Levels of Empleado
(Monthly data, for December 2000, in US Dollars)

	Mandos Medios	Professional & Technical
Expenditure	$3661	$2485
Income	2161	1321
Balance	(1497)	(1113)

Source: Price Waterhouse Coopers, op. cit., Cuadros 2, 3.

[29] Price Waterhouse Coopers, “Cost of Living,” Lima, December 2000. The six levels were titled, “Ejecutivos expatriados,” “Altos ejecutivos locales,” “Ejecutivos,” Mandos medios,” “Profesionales y técnicos,” and “Empleados.”

For both budgets, it is assumed that the family owns a car, rents an apartment, and sends their children to private schools. That both budgets are strongly in deficit indicates that, in the middle-class limeño family today, both parents have to earn income.[30]

Another survey, undertaken in 1999, focused more specifically on professionals with status and background similar to those of economic researchers. The survey estimated monthly expenditures, also for a family of four, assuming the following as components of the family's market basket:

- One domestic servant.
- One automobile.
- A monthly debt payment of $300.
- One trip to the movies each month.
- One trip to the beach each month in the summer.
- Two children in private schools that are not elite schools but are well respected.[31]

The conclusion was that monthly family expenditure, given these market basket constraints, was about S/.10,000 for professionals with prior overseas graduate training. At 1999 exchange rates, and adding in fringe benefits, this converted to about $3,175.

The conversion from this estimate of expenditure needs to a corresponding figure for income needs was problematical, because of the great variation in work experience and income earning potential of spouses. However, it was assumed that all professionals had working spouses; a rough estimate was that female professionals earned the same as their spouses, while male professionals earned twice what their spouses earned. This implied that the income needs after taxes of economic researchers could be as low as $1600 per month, but would more likely be around $2100.

These figures match the Price Waterhouse Coopers estimates fairly closely.[32] They point to the conclusion that, for economists with a completed master's degree or more

[30] The Price Waterhouse Coopers study shows a fine appreciation for the subtleties of limeño social structure by indicating with great precison the municipalities in which each level of the hierarchy would live. "Mandos medios" are assigned to Pueblo Libre, Jesús María, and Magdalena, while "Profesionales y técnicos" are placed in San Miguel, Pueblo Libre, Barranco, and Magdalena. By contrast, "Ejecutivos expatriados" are placed in La Molina, Camacho, La Planicie, Chacarilla, and Golf (San Isidro).

[31] The three schools specifically chosen were listed by the Universidad del Pacífico as among the top 45 secondary schools in the country, for which graduation in the top 10% of the class earned the student automatic admission to Pacífico without examination.

[32] I checked these estimates with some researcher friends who I thought to have non-extravagant living standards. Making estimates for a family of four, in one case the researcher estimated a minimum monthly family income of $3,500, in another case $3,700. Yet in another instance the case was cited of an engineer (brother of the informant) who lived comfortably on a total family income of $2,300. His family had a car, rented an apartment, sent children to a decent private school. And in another case a university

of training, most would require a monthly family income of at least $3,000. This implies that for the principal income-earner of the family a rock-bottom figure for earnings would be about $2,000, after taxes.

Nearly all the economists currently producing economic research are either meeting this income target, or because of special family circumstances they can get by with less. Those who are not meeting their income needs are of necessity withdrawing from the market, in search of other alternatives.

It is important, however, to note how the economists who remain in the market actually meet their income needs. To what extent are they supported by reasonably secure salaries, and to what extent are they obliged to live on "soft money," i.e., short-term contracts that give little prospect of security for the future?

Table 5 attempts to divide the economic researchers listed in the “Low Figure” of Table 1 into two groups: those receiving an assured monthly salary in excess of $2,000, and those who live on short-term salaries determined by research contracts.

The division between “assured salaries” and “soft money,” while useful, is also something of a false dichotomy. Some “assured salaries” really aren’t all that assured. For example, those listed in “Government, Public Sector Regime” are all on contracts that would most likely be terminated with the next ministerial change in the relevant ministry.[33]

In the case of consulting firms, all employees are in fact on salary, but the firms run largely on short-term contracts. Thus the firm serves as a shock absorber, protecting its employees from the short-run vagaries of contract bidding, and also relieving them of the need to find their own funding. Nevertheless, if contracts dry up and the business turns sour, people will get laid off.[34]

Table 5
Economic Researchers in Peru

professor indicated that his monthly income of $1200 was adequate, and that he did not feel pressed to secure additional consulting income. (He was however unmarried.)

[33] All high-level government employees are paid by special, off-budget funds, since on-budget salary levels are absurdly low. One informant estimated that, for one relatively small ministry, about 40 people were being paid by contracts that came from outside the Ministry. Monthly salaries on such contracts ranged between $1,000 and $3,000, some coming from a fund managed by the office of the Prime Minister (PCM), some from a fund administered by UNDP but supervised by a committee chaired by the MEF, and some from direct contracts with international agencies such as IDB and CAF. The major part of the funds channeled in these ways to high-level salaries probably comes from international and foreign sources.

[34] For consulting firms, those indicated as having an “assured salary” are the researchers who produce the monthly economic reports whose circulation is fairly stable. All other researchers are allocated to the “soft money” column, even though the researchers may be earning a regular monthly salary.

By Source of Income

	Institution	Assured Salary	Soft Money
Government, Private Sector Regime		64	0
Government, Public Sector Regime		15	0
International & Bilateral Agencies		17	0
Consulting Firms		9	15
Research Institutes in CIES[35]		0	35
Other Research Institutes		0	4
Universities[36]		22	28
Banks & Private Companies		13	0
Gremios		4	0
Self-Employed Consultants		0	13
Totals		144	95

Some of the research institutes in CIES also have funds to serve as shock absorbers between contracts, but the amounts are much less than in the case of consulting firms. In other institutes, researchers may not enjoy explicit shock absorber arrangements, but they may have been sufficiently successful in securing contracts so that such provisions really haven't been necessary.

It is worth looking in further detail at the range of institutions that are able to provide assured and adequate salaries to economic researchers.

The most significant group consists of government agencies operating under private sector hiring regimes, in particular BCR, SBS, INDECOPI and OSIPTEL. The most significant, by size as well as longevity, is the BCR, which provides salaries that are not only full-time, but also require "dedicación exclusiva," i.e., extra jobs are not permitted.[37] Employment in the BCR also carries a very secure form of tenure, which permits an economist to take extended periods of leave in order to work elsewhere in the public sector or even overseas.

The leading consulting firms, such as Apoyo and Macroconsult, pay salaries that are substantially above the minimum monthly salary indicated above. When Peru sustained a financial sector boom in the mid-1990s, top-level salaries escalated enormously, and major consulting firms had to raise their counteroffers to stem the loss of personnel.

In the case of universities, all provide assured salaries, but only two - Pacífico and ESAN - provide salaries high enough to meet the middle class living standard

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[35] Including DESCO, GRADE, IEP.

[36] Including Universidad del Pacífico, PUCP.

[37] One exception is however made. BCR economists are permitted, even encouraged, to teach courses in local universities.

delineated above. Professors at other institutions are obliged to treat their university appointments as part-time activities, even though their teaching loads are generally heavier than those of full-time academics in North America.

Economists working in government ministries, banks, private companies, and gremios can have quite adequate salaries, but the nature of the research that they are able to undertake is highly constrained, the bulk of it consisting of reports and newsletters.

Researchers having assured minimum salaries combined with minimal flexibility regarding choice of research topic are therefore confined to just a handful of institutions: three or four government agencies, two universities, and two international institutions that happen to be located in Lima.[38] Many researchers lacking assured salaries and instead living on "soft money," i.e., a series of contracts, do so in order to gain greater independence regarding choice of topic.

The relationship between income-earning strategies and the nature of research undertaken can be illuminated by a series of examples. Below are summary accounts of recent research activities of four economists, as extracted from both resumes and interviews.

- Economist A is employed by an institution that pays salaries above the minimal level described above. The salary does not however carry a "dedicación exclusiva" provision, so he also secures research contracts that generate additional income. Over the previous three years he has worked on five such projects, all funded from foreign sources and all secured through competitions (concursos) for which a proposal had to be written and submitted. Three of these concursos were local, two were international. Through these contracts, Economist A has been able to spend half time in research, without interruption. He reports spending rather little time in the search for funding, partly because in recent years he has never been without at least one project in process, partly because his basic salary is an effective shock absorber.

- Economist B works at a research institute that is sustained by soft money. His research work is highly visible both nationally and internationally, and he has not lacked for projects. Nevertheless his projects are invariably either short-term or part-time. His longest project in recent years lasted for two years, but provided the full-time equivalent of 6 months of work. Others were for periods ranging from 3 weeks to 6 months, full-time for the shortest of these, less than half-time for the longest. Over a recent two-year period he received six different research contracts, two from international agencies located in Lima, four others from agencies located in Washington or elsewhere in North America. In addition, he had a major administrative consultancy in one ministry, and a research consultancy in another.

[38] That is, the secretariat of the Comunidad Andina and the regional office of the ILO. The International Potato Center (CIP) also conducts some economic research but has relatively little contact with other parts of Lima's economic research community.

All of his projects have been funded by foreign sources, either directly or indirectly through government ministries.

- Economist C does not have a permanent affiliation with any institution. In recent years the bulk of his time has been spent in government employment, generally in special projects receiving foreign financing. His employment has changed a number of times within government and between government and independent consulting work. During the past five years he held six different positions in three different ministries. In addition, he served as member of three different special commissions. All these positions have emphasized policy advising and policy administration rather than research. During the same 5-year period, especially but not exclusively during hiatuses in government employment, he has worked as an independent consultant, producing research has been highly policy-specific, under contracts ranging in length from 3 months to one year. The one-year contract provided only part-time financing, however. Throughout these changes in employment, he has continued teaching economics part-time, by the course, in two leading universities. Thus it has not been uncommon for him to have three jobs at the same time: one in a government ministry, another working on an independent research project, and a third teaching.

- Economist D is a tenured professor and department chair at a university whose salary levels are well under $1000 per month. He also teaches courses at two other universities. However, his income comes principally from research and consulting contracts, of which he has had 14 over a 5-year period. Three of these contracts were for one month or less, 4 for two months, 3 for three months, one each for four, five, and six months, and one for two years. Very few constituted full-time employment for the period considered, however. Moreover, there were extended periods, seven months in one year and 5 in another, when he had no contracts at all. Of these 14 contracts, 8 were explicitly funded by foreign agencies, almost all bilateral technical cooperation. The national agencies that funded the other 6 contracts all received foreign financial support as well. In these contracts, Economist D was sometimes referred to as a supervisor, sometimes as a researcher, most often as a consultant. In all instances, however, a written report was not only required, but was the principal product of the contract. Through these contracts, Economist D has published 6 books in addition to the various reports.

These four economists have much in common. They all hold doctorates from foreign universities. Their research is policy-oriented, and in addition to research they have all served in government, as consultants, advisors, members of boards and commissions, even as Minister or Vice Minister.

Yet in other respects their situations are quite different. Economists A and B have significantly more stable employment situations, even though much of their income is based on the soft money of a never-ending series of short-term research contracts. At least they are not lacking for contracts and have never sustained fallow periods without such contracts. Furthermore, their contracts tend to be for research projects rather than consultancies. That is, they are for longer time periods (generally one year rather than, say, three months), they give opportunity for using fairly sophisticated techniques, they are written for an audience of policy economists rather than policy administrators, and they are therefore suitable for publication in professional journals.

Nevertheless, their economic situations are far more unstable than that experienced by researchers in North America. Few contracts extend for longer than one year, and looking ahead the researcher always wonders if research money might not dry up unexpectedly. The consequence is a chronic tendency to accept more contracts than one should, and thus to be overcommitted and scrambling to keep up.

By contrast, Economists C and D live in more precarious economic circumstances. In an effort to establish a minimum of stability, both teach regularly, even though the teaching earns them rather little. From the standpoint of earning income, their most important activities are a series of short-term administrative and consulting appointments whose research component is often in the nature of report writing. Opportunities for using sophisticated techniques are limited, as are the prospects for converting reports into articles for professional journals. Many consultancies are for only 2 or 3 months, and fallow periods between projects can be financially devastating.

All four of these economists are almost exclusively dependent on foreign funding. Those who are plugged into international networks can secure funding directly from international agencies in Washington, Santiago, or other major centers. Those lacking such contacts and reputation may have access to the Lima offices of certain international agencies, as well as to the many programs of bilateral technical cooperation that are active in Peru. In instances where consulting contracts are awarded by government ministries, the ultimate source of the funding is almost invariably a special program of technical cooperation of a bilateral agency, or a loan granted by a major lender such as IDB or the World Bank.

The research opportunities and constraints experienced by Peruvian economists who rely on contract funding - soft money - can better be appreciated by a summary description of a sample of such contracts. This summary comes from 30 projects reported by 9 researchers.[39]

- The source of the research funding was foreign for 28 of the 30 projects. These included both multilateral (IDB, ILO, European Union, World Bank) and bilateral sources (IDRC/CIDA, USAID, Inter-American Foundation, GTZ, and other agencies from Spain, Germany, Sweden, U.K.). Many of these agencies were rather minor players in research funding, however, the major sources being IDB (8 projects) and IDRC/CIDA (6 projects). Of the 28 foreign-funded projects, 18 were funded and administered directly by the foreign source, either from its home office or an office in

[39] The sample was not drawn randomly but rather came largely from the author's friends, who seemed more approachable and likely to speak more frankly. The nine researchers were however not concentrated by institutional affiliation. Two were independent consultants without affiliation, and the other seven represented five different institutions.

Lima, while 8 were cycled through Peruvian agencies, which assumed administrative responsibility. Seven of these 8 were agencies of the Peruvian government; the 8th was a gremio.[40] Finally, there were 2 other foreign-funded projects that took the form of short-term visiting appointments at foreign universities.Regarding the two projects funded from Peruvian sources, one was financed by a well-funded independent supervisory agency, the other by a gremio.[41]

- The projects are generally short-term, verging at one extreme to consultancies lasting just a few days. The range of time periods in this sample of projects was from 3 weeks to 18 months, the median being 6 months.[42] Furthermore, there are few occasions when a researcher can devote himself for an extended period to just one activity, so a six-month project does not mean six months of full-time work on the project. The ratio between the time period of a project in full time equivalents and calendar time, for a subsample of 6 projects, ranged between one third and two thirds, with the median at 50%. Therefore the median six-month project represented only about 3 months of research time.

- Of the 9 projects that provided for a time period in excess of 6 months, 5 were funded by IDRC through PERC.

- In 20 of the 30 projects, the research topic was chosen not by the researcher but by the funder. The 10 instances of researcher-chosen projects deserve careful description. One took the form of an invitation to be a visiting researcher at a foreign university. Another came from unspent funds of a non-research project that the researcher's institution had administered. Three were the projects undertaken by the unusual researcher described in footnote 42 above. The remaining 5 were IDRC projects funded through PERC. For most Peruvian researchers, PERC (and now CIES) has been the only available funding source giving the researcher a chance to advance his own ideas about research priorities.

- To obtain most research contracts, the researcher must win a formally structured competition (concurso). Of the 26 projects for which such information was available, 15 were awarded by concurso. 12 of the concursos required submission of proposals, the other 3 asked only for resumes. 10 of the other 11 projects were

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[40] For purposes of this tabulation, I have included PERC research projects in the category of "directly administered."

[41] It might be argued that projects funded by the World Bank and the IDB ultimately come from Peruvian sources, since they are funded by loans that the Peruvian government will ultimately have to pay.

[42] This sentence excludes data on one researcher, whose experience is quite different from any other Peruvian economist known to me. From a remarkable variety of sources, all foreign, he has cobbled together funding for writing a series of books, each one of which has taken years in production.

awarded by invitation. These were, however, shorter projects, with a median time period of only 2 months.[43]

- In 16 of the 20 cases where the funder chose the project, the funder also wrote the terms of reference. In most cases the researcher was consulted before the terms were locked in, and in most of those cases where there was no consultation, the researcher was not dissatisfied with the process. In many of these latter cases, the project was a multicountry effort financed by an international agency, each country study following a common methodology that made sense to the participating Peruvian researchers.

- Nearly all projects required midcourse reports (informes parciales) and final reports to be submitted to the funder, both subjected to some sort of review and approval.

- The quality of final review and approval, by the perception of the researchers, was mostly good, but the exceptions were illuminating. Among 15 projects administered directly by the foreign funders, researchers judged the comments received to be of good quality but minor importance in 9 cases, of good quality and extensive in 4 cases, and of mixed quality in 2 cases. Both the projects having reviews of mixed quality were in PERC.[44]

- Among 10 projects administered through a government agency, most but not all funded from foreign sources, the picture was quite different. In 4 cases, researchers reported good feedback from the government official. In 6 other cases, however, they reported a government reaction of either indifference or overt hostility to the research report. In 5 of these 6 cases, the government's attitude was in marked contrast to the reaction of the foreign funder, which also read the report and gave comments that were judged helpful and generally favorable.

- The uses to which these studies were put can be considered at two levels: publication and policy application. 21 of the 30 studies either have resulted or will soon result in publications. Two others were not published but were inputs to other publications.[45] Among these 23 studies, the researcher had a clear idea of the study's ultimate policy application in only one case. Of the remaining studies, five were unpublished reports having a clear policy application in each case. The

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[43] The 11th project was the unusual case of funding left over from a non-research project, noted in the previous paragraph.

[44] In one case, the complaint was the the International Advisor never showed up, although the national referee was good. In the other case the comment was the reverse: The International Advisor was helpful but the national referee's comments were not appreciated. It should be expected that the refereeing process might be more conflictual in PERC (and CIES) than in the case of other projects where the final reader presumably chose the researcher in the first place.

[45] One was a background paper, the other a highly elaborated terms of reference.

remaining two studies were received by the appropriate government agency and buried.

The prototypical research project may therefore be assigned several characteristics. It is a six-month project that provides three months of full time research work. It is funded by a foreign agency that has chosen the topic, written the terms of reference, and awarded the contract by competition (concurso). The researcher is required to submit a midcourse report and a final report, and receives written comments on both. With some egregious exceptions, the comments are positive and helpful. The report is ultimately published in some form, but its ultimate impact on policy making is generally not known.

In the context just described, it can be seen that Peruvian researchers have particularly appreciated Canadian funding, first PERC and now CIES. It is one of the few instances where researchers have been able to propose topics according to their own research agenda and secure funding over a longer time period. It has also permitted research efforts with intellectual standards that are matched, among the alternative funding sources, only by projects funded from the home offices of a few international institutions (IDB in particular). Access to that kind of funding is however limited to only a small elite among Peruvian economic researchers.

4. Research Production

The research process varies by individual preference and also by the particular intellectual tradition of different research centers, but the variation is not great. Economic research is conducted in Peru pretty much the same way it is conducted in North America or elsewhere.

As a first step, the researcher has to develop a research design, based partly on reviewing relevant literature and partly on bouncing ideas off others. Even short-term contracts generally allow some time to assemble bibliography and review relevant literature. This task is easier than it used to be, because the quality of research libraries in Peru is vastly superior to what it was 25 or 30 years ago.[46] In addition, the resources of the web make the latest materials produced anywhere in the world available at the press of a key. As a result of these factors, as well as of their own excellent graduate training, Peruvian economic researchers are aware of recent developments in their fields of specialization in other countries and are able to incorporate these developments into their research designs.[47]

[46] The BCR library was virtually the only good economics library in Peru 30 years ago, and it remains one of the best. Today, however, outstanding economics libraries can also be found in several member institutions of CIES (e.g., UP, PCUP, GRADE, ESAN) and they are made the more useful by a system of inter-library lending.

[47] This point is most easily demonstrated by a perusal of the bibliographies appended to research proposals submitted to the recent concursos of CIES.

If the project involves a number of researchers, it often begins with one or more brainstorming sessions, attended by members of the project and also by others affiliated to the same institute. More rarely, experts from other institutions are also invited to attend these sessions. During the course of the research, review sessions for the presentation of work in progress are a common feature. The funder usually requires at least one such session, to discuss a midcourse progress report (informe parcial). Many institutions also hold regular weekly sessions in which researchers present their latest results.

As the research progresses, it is aided by the wide availability of statistical programs that can be easily run in desktop computers. Somewhat more problematical than the statistical programs are the statistics themselves. Again comparing to 30 years ago, the sheer volume of government-produced economic statistics is undoubtedly much larger today. Their quality and reliability are however probably not improved. Concerns about the reliability of official statistics introduce a nagging source of doubt that infects any research based on them.

Many researchers instead rely on nongovernmental sample surveys, whose reliability can be more accurately assessed. The Living Standards Measurement Survey (LSMS, ENNIV in Spanish), originally financed by the World Bank, is by far the most important such source. However, some researchers have expended enormous efforts developing other data sets for other purposes.[48]

The final product is most often issued as a discussion paper or some other type of publication sponsored by the researcher's institution. It is subject to review by the institution as well as by the funder. Most institutions have established procedures for internal review, in which one or two colleagues are called on both to offer comments and to give approval to the report's release or publication. This task is both unpaid and time-consuming, but it is taken very seriously.[49]

The funder reviews, gives comments, requests changes very often, and finally approves, thus releasing the final payment to the researcher.

Weak Spots in the Research Process

The research process just described works pretty well. It is a process that generates a flow of competent, useful research studies that are far superior to the research production of 30 years ago, in both quantity and quality. Nevertheless there are weak spots in the process. Four such spots may be identified.

[48] The efforts of GRADE economists deserve recognition in this respect.

[49] Among the institutions that mentioned such procedures in interviews are BCR, GRADE, IEP, and CIUP.

First, while researchers may be content with their opportunities to make adjustments to terms of reference, it must be remembered that they hardly ever have the chance to choose their own research topics. Thus Peruvian researchers have little chance to develop a coherent line of research, in which smaller projects are building blocks that add components to a larger structure. A cumulative design of this sort, the essence of an academic career in North America, is simply not available to Peruvians. It is not surprising, therefore, that very few Peruvian researchers have produced a magnum opus.[50]

Second, it is striking to see the contrast in the intensity and quality of intellectual interaction between institutions as compared to within institutions. The former is rather sparse as compared to the latter. Initial brainstorming, discussions of work in progress, reading and commenting on final drafts, all these steps take place largely within each given institution.

There are exceptions, such as the brainstorming session mentioned above when an outstanding specialist from another institution was invited to attend. And certainly economists from different institutions hear each other speak frequently, at the innumerable conferences and mesas redondas that are scattered about Lima's intellectual landscape. Such sessions, however, are for a general public, not for specialists. They do not provide opportunity for penetrating discussions of methodology. In fact, they generally provide little opportunity for any discussion at all, because comments from the audience are tightly controlled and designated commentators are usually loathe to be too critical in a public forum.

It is worth reflecting on why intellectual cross-fertilization between institutions should be so weak. To some extent it derives from long-standing professional and ideological rivalries. A more important factor, however, is probably simply that people are too busy. Helping other researchers to improve their work, whether by conversation, reading drafts or writing comments, is time-consuming and unpaid. If such activities advance the interests of their own institution, only then will researchers try hard to find the time in their busy schedules. The commuting time required for moving between institutions in Lima's vast sprawl gives another reason for sticking to one's own institution.

The third weak spot concerns the quality of feedback from funding organizations. It's not all bad, but it's highly variable. At the positive end of the spectrum lie most of the projects emitted by the IDB in Washington. Some are collective efforts aiming for publication and are supervised by officials having both the technical background and the commitment to follow a project through to satisfactory completion. Many projects with local origins also receive similar careful attention from funders. For example, one researcher reported having received excellent support and feedback in a project funded

[50] Historical works of Richard Webb and Marcos Cueto are perhaps the closest recent approximations to magna opera. For a truly massive work, however, one must go back to Jorge Basadre's Historia de la Republica del Peru, which filled 17 volumes in its 6th edition, published in 1968-70.

by the Ministerio de Salud Pública. This was all thanks to the interest and effort of one individual in the ministry.

There is however another end to the spectrum, occupied largely by projects funded by various offices of the government. In these projects the quality of the feedback might be poor for a number of reasons. The government office may simply have had no interest in the project, either because the project had been forced upon it by a foreign funder, as a condition for a loan or technical assistance grant, or because of personnel changes, the project's initiators no longer being around by the time the final draft was delivered. In extreme cases, reported in interviews, the funding office's attitude toward the research report was not indifference but hostility. This might have occurred if the thrust of the report's recommendations ran against the policy line being promoted by the office in question.

The cautious economist would of course avoid taking on a government-sponsored project that might reach a conclusion running against government policy. One would think that such dangers might be seen and avoided during preliminary discussions and initial review of the terms of reference. Government motives can be opaque, however, particularly in the case of the Fujimori administration, where stated policy objectives sometimes ran counter to the instinct for centralization and control. Thus Researcher A, who prepared a report on decentralization, found the study savaged by the very office that had written the terms of reference and issued the contract. No possible revisions were satisfactory. The study was ultimately buried by the government, and the researcher forbidden to use the material for publication elsewhere. Meanwhile, the international agency that had provided the funding watched helplessly from the sidelines. Commented Researcher A, "It was my worst nightmare."

By contrast, Researcher B reported a very productive relationship with the government official who had arranged another research contract. Among other acts of support, the official supplied bibliographic references, arranged site visits, and got other experts to read and give comments on drafts. When the final report was submitted, the official read it carefully and asked for changes that Researcher B was pleased to provide.

Yet publication was blocked in this case as well, evidently because other offices in the same ministry objected. The study was finally cleared for publication under the transitional government, several years after the research had been undertaken.[51]

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[51] This experience reflects the considerably more open attitude of the transitional government toward release of information. Nowhere was the change more pronounced than in the Ministry of Education, especially in the much-publicized case where the Fujimori government had refused to release Peruvian student achievement scores that were part of a multicountry UNESCO study. Peru was the only one of 13 participating Latin American countries that took this position. By contrast, under the transitional government not only were the scores released, but also the multicountry study was reissued under ministry auspices, with all the comparison tables reworked to include Peruvian data. Peruvian scores were embarrassingly low, but the greater embarrassment to many was the secretiveness of the previous administration.

The more general difficulty encountered in many government-supervised research contracts was however neither secretiveness nor hostility toward deviation from the official line, but rather an unfamiliarity with the kind of long-run, abstract thinking that is needed in order to make effective use of research. The difficulty encountered in several projects was not only that work had to be simplified for noneconomists but also that the line of argument, even written for the general reader, didn't elicit much of a response. Thus the review and feedback received by the researcher wouldn't focus on whether the research was useful and made sense, but rather on whether it adequately covered all the points stipulated in the terms of reference.

This was the experience of Researcher B in a project different from the one described above. This other project had been commissioned by a given group in the government agency, and the group changed. The new group responsible for managing the project was at a subordinate level ("personas junior") and gave the impression that the study was of no importance to them. They gave no assistance in data collection and interpretation, nor in consultation on points of doubt. They had little experience in research, and showed no interest in working with the consultants. They were however very demanding regarding delivery of the final product, with respect to both form and deadline. They read the final product and gave comments, some important (i.e., concerning relevant new laws), some picky (i.e., concerning layout or changes of specific words). Once the report was delivered, Researcher B had no further contact with the agency and has no idea if it was put to use in any way.

Reflecting on the contrasting experience between these two projects, Researcher B characterized the difference as one of horizontal versus vertical relationships. The comment seemed to me illuminating. Furthermore, it could be argued that horizontal relationships, in addition to being more characteristic of modern, technologically advanced societies, are also more open to the new ways of thinking that are the essence of the research process. By contrast, vertical relationships, which emphasize hierarchy, authority, and control, are designed to foster obedience rather than freedom of thought. The problem is that much of traditional Peruvian society is dominated by vertical relationships. When that mindset creeps into governmental funding agencies, research is in trouble.

The sad reality is that much of the funding of economic research in Peru is done by entities that really aren't interested in research. That the problem seems to lie principally with government offices is the case only because often such offices have research funds thrust on them by international agencies. The mindset in private sector gremios, where research is easily confused with advocacy, is however not very different.

The <u>fourth</u> weak spot in the research process concerns final publication. A research contract is generally ended when the researcher delivers a final report to the funder and the funder accepts it. Such a report, if disseminated at all, is issued either as a discussion paper of the researcher's institution, or as a publication sponsored by the funder. In neither case is the editorial review likely to be very rigorous. The in-house review of the research institution, while helpful, is likely to be more concerned that the study will not be an institutional embarrassment than to ensure that the researcher has gotten the most out of the topic. The review by the funder's office can be very effective in some cases, such as the IDB in Washington, but perfunctory when done by most Lima-based offices.

For nearly all research projects, however, the researcher can secure the right to pursue further publication opportunities. Among the options available are the leading Peruvian journals (Economía and Apuntes), the leading Spanish-language journals (in Argentina, Chile, and Mexico), and English-language journals specializing in development issues. Publishing in any of these sources produces enhanced prestige and intellectual satisfaction. It also produces a more useful final product, which would have been polished and honed as it passed through a more demanding editorial process. It is, however, time-consuming and produces no additional income, neither through the terms of research contracts nor through the salary and promotion policies of universities and government institutions.

Some Peruvian researchers do make efforts to publish their results, for reasons of personal satisfaction more than anything. But the pervasive incentive not to do so, fostered particularly by income needs that push the researcher on to the next contract, militate against such efforts. As a result, the economic research process in Peru is truncated at the end. The final stage of polish and editorial revision is generally absent.

5. Achievements and Incentives in Publication

Suppose that a Peruvian economist ignores the disincentives, invests the extra time in a study so to produce a polished journal article, and desires to have it published in a source outside of his or her own institution. What publications options are available?

First thoughts might be directed to publication within the country, and indeed there are several economics journals in Peru. Most, however, are open only to researchers affiliated with the institution that issues the journal.[52] Economía and Apuntes, the two best-known journals, do however publish some articles by researchers not affiliated with their respective sponsoring institutions, as shown in Table 6.[53]

What Table 6 shows, however, is that even in these two journals the preponderance of contributions has come from within the sponsoring institution. In the case of Economía, with only three identifiable exceptions in an 18-year period, contributors have been either Católica economists or

[52] Journals of this sort include Notas para el Debate of GRADE, Ciencia Económica of the Universidad de Lima, Revista de Estudios Económicos of the Banco Central de Reserva, and Peru's oldest economics journal, La Revista de la Facultad de Economia de la Universidad Nacional Mayor de San Marcos.

[53] Economía is published by the Departamento de Economía of PUCP, Apuntes by the Universidad del Pacífico.

foreigners. Some foreigners were Peruvianists lacking a local institutional affiliation. Others were distinguished economists whose work was deemed worthy of translation and local dissemination (e.g., Krugman, Stiglitz).

Table 6
Institutional Affiliation of Published Authors:
Three Major Peruvian Journals
1980s and 1990s

	Economía	Apuntes	Debate Agrario
	1980-97	1980-98	1987-98
PUCP	94	25	5
Universidad del Pacífico[54]	0	130	0
San Marcos	0	5	6
Other Peruvian Universities	1	3	0
CEPES	0	0	18
DESCO	0	2	7
IEP	0	3	1
GRADE	1	1	5
Apoyo	0	2	0
Government, (e.g. BCR, Osiptel)	0	2	1
Promotional NGOs	0	3	13
Independent Consultants	1	8	13
International Agencies in Peru	0	4	10
USA, Canada	14	25	10
Europe, Japan	1	8	7
Other Latin America	7	5	28
Affiliation unknown	6	8	13
Total	125	233	137

Source: Hand counts of the three journals.

At first glance, Apuntes seems more open to contributions from researchers at other institutions. However, Apuntes is multidisciplinary, and with only one or two exceptions the contributions received from Peruvians not affiliated with the Universidad del Pacífico were from non-economists, particularly historians. From the standpoint of economics alone, Apuntes appears as exclusive as Economía. This impression is reinforced by the Apuntes

[54] Figure for Apuntes consists of 100 articles by faculty and 30 by recent graduates of the university.

web page, which states: “Una revista que el CIUP edita semestralmente, con artículos escritos por los propios miembros del CIUP o por académicos invitados.”[55]

These appearances of exclusiveness notwithstanding, interviews with the editors of Economía and Apuntes showed the situation to be quite different. Both stated forcefully that they welcomed contributions from economists outside their respective institutions, and that such manuscripts would receive treatment equal to that received by insiders. Both lamented the shortage of good papers and were keen to cast a wider net in order to raise quality, while at the same time reducing time burdens on editors. With more and better manuscripts, so the reasoning went, editors would not need to spend so much time struggling with editorial revisions on marginal manuscripts.

At present, from 30% to 50% of the manuscripts received are returned to authors for editorial and substantive revision. In the end, from 10% to 20% of those received are not published, either because the manuscripts are rejected or because the authors do not follow through on requested revisions. These are not daunting rejection rates.[56] Nevertheless they arise from an editorial process that is generally more demanding than that applied to in-house reviews for discussion paper series.

The fact that both Economía and Apuntes contain such a high concentration of in-house contributors may therefore be attributed to two factors. First, both journals may have inadvertently been giving discouraging signals to potential contributors. Second, and probably more important, potential contributors do not offer their manuscripts because they feel obliged to support the publications programs of their own institutions. This is unfortunate. If more contributions were funneled into these two journals, or to other journals that might want to compete with them in a national market for manuscripts, promising articles would be subjected to a more demanding editorial process, and readers would be better guided to what is most worth reading.

By contrast, Debate Agrario creates no image of possibly being an in-house publication. Its authors have a wide range of affiliations, and researchers affiliated with CEPES, the sponsoring organization, account for only about 15% of the articles tabulated in Table 6. The journal’s openness is however somewhat limited by the fact that about 80% of the published articles are solicited. This is so because many issues have special themes, and also because the editors have certain research priorities that they desire to promote. They also solicit manuscripts, however, because good manuscripts are scarce. They beat the bushes. Among the unsolicited manuscripts, about 50% are ultimately accepted and published. Thus Debate Agrario has a limited but important role in promoting improved research quality in one specific sector.

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[55] www.up.edu.pe/ciup/otras_actividades.htm#apuntes. The Economía web page is at www.pucp.edu.pe/~economia/pages/pub_rev.htm

[56] Rejection rates in the most prestigious journals in North America approach 90%.

Perhaps the researcher desires to test his or her work against more exacting editorial review, and also secure greater prestige and personal satisfaction, by publishing in another country. What journals could satisfy these objectives? The four journals listed in Table 7 are generally thought to be the top economics journals in Spanish America, although evidence for this assertion is impressionistic.[57]

Table 7[58]
Articles Published
In Leading Latin American Development Journals[59]
By Economists from Various Countries[60]

	Des. Ec.		Rev. CEPAL		Cuad. de Ec.		Trim. Ec.	
Country	Argentina		Chile		Chile		Mexico	
	80-89	90-98	80-89	90-99	80-89	90-99	80-89	90-99
Argentina	161.5	142	20.5	20.5	17.5	6	20	18
Brazil	5	12.5	9.5	15	0	1	21	13
Chile	11	3	148.5	142	104.5	130	54.5	25.5
Mexico	4	3	13	25	0	0	75	76
Peru[61]	2	2	5.5	8	0.5	2	5.5	7

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57 One measure of journal quality is the number of times the journal's articles are cited in other journals. The Institute for Scientific Information has compiled journal rankings on this basis, including a ranking of 165 economics journals. Only two Latin American journals found a place in this ranking: Desarrollo Economico (no. 133) and El Trimestre Económico (no. 165). See Institute for Scientific Information, "Journal Citation Reports," available only on the web via subscription. Another measure of quality, compiled rather hurriedly by the author from the web, is the number of North American research libraries that carry subscriptions to a given journal. Two measures were attempted: 1) Holdings of 13 major university libraries, and 2) Holdings reported by the California Periodicals Database, which covers major university and public libraries in that state. The number of locations for each journal was: CEPAL Review (13 & 32 respectively); Trimestre Económico (13 & 24); Desarrollo Económico (13 & 11); Cuadernos de Economía (7 & 11); Apuntes (7 & 8); Debate Agrario (5 & 5); Economía (5 & 1).

58 I am grateful to Myriam Arriola, who compiled most of this table.

59 Explanation of abbreviations: Des Ec = Desarrollo Económico, published by Centro de Estudios de Estado y Sociedad (CEDES), Buenos Aires. Rev. CEPAL = Revista de la CEPAL, published by the United Nations Economic Commission for Latin America, Santiago de Chile. Cuad. de Ec. = Cuadernos de Economía, published by the Department of Economics of the Universidad Católica de Chile. Trim. Ec. = El Trimestre Económico, published by the Fondo de Cultura Económica, Mexico.

60 A few non-economists are also included in the table, which allocates authors to countries of residence rather than of origin, except in the case of Peru. In cases of co-authorship, each author is assigned a value of 0.5.

61 Peruvian authors represented: In Desarrollo Económico, H. Bonilla and A. Figueroa (PUCP), L. Pásara (CLADE, Buenos Aires) and L. Romero (IEP). In Revista de la CEPAL, J. Torres (0.5), A. Quijano, F. Sánchez Albavera (3), and A. Vera (all CEPAL), J. Cotler (IEP), R. Webb (no affiliation), J. Iguiñiz, A. Figueroa, and O. Dancourt (all PUCP), C. Franco (CEDEP), and D. Schydlowsky (2, Boston University & American University). In Cuadernos de Economía, J. León Astete (1.5, Pacífico), and Elmer Cuba (Macroconsult). In Trimestre Económico, F. Sagasti and J.Escobal/J.Saavedra/M.Torero (GRADE), S. Roca/R. Prialé (ESAN), R. Webb, J. Schuldt and G. Alarco/P. del Hierro (Pacífico), M. Rodríguez (0.5,

Colombia	0	0	2	2	0	1	5	5
Other L.A.	4	4	12	16	1	4	12	5
USA/Canada	26	38.5	23	23.5	39.5	32.5	90	53
Europe	8.5	18	21	21	6	3	48	22.5
Not Known	1	0	0	2	0	0	8	6
Total	223	223	255	275	169	179.5	339	231

The distribution of authors by country of residence is shown in percentage terms in Table 8, where the patterns are somewhat clearer to see. What emerges from the table is that these journals of regional reputation are by and large of national rather than regional scope. Only El Trimestre Económico seems to be a truly regional journal, with only a quarter of its articles of Mexican origin. Even the Revista de la CEPAL, despite its being the publication of an international organization, has a heavily Chilean slant.

Table 8
Articles Published
In Leading Latin American Development Journals
Percentage Distribution by Country

	Des. Ec.	Rev. de CEPAL	Cuad. de Econ.	Trim. Econ.
Country	Argen.	Chile	Chile	Mexico
	80-98	80-99	80-99	80-99
Argentina	68	8	7	7
Brazil	4	5	0	6
Chile	3	55	67	14
Mexico	2	7	0	26
Peru	1	3	1	2
Colombia	0	1	0	2
Other L.A.	2	5	1	3
USA/Canada	14	9	21	25
Europe	6	8	3	12
Not Known	0	0	0	2
Total	100	100	100	100

Nevertheless Peruvian contributions have not been unwelcome in these four journals. Peruvian economists contributed some 30 papers to the journals over the 20-year period summarized in Tables 7 and 8. In percentage terms this is a modest effort, but it

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Boston University), M.A. Cruz-Saco/L. Zamalloa (U. Of Pittsburgh), P. Cotler (2, Boston University & ITAM), A. Figueroa and J. Rodríguez (PUCP), L. Cabezas (Ministerio de le Presidencia).

is greater than the contributions from Colombia or from any other Latin American country outside of the "Big Four (i.e., Argentina, Brazil, Chile, and Mexico). As in the case of the Peruvian journals Apuntes and Economía, it seems likely that the preponderance of "in-house" (or "in-country") manuscripts came about not from editorial preference but from manuscript availability.

Beyond the Spanish-language journals that are supposedly regional in scope, the Peruvian economist could consider publishing in an English-language journal, since English has truly become the lingua franca of the profession during the past 50 years. Table 9 shows the contributions of Latin American economists, over a 20-year period, to the four leading English-language journals concerned with economic development. The pattern reinforces the conclusions reached from Tables 7 and 8 in three respects. First, the economics professions of the "Big Four" countries are more active in publishing in the international arena, and therefore also presumably more active in research. Second, Peru's degree of international publication activity is very similar to that of Colombia. Third, economists resident in other countries of Latin America (e.g., Venezuela, Costa Rica, etc.) are even less engaged in international publication than are the economists of Peru.

Table 9 is however a very incomplete picture of the English-language publishing activity of Latin American economists, since in fact they publish in all sorts of economics journals, not just those specializing in development economics. The journals vary greatly in intellectual standards and in the prestige they confer upon authors whose manuscripts are accepted for publication. Therefore an expansion of the approach of Table 9, simply adding up numbers of articles by country of residence of the authors, seems an unpromising way to measure the relative success of different Latin American countries in English-language publication. Instead we restrict the comparison to economists affiliated to the two or three top research institutions in each country, and we measure research productivity by weighting the different journals according to their ranking in the "impact index" calculated by the Institute for Scientific Information.[62]

The results are shown in Table 10, which provides a number of different measures of potential or actual research productivity. The simplest measure is the percent of researchers (or faculty) holding a doctorate. In all but three institutions, over 50% do have a doctorate, in the top institutions, over 80%. Another measure is the percent of researchers who have published at least one article in one of the 168 ranked journals.

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[62] Institute for Scientific Information (Philadelphia PA), "Journal Citation Reports," available on the web by subscription. (Available at http://nrs.harvard.edu/nrs:hul.eresource:jocitrep for the author.) This source ranks journals by "Impact," as measured by the number of citations in other journals to articles published in the journal in question. In the area of economics, 165 journals are listed. To these I added three other journals that were in "Journal Citation Reports" but omitted (erroneously?) from the economics list, viz., Journal of Money, Credit, and Banking, Journal of Development Studies, and Technology in Society. Each researcher's productivity was then calculated as $\sum (C + (170 - Ri))$, where R is the journal ranking of the researcher's ith article. C is a constant term that for two different calculations was assigned values of 50 and 0. Thus the two calculations gave different emphasis to quantity and quality of published articles.

This figure is 45% or higher in 7 of the 11 institutions in the table, but only one institution is close to 100%.

Finally, the principal measures of research productivity are offered in four different versions. All four are based on the calculation of $\sum (C + (170 - Ri))$, as described in Footnote 62, the summation being made first over all the articles of a given researcher, and then over all researchers in a given institution. The resulting totals were then rescaled so that the highest institutional total was set equal to 100. This was done both in total and per researcher terms, and also with the constant term C set alternatively to 0 (emphasizing quality) and 50 (emphasizing quantity).

All the calculations of Table 10 come to similar conclusions. They show fairly clearly that the two leading economic research institutions in Latin America are the Departamento de Ingeniería Industrial of the Universidad de Chile and the Universidad Torcuato Di Tella in Argentina.[63] Behind these are six institutions that are more or less bunched together (CEMA, CEDES, PUC-Rio, PUC-Chile, ITAM, and the Colegio de Mexico), and behind these are three other institutions that, while justifiably famed for the excellence of their teaching and much of their research, simply don't have the same

[63] Among the journals where faculty from these two institutions have published are: American Economic Review, Econometrica, Economic Journal, IMF Staff Papers, Quarterly Journal of Economics, Journal of Political Economy, Journal of Economic History, Journal of Money, Credit, and Banking, and Journal of Monetary Economics.

Table 9
Articles Published
In Leading English-Language Development Journals[64]
By Latin American Residents[65]

	JDE		EDCC		JDS		WD		Totals		
	80-89	90-99	80-89	90-99	80-89	90-99	80-89	90-99	80-89	90-99	80-99
Argentina	5	5	0	1	0	0	11	5	16	11	27
Brazil	8	11	3	3	3	3	15	12	29	29	58
Chile	14	10	2	1	1	2	6	4	23	17	40
Mexico	5	12	0	1	0	5	5	8	10	26	36
Peru[66]	0	0	0	1	0	2	4	2	4	5	9
Colombia	2	6	0	1	0	0	0	3	2	10	12
Other[67]	1	2	1	1	0	3	6	12	8	18	26

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[64] Explanation of abbreviations: JDE = Journal of Development Economics. EDCC = Economic Development and Cultural Change. JDS = Journal of Development Studies. WD = World Development. JDE is pure economics. The other three are largely economics, but do give space to other social sciences. JDS is published in the United Kingdom, the other three in the United States, although WD originated in the UK.

[65] Articles were counted if at least one co-author was resident of the country indicated, residence being inferred by institutional affiliation.

[66] Peruvian resident authors represented: In EDCC, G. Yamada (CIUP). In JDS, P. Winters (CIP) and J. Saavedra/A. Chong (GRADE). In WD, F. Sagasti (twice), D. Horton (CIP), M. Padrón (Desco), G. Gonzales Arrieta (ESAN), and ILD (the article signed by the institution and not by an individual).

[67] Countries represented: In JDE, Guatemala, Uruguay, and Ecuador. In EDCC, Guatemala and Honduras. In JDS, Bolivia, Ecuador, and Nicaragua. In WD, Cuba (5), Honduras (3), Costa Rica (2), Uruguay (2), Paraguay, Panama, Bolivia, Venezuela, Guatemala, El Salvador. In the case of WD, most articles originating in small countries were written by members of NGOs, whose activities receive occasional attention in that journal.

Table 10
Measures of Research Productivity
For Leading Latin American Institutions[68]

Institution[69]	Country	Faculty/Researchers			Median Year of Highest Degree	Researchers Published in Leading Journals[70]		Measures of Research Productivity			
								Total		Per Researcher	
		Number	w/PhD[71]	%		Number	%	C=0	C=50	C=0	C=50
UTDT	Arg	23	20	87	1989	17	74	99	100	56	65
CEMA	Arg	11	10	91	1991	5	45	55	48	65	65
CEDES	Arg	7	2	29	n.a.	4	57	15	22	28	46
PUC-Rio	Bra[72]	12	10	83	1992	8	67	29	28	31	35
DII-UChile	Chi	13	13	100	n.a.	13	100	100	87	100	100
PUC-Chile	Chi	22	13	59	1979	8	36	36	35	21	24

[68] Source: Web sites of respective institutions; Institute for Scientific Information, "Journal Citation Reports."

[69] Full names and web sites: Universidad Torcuato Di Tella (www.utdt.edu/profesores), Universidad del CEMA (www.cema.edu.ar/academica), Centro de Estudios de Estado y Sociedad (www.cedes.org/econarea.htm), Pontifícia Universidade Católica do Rio de Janeiro (www.econ.puc-rio.br), Departamento de Ingeniería Industrial, Universidad de Chile (www.dii.uchile.cl/~cea), Pontificia Universidad Católica de Chile (volcan.facea.puc.cl/economia/profesores), Instituto Latinoamericano de Doctrina y Estudios Scoiales (www.ilades.cl/economia), Fedesarrollo (www.fedesarrollo.org.co), Universidad de los Andes (www.uniandes.edu.co/home-profesores), Instituto Tecnológico Autónomo de México (www.itam.mx/~daedc/economia), Colegio de México (www.colmex.mx)

[70] These are the 165 journals listed under economics in "Journal Citation Reports" plus three listed in "Journal Citation Reports" but omitted (possibly incorrectly) from the economics list: Journal of Money, Credit and Banking, Journal of Development Studies, and Technology in Society.

[71] Other doctorates in economics (e.g., DPhil) are included, but only if received from institutions in North America or Europe.

[72] Efforts to locate a useful web site for a second Brazilian institution were unsuccessful.

ILADES	Chi	5	5	100	1996	1	20	0	1	1	3
Fedesarrollo	Col	10	2	20	n.a.	2	20	1	2	2	3
U. Los Andes	Col	21	9	43	1988	4	19	18	16	11	11
ITAM	Mex	28	16	57	1995	13	46	43	38	20	20
Col Mex	Mex	22	15	68	1989	12	55	29	33	18	23

kind of track record as the other institutions in the table (ILADES, Fedesarrollo, Universidad de Los Andes).[73]

There are no Peruvian institutions in the table, but one would suppose that even the most prolific institution would not score well by the calculations of Table 10.

While the research productivity of some of these excellent Latin American institutions is offered as a goal to which the best Peruvian institutions might aspire, two caveats should be noted. First, a focus on publishing in English-language journals could induce economists to turn away from a public policy orientation and toward the abstraction that characterizes much of North American academia. The only real justification for such abstraction would be if it served as a solid analytical foundation for doctoral-level training. Yet none of these Latin American institutions is seriously competing with North American universities for doctoral students. The most extreme case of the push toward abstraction is seen in the case of ITAM, which has hired a number of young theoretical economists from Europe and India who publish in prestigious journals but whose work has no apparent connection to Mexican problems. This excessive abstraction seems to have been avoided in both DII-Chile and Di Tella, however, where nearly all researchers are dealing with important policy issues in their choice of research topics.

The second caveat concerns incentive structure. The extra effort required to publish in demanding refereed journals doesn't come about just from individuals seeking personal satisfaction. Promotion and salary decisions need to be integrally related to publications performance. Up to the present, this has not been done in any Peruvian institution.

If the "impact" or "productivity" of a journal can be measured by the frequency with which articles from the journal are cited elsewhere, the same can be done for individuals. In fact, such tabulations are made by the same Institute for Scientific Information of Philadelphia, and are available on the web as the Social Science Citations Index.[74] Table 11 shows data on the number of citations for Peru's best-known social scientists, and also for a sampling of Latin American (and Latin Americanist) economists.

The table shows that a number of Peruvians have indeed established international reputations, but generally they aren't economists. Among the Peruvians listed in Table 11, only four can be unequivocally classified as economists (Schydlowsky, Webb,

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[73] Some anomalies in the calculations should be noted. In the case of the Universidad del CEMA, most of its research productivity score is attributable to the past work of one person, who published prolifically in the 1970s. The same is true, to lesser degree, of the Universidad de Los Andes. The score of CEDES was raised by the fact that its own journal, Desarrollo Economico, was included in the "Journal Citation Reports" listing. The score of PUC-Chile was lowered by the fact that its own journal, Cuadernos de Economía, was not.

[74] This index is freely available on the web at http://www.webofscience.com. Earlier tabulations were published in reference volumes available in most U.S. research libraries.

Figueroa, and Rojas-Suárez), and of these only one, Adolfo Figueroa, has pursued the major part of his research career while resident in Peru. Figueroa is also the only economist affiliated with a PERC member institution to be represented in the citations tabulations of Table 11. No other PERC-affiliated economist had as many as 10 citations in the Social Science Citations Index.

Yet many PERC-affiliated economists have established impressive national reputations, as measured by citations from national sources. Two such sources, each covering a wide range of topics and representing a reasonably comprehensive overview of contemporary economic research, are summarized in Table 12.

In summary, the Peruvian economist desiring to publish outside the confines of his or her own institution has a series of options available. Closest to home, there are Peruvian economics journals such as <u>Apuntes</u> or <u>Economía</u>. Despite a superficial appearance of exclusivity, they are in fact open to manuscript submissions from all sources on an equal basis. Farther afield, Spanish-language journals of regional scope are published in Argentina, Chile, and Mexico. In both these national and regional alternatives, editorial standards are generally more exacting than the editorial filter typically applied to in-house publications by Peruvian research institutions, but rejection rates are not so high as to pose a powerful disincentive.

Table 11
Citation of Research Studies in International Sources:
Selected Peruvian Social Scientists
And Latin American Economists

	Number of Citations									
Units Counted		**Refs**	**Refs**	**Hits**	**Hits**	**Hits**	**Hits**	**Hits**	**Hits**	**Hits**
	Total	96-00	91-95	91-95	86-90	81-85	76-80	71-75	66-70	56-65
Peruvians										
Hernando De Soto	365	153	156	158	55	1	x	x	x	x
Aníbal Quijano	332	19	24	22	34	72	103	63	16	1
Francisco Sagasti	286	16	31	33	61	77	78	23	0	x
Julio Cotler	250	14	27	25	19	53	57	71	8	1
Daniel Schydlowsky	156	7	13	14	26	21	33	52	4	0
Richard Webb	151	12	34	39	19	44	40	2	x	x
Adolfo Figueroa	119	4	19	20	25	44	23	4	0	x
Heraclio Bonilla	115	10	30	18	20	27	24	3	1	x
José Matos Mar	65	1	1	1	3	1	19	27	13	0
Pablo Macera	60	5	17	14	11	14	5	6	2	0
Liliana Rojas-Suárez	57	43	13	*	1	0	x	x	x	x
Others										
Rudiger Dornbusch	*	846	1108	*	1373	*	*	*	*	*
W. Arthur Lewis	3115	221	325	397	486	446	422	413	417	385
Raúl Prebisch	1066	84	117	153	187	181	154	176	122	45
Osvaldo Sunkel	768	46	45	46	94	159	227	130	65	2
Vittorio Corbo	507	138	157	165	129	54	25	4	0	x
Edmar Bacha	453	40	55	62	113	104	103	33	5	x
Alejandro Foxley	404	46	63	76	115	127	39	13	1	x
Ricardo Ffrench-Davis	339	57	48	57	76	101	50	6	1	x
Rosemary Thorp	260	34	47	54	74	55	45	4	1	x
Patricio Meller	163	38	48	54	28	29	20	0	0	x
Hugo Hopenhayn	147	106	38	42	3	0	x	x	x	x
Joseph Ramos	142	23	31	44	43	19	19	7	0	x
Pablo Guidotti	108	61	40	37	7	0	x	x	x	x
René Cortázar	107	12	13	15	29	49	4	0	x	x
José Antonio Ocampo	106	31	34	42	28	13	0	0	x	x
Juan Antonio Morales	70	21	26	36	9	5	6	3	x	x
Felipe Larraín	55	25	24	22	6	0	x	x	x	x

For source, methods, and explanation of terms, see footnote.[75]

[75] Source: Social Science Citations Index (Philadelphia: Institute for Scientific Information). From 1956/60 to 1991/95, counts made by hand from published volumes, counting the number of times each publication of the researcher was cited in another publication. For 1991/95 and 1996/2000 counts made from SSCI

web site (http://www.webofscience.com), and show the number of publications citing the researcher's work. Thus if a publication cited two different works of a given researcher in its bibliography, this would count for 2 in the "Hits" columns but only one in the "Refs" columns. Explanation of symbols:
x = Count not made by presumption that career had not started.
* = Count not made for other reasons. For Dornbusch, too many.

Table 12
Citations of Peruvian Economists
in Peruvian Sources

CIES Concurso, 2000[76]			Escobal-Iguiñiz Book[77]	
	No. of Proposals[78]	No. of Citations		No. of Citations
Escobal, J.	14	22	Saavedra, J.	15
Saavedra, J.	9	16	Iguíñiz, J.	14
Cortéz, R.	8	9	Gonzales de O, E.	10
Iguíñiz, J.	7	9	Arregui, P.	8
Gonzales de O, E.	6	10	Figueroa. A.	8
Figueroa, A.	6	7	Verdera, F.	8
Valdivia, M.	6	9	González Vigil, F.	7
Vásquez, E.	5	9	Mendoza, W.	6
Trivelli, C.	5	6	Pasco-Font, A.	6
Aguero, J.	5	5	Rodríguez, J.	6
Alvarado, J.	4	5	Araoz, M.	5
Dancourt, O.	4	5	Barrantes, R.	5
Robles, M.	4	4	Beltrán, A.	5
Beltrán, A.	4	4	Caravedo, B.	5
Diez Hurtado, A.	4	7	Cortéz, R.	5
21 others[79]	3		Dancourt, O.	5
			Jimenez, F.	5
			Sagasti, F.	5
			Schuldt, J.	5
			10 others[80]	4

It's a bigger jump to the English-language journals, however, in terms of rigor of editorial review, the requirement for analytical sophistication,
and the probability of rejection. Nevertheless economists at leading institutions in Argentina, Brazil, Chile, and Mexico have made this jump

[76] The concurso of Projectos Medianos sponsored by the Consorcio de Investigación Económica y Social, in which there were 75 project proposals, each with a bibliography.

[77] Javier Escobal and Javier Iguiñiz, Balance de la Investigación Económica en el Perú (Lima: CIES, 2000)

[78] Number of project proposals (75 in toto) which cited the author's work in the bibliography.

[79] L. Abugattás, V. Agreda, G. Aguilar, C.E. Aramburú, J. Arroyo, S. Cueto, F. Eguren, J. Fernández-Baca,.C. Figueroa, C. Guadalupe, W. Mendoza, G. Ortiz de Zevallos, C. Parodi, F. Portocarrero, G. Riesco, J. Sardón, J.P. Silva, D. Sulmont, J. Távara, M. Torero, L. Vilcapoma.

[80] G. Aguilar, C. Barrenechea, C. Calderon, A. Fairlie, P. Francke, C. Parodi, B. Seminario, T. Tovar, R. Webb, G. Yamada.

very successfully in recent years and now regularly publish in leading English-language journals. Their success can provide a goal for the leading Peruvian institutions, although one hopes that the quality improvement in such a change of publication outlet can be accomplished without sacrificing the public policy orientation that characterizes the work of Peruvian economists today.

Up to the present time, very few Peruvian social scientists have made the transition to the international arena, and of those few hardly any are economists. Several Peruvian economists have however established impressive reputations at the national level.

6. The Structure of Demand

Economic research is a public good. Any number of people may read, learn, and (one hopes) benefit from the published results. Thus economic research confronts the problem common to all public goods: Who is going to pay for it?

The number of potential beneficiaries may be small or large. If the number is small, then the question of who should pay is reduced to manageable proportions. Such is the case with studies analyzing specific expenditure programs of government or lending programs of international agencies. The government office or international agency funds the research and receives the benefit. The demand for research is backed up by willingness to pay.

In other instances the number of potential beneficiaries may be large but the number of actual beneficiaries may be made small through restriction of access. The most obvious instance of this concerns the monthly reports on economic conditions (coyuntura) issued by major consulting firms such as Apoyo and Macroconsult. Access is by subscription only, and useful second-hand dissemination is made difficult by the nature of the material, which loses its currency quickly.

If however the number of potential beneficiaries is large and access is not easily restricted, then the research funder becomes a philanthropist, even though the funder's primary objective may not be philanthropic. For example, international agencies such as the World Bank and IDB fund research so as to improve the quality of economic policymaking and therefore the effectiveness of their future loans. Since the loans of these agencies reach into nearly every sector of an economy, they can sponsor research on virtually any area of an economy with the confidence that ultimately they will reap benefits.[81] In the meantime, others can also read and benefit from this same research.

In developed countries the principal source of research funding is the normal provider of public goods, viz., the government. The most noteworthy agency in the case of the

[81] Only such a wide horizon can explain their sponsorship of statistics gathering exercises such as the Living Standards Measurement Surveys (ENNIV in Spanish).

United States is the National Science Foundation. The equivalent agency is Peru has been hopelessly underfunded, however. Essentially, the Peruvian government does not fund research by contracting or outsourcing although it does support some research in-house (e.g., in BCR or Osiptel). The same is true of institutions in Peru's private sector. The only significant private source of funding for economic research lies with those few universities whose salary levels are high enough to create the expectation that faculty will have time for research as well as teaching.[82] Even in these cases, however, the university's objective is not philanthropy but an enhanced quality of teaching.

The philanthropic impetus to research funding must therefore be found in foreign sources, which may be private foundations, bilateral technical assistance programs, or international agencies. To be socially useful, however, the research has to be interesting to groups within Peruvian society. As a first step toward assuring usefulness, all foreign funders emphasize policy applicability as an essential element of sponsored research.

Many groups or institutions in Peruvian society have need for the results of policy-oriented economic research but lack the means to transform that need into a demand in the marketplace. The foreign philanthropist, to be effective, sponsors the kind of research that some of these groups or institutions want but cannot finance themselves.

The national groups may be characterized by institution or by type of forum. Among the institutions that are potential demanders of economic research are political parties, trade unions, business associations (gremios), news media, universities, government ministries, and the economics profession itself. Among forums, three come to mind: the national forum of public debate over economic policy, the interior halls of government where economic policy options are assessed, and the halls of academia, where knowledge is advanced.

It might be argued that the truth serves everybody, so research need not be tailored to specific institutions or forums. Unfortunately, however, economic research does have to be tailored to the demander, in three different dimensions. The first dimension is policy area. Unions are interested in labor policy, farm organizations are interested in agricultural policy, etc. The second is level of analytical sophistication. Writing for an academic audience is quite different from writing for the general public. The third, unfortunately, is political slant. Economic research, particularly when related to policy issues, is not pure science. Although it should strive to rise above partisanship, it can never do so completely. The most obvious intrusion of political slant is seen in the difference between research presented for consideration within government as compared to that presented as part of public debate outside of government.

The varieties of policy area and forum are many, and the scope for philanthropic investment in policy-related economic research is therefore large. This paper will attempt to assess the adequacy of current and past efforts in economic research by

[82] This is the case certainly with the Universidad del Pacífico and possibly with ESAN.

examining three aspects of this variety. First, we examine recent surveys of economic policy in Peru to see how the policy areas have been classified and to assess the adequacy of available literature in these areas. Then we examine two areas in greater detail: news media and the forum of public debate, and universities and their use of economic research for teaching purposes. We have chosen these two areas in the suspicion that they have been neglected by the philanthropic funding sources and therefore by the economics profession.

7. The Coverage of Recent Economic Research

We want to examine the extent to which recent economic research in Peru has given adequate coverage to the many areas considered important in the realm of economic policy. Just what those important areas are is however a matter of personal opinion. Fortunately, an authoritative recent document, developed as a broad-based exercise in consensus building, has recently defined policy areas and developed a policy agenda for each area. This is the "Carta de Navegación," written by a team of no fewer than 171 Peruvian specialists under the sponsorship of four major international organizations.[83] The policy areas of the Carta de Navegación are enumerated in Table 13, and provide a point of departure for evaluating the adequacy of coverage of recent research.[84]

Authoritative and detailed as the Carta may be, it cannot escape queries about possibly omitted policy areas. Two that occurred to this author are foreign trade and pension programs, fields that are added at the bottom of the table. It might also be observed that the disaggregation of the productive sectors seems excessive, but we will go with it anyway.

The policy areas thus delineated, how do the efforts of economic researchers match up? Two assessments are attempted in Table 13, one on the basis of topics proposed for research in the CIES concursos of 2000

[83] World Bank, IDB, UNDP, and Corporación Andino de Fomento. The Carta was produced under the editorial guidance of a committee consisting of Richard Webb, Gabriel Ortiz de Zevallos, Juan Julio Wicht, and Jaime de Althaus. It is available on the web at www.cartadenavegacion.com.

[84] Some of the fields defined in the Carta are omitted because their economics content is minimal, viz. cultura, cancillería, congreso, defensa, defensoría, distritos electorales, ejecutivo-congreso, justicia, and participación Cultura was included in the area of Social y Bienestar, all the others in the area of Gobernabilidad y Democracia.

Table 13
Coverage of Policy Areas
By Recent Output of Peru's Economics Profession

Policy Areas Defined in Carta de Navegación	Projects in CIES Concursos				Escobal-Iguíñiz Book	
	Total Proposals		Winners		Policy Areas Covered	Diagnostic Studies in Bibliog.
	2000	2001	2000	2001		
Economía						
Banca	3	2	1	0		
Estadística	1	0	0	0	Yes	0
Inversión	2	3	1	0		
Macroeconomía	4	3	1	0	Yes	2
Privatización	1	1	0	1		
Regulación	1	1	0	0	Yes	0
Tributación	0	0	0	0		
Producción						
Agricultura	12	8	2	2		
Construcción	0	0	0	0		
Energía	2	0	0	0		
Forestal	0	0	0	0		
Industria	2	1	0	0		
Minería	2	2	1	0		
Pesca	2	1	0	0		
Telecomunicaciones	0	0	0	0		
Transporte	2	0	2	0		
Turismo	1	1	0	0		
Social y Bienestar						
Ecología	1	2	0	0	Yes	1
Comunidades nativas	0	0	0	0		
Educación	8	7	4	4	Yes	3
Género	1	1	0	0		
Laboral	5	3	0	1	Yes	4
Pobreza	5	10	0	0	Yes	8
Salud	14	11	0	3	Yes	0
Gobern. y Democracía						
Descentralización	4	2	0	1	Yes	3
Gestión pública	1	3	0	1		
Areas no incluidas						
Comercio internacional	2	5	0	1	Yes	5
Seguro social	0	2	0	2		
Proyectos no-económicos	5	2	0	0		
Sum of above column	81	71	13	16		
Total Proposals	75	61	12	15		

and 2001, the other on the basis of chapter titles and bibliography in the economic research overview of Escobal and Iguíñiz.[85]

The research proposals for the CIES concursos give good coverage of a few fields such as agriculture, health, education, and poverty. Some attention is also given to financial institutions, macroeconomic issues, mining, labor, decentralization, and foreign trade. Other important policy areas are however almost totally ignored, e.g., statistics, privatization, regulation, taxation, environment, gender, and most of the productive sectors.[86]

The coverage of recent economic research is both broader and narrower than the CIES concurso columns suggest. It is broader because some of these policy areas have been fairly well covered by research that was either sponsored by CIES in earlier concursos, or was financed by sources outside of these concursos. It should be noted, for example, that several good studies on regulation, environment, and gender have been produced in recent years. Studies on privatization, taxation, and the productive sectors are however very hard to find.[87]

The coverage is however narrower in the sense that most of the CIES proposals are very limited in scope. A large number of studies recently proposed or even done in a given policy area is no guarantee that the area has been well covered for policy purposes.

An attempt is made to overcome this last limitation in the last two columns of Table 13, which focus on the Escobal-Iguíñiz study. For each chapter of that book, the bibliography was reviewed so as to identify the number of studies that could be considered broad assessments (diagnósticos) of the policy area under consideration.

The judgment as to whether a given study was broad enough to be considered a more of less comprehensive survey of the policy area was done rather rapidly. While allowing for the possibility of some inaccuracy in the assessment, it is still possible to affirm that there exist broad-based, diagnostic policy studies in nearly all the policy areas covered by the Escobal-Iguíñiz book.[88]

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[85] Javier Escobal and Javier Iguíñiz, Balance de la Investigación Económica en el Perú (Lima: Consorcio de Investigación Económica y Social, 2000). The CIES concurso proposals refer only to the Projectos Medianos.

[86] Some of the proposals were assigned to more than one sector, so the totals in the columns exceed the total number of proposals considered. The discrepancy between the bottom two rows of the table reflects this point. Two columns allocate only winning proposals to the various policy areas, to see if the orientation of higher-quality research work is distinctive. (Apparently it isn't.)

[87] One good, fairly recent study on taxation is "Rosario Gómez, Roberto Urrunaga, and Roberto Bel, "Evaluación de la estructura tributaria nacional," Documento de Trabajo No. 27, CIUP, Universidad del Pacífico, 1997.

[88] Three policy areas are seen to be lacking such studies, but two of these three fileds do contain broad studies that evidently came out too late for inclusion in the Escobal-Iguíñiz bibliography. In the case of

This impression of ample coverage is however deceptive. In fact, nearly all broad-gauged diagnostic studies don't reach a level of detail that could provide an agenda for policy implementation. The policy memos of the Carta de Navegación are in this respect quite different from the bibliographic references in Escobal and Iguíñiz.[89] And yet, for lack of space and perhaps also lack of time, the Carta de Navegación memos lack the analytic underpinnings that might justify their policy recommendations, which must be taken largely on faith. Hardly any studies provide both a broad analytical framework and detailed policy recommendations.[90]

The major difficulty with most broad-based policy studies, however, is not that they lack a detailed policy agenda but that they are not effectively put to use by the sponsoring agencies. To be effective, to have impact, a study needs to be circulated for comment. Meetings need to be called in which the study's relevance for policy implementation is discussed. If the study is found wanting by policy makers, researchers need to be persuaded to make revisions. If the revisions are major, additional funding may be warranted. This tiresome business of follow-up is seldom done effectively. Its absence represents a failure by the funder, not the researcher.[91]

The conclusion of this review is ambivalent. One the one hand, research coverage of some sort exists in nearly every policy field. On the other hand, there is no policy field for which it can be asserted that the research production of the recent past is fully adequate for the needs of policy making.

8. The Contribution of Economists to Public Debate

Compared to researchers in North America, many researchers in the Peru, particularly senior researchers, are unusually active in the public arena. They write columns in newspapers and articles in magazines. They give interviews that are transcribed and published or broadcast through radio and television. One effect of this activity is that many economists, are well known in Lima's political, governmental, and business

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health, two studies produced under the chief authorship of Daniel Cotlear are excellent overviews of the policy issues of the sector, while in the area of regulation, recent work of Jorge Fernandez-Baca serves a similar function. See Daniel Cotlear and Evangeline Javier, Improving Health Care Financing for the Poor: A Peru Sector Study, Washington: World Bank, June 12, 2001); Daniel Cotlear et al., Peru: Reforming Health Care for the Poor (Washington: World Bank, 1999). Thus the only policy area lacking anything even remotely approaching an overview study is the area of economic statistics.

[89] One earlier study that did rreach this munite level of policy detail was Apoyo Consultoría, "Factores que afectan la competitividad del sector exportador peruano," 2 Vols., (Lima: USAID Proyecto PAPI, 1994).

[90] One study that did include both these features was Ministerio de Educación et al., Diagnóstico general de la educación, (Lima, 1993). It was spearheaded largely by the World Bank and GTZ, and advanced a policy agenda that those organizations had well in mind even before the study was done.

[91] These observations are based in part on the author's experience with the USAID-funded PAPI project (1993-95).

circles. Furthermore, many of these well-known economists are affiliated with member institutions of PERC.

It is not clear, however, what impact this activity in the public arena has had. The public arena is a crowded place, with many voices raised. Much material is written in Peru (in both public arena and research publications). It is not clear how much is read, and remembered.

We decided to examine the impact of economists, and in particular PERC-affiliated researchers, on public debate from another direction. In mid-1999 we interviewed nine of the most respected economic journalists and authors of business newsletters, and asked a series of questions regarding the sources they would turn to for information on specific economic events. We did not reveal our interest in PERC until the end of the interview.[92]

The specific economic events were hypothetical, not actual events. To give one example, the specific event in the case of environmental policy was, "CONAM issues a series of major new proposals regarding environmental policy."[93] For each such event, the interviewee was asked to name three individuals he would contact to obtain background information and/or commentary on the event. The same question was asked for a series of background articles (balance y cuenta), with the idea that these would be more thoughtful and might encourage greater contact with academics rather than political actors. These results are set forth in detail in Table 14 and summarized in Tables 15 and 16.

The results are instructive, and in some cases surprising, although no conclusion can be considered definitive, based on such a small sample and such a brief questionnaire.

To begin with an observation that is not surprising, the distribution of contacts by major category is more or less what one would have expected. The government (including former government officials) was the most important source, and the other sources are widely distributed.[94] Gremios were very important in areas that were to their interest, i.e., macro and sectoral policy, and labor policy. Consulting firms and financial sector

[92] The economic journalists represented major newspapers, magazines, and radio stations. The business newsletters referred to are those issued by investment banks and brokerage houses. I am grateful to them all for giving me the time for the interviews. The list of interviewees was assembled with the assistance of Francesca Carnesella of Banco Continental, formerly head of the press office of the MEF.

[93] One event that was hypothetical when the questionnaire was written actually came to pass before most interviews were actually conducted. That was the announcement of the letter of intent with the International Monetary Fund.

[94] In a number of instances it was difficult to assign individuals to the categories shown in the table. Among the more difficult were former government officials. A judgment had to be made as to whether the individual would be contacted because of his government experience of because of an expertise he had developed since leaving government.

Table 14
Preferred Sources of Background Information
For Leading Economic Journalists
And Financial Sector Analysts, 1999[95]

Specific Economic Event in the Area of:	No.	(%)
Letter of Intent with IMF (Letter announced)		
MEF (C. Paredes (5), Ministro (2))	7	
ex-MEF (F. Dubois, C. Boloña, J. Valderrama)	3	
Other government (PCM)	1	
Other ex-government (S. Fuentes, A. Revilla)	2	
BCR (R. Rossini)	2	
Gremios (Confiep)	1	
Apoyo (incl. G. Castagnola, H. Santamaria)	3	
Other consultora analysts (G. Tamayo, J. Chavez)	2	
Financial sector analysts (C. Janada, P. Secada, M. Palomino)	3	
Other Political-technical figures (J. Silva Ruete, A. Toledo)	3	
Other analysts (J. Velarde (3), C. Adrianzén, O. Dancourt, J.J. Marthans, B. Seminario)	7	
TOTAL	34	
PERC share	5	15%
Exchange Rates (Unexpected change)		
MEF (C. Paredes)	1	
BCR (R. Rossini, A. Armas)	6	
Gremios (C. Bruce, E. Navarro)	3	
Commercial banks (Individuals and institutions)	7	
Consultoras (Apoyo, J. Chavez)	3	
Financial sector analysts (P. Secada, M. Palomino)	2	
Other analysts (J. Velarde (5), O. Dancourt, F. Dubois, J.J. Marthans, B. Seminario)	9	
TOTAL	31	
PERC share	7	23%
Economic Integration (with Mercosur)		
MITINCI	3	
Ex-MITINCI (D. Calmet, P. De la Flor)	4	
BCR (R. Rossini)	1	
Comunidad Andina (S. Alegret)	3	
Gremios (SNI, COMEX, C. Bruce, R. Benavides, E. Navarro, J.Youle, L. Abugattas	7	
Consultoras (Apoyo)	2	
Research centers (GRADE, CIUP)	2	
Other analysts (A. Fairlie, E. Ferrero, F. Gonzalez Vigil)	3	
TOTAL	25	
PERC share	4	16%
Agricultural Policy (Sobretasas)		
MEF (C. Paredes)	3	
Ministry of Agriculture (O. Chirinos)	2	
Other government (Congreso)	1	

[95] Nine Interviewees werre asked to name up to three preferred background sources for the hypothetical economic events or background stories indicated. In cases where they named more than three, the first four names were recorded and the others excluded from the tabulations.

		Gremios (A. Quijandría (5), F. Cillonez (2))	7	
		Consultora (Apoyo)	1	
		Empresarios (A. Woodman, L. Gamarra)	2	
		Other analysts (J. Escobal (2), J. Velarde)	3	
		TOTAL	19	
		PERC share	3	16%
	Education Policy (New World Bank project)			
		MEF (J. Abugattas)	1	
		Ministry of Education	2	
		Ex-Ministers of Education (M. Cabanillas, G. Helfer, J. Trelles)	3	
		World Bank	3	
		Educators (L. Trahtemberg (5), R. Morales, J. Canal)	7	
		Other analysts (P. Arregui, J. Iguiñiz, F. Sagasti)	3	
		TOTAL	19	
		PERC share	2	11%
	Environmental Policy (Major new policy)			
		CONAM (G. Galdos (4))	5	
		Other government (PCM, Min. de Pesquería, Congreso)	3	
		Gremios (R. Benavides, Soc. de Minería)	2	
		NGOs (Apeco, Proterra)	2	
		Empresarios	2	
		Sociedad Peruana de Derecho Ambiental (J. Cailleaux, P.Remy)	4	
		Other analysts (A. Pasco-Font)	1	
		TOTAL	19	
		PERC share	1	5%
	Petroleum Policy (New drilling contracts)			
		Ministry of Mines and Petroleum	1	
		Ex-Ministers of Mines (Yataco, Inchaústegui)	3	
		Gremios (Soc Nacional de Minería)	4	
		State enterprises (Petroperú)	6	
		Petroleum companies (Shell, Mobil, Occidental, Repsol)	4	
		Petroleum consultant	1	
		Other analysts (H. Campodónico)	1	
		TOTAL	20	
		PERC share	1	5%
	Labor Policy (Sobrecostos)			
		MEF (C. Paredes)	1	
		Ministry of Labor	2	
		Gremios (SNI, Confiep, E. Navarro, C. Bruce, R. Benavides, Cámara de Comercio, E. Farah)	12	
		Empresarios (C. Castro, A. Woodman, L. Gamarra)	3	
		Consultora (Apoyo)	1	
		Other analysts (L. Aparicio Valdez, J. Baca, F. Dubois, J. Saavedra)	4	
		TOTAL	23	
		PERC share	1	4%
	Tax Policy (Proposed changes in rates and structure)			
		MEF (C. Paredes, A. Jaililie)	5	
		SUNAT (M. Camacho)	2	
		Ex-Directors of SUNAT (S. Fuentes, A. Revilla, J. Baca, M. Estela)	7	
		Other government (Congreso)	1	
		BCR	1	
		Consultoras (Apoyo)	2	

		Tax lawyers (G. Gerelleaud, D. Bravo, A. Zolezzi, A. Valle)	5	
		Other analysts (C. Boloña, F. Dubois, J. Velarde)	3	
		TOTAL	26	
		PERC share	1	4%
	Regulatory Policy (Conflict between Telefónica and Osiptel)			
		Ministry of Transport and Communications (E. Garland)	2	
		Osiptel (J. Kunigami (4), G. Cannock (2))	7	
		Ex-Osiptel	1	
		Telefónica (J. Melo-Vega (3))	8	
		Other telecommunications companies	5	
		Engineering consultant (C. Gutierrez)	1	
		TOTAL	24	
		PERC share	0	0%
		General Review Article in the Area of:		
	The Peruvian Economy (Overview)			
		MEF	1	
		BCR (R. Rossini)	1	
		Consultoras (Apoyo, Macroconsult, E. Cuba (2))	9	
		Instituto Peruano de Economía (F. Dubois, R. Abusada)	4	
		Financial sector analysts (A. Thorne)	1	
		Political-technical figures (J. Silva Ruete, P-P. Kuczynski)	2	
		Other analysts (J. Velarde (5), B. Seminario (2), C. Boloña, A. Figueroa, S. Roca, F. Sagasti))	11	
		TOTAL	29	
		PERC share	8	28%
	Agricultural Credit			
		Ministry of Agriculture (O. Chirinos)	2	
		Other government (Congreso)	1	
		Gremios (A. Quijandría (5), F. Cillonez (2), ONA, ASPA	11	
		Consultora (Apoyo)	1	
		Commercial banks (Banco de Crédito)	2	
		Empresario (A. Woodman)	1	
		Other analysts (J. Escobal, M. Glave)	2	
		TOTAL	20	
		PERC share	2	10%
	Regulation of Public Utilities			
		Osiptel (G. Cannock (2))	4	
		Other regulatory agencies	3	
		Other government	1	
		Consultoras (A. Alvarez (2))	3	
		Telefónica	2	
		Other public utilities	1	
		Technical and legal specialists	6	
		Other analysts (H. Garrido Lecca, F. Sánchez-Alvavera)	2	
		TOTAL	22	
		PERC share	0	0%
	Policies to Promote Microenterprise			
		Government (R. Marquez)	4	
		Gremios (SNI (2))	5	
		NGOs (S. Pinilla (2))	4	

		Microempresarios	1	
		Other analysts (F. Villarán (2), SASE, S. Goldemberg, R. Diez Canseco	5	
		TOTAL	19	
		PERC share	0	0%
	Environmental Policy			
		Conam (G. Galdos (2))	4	
		Ministries (Pesquería, Minería)	2	
		Other government (Congreso)	1	
		International agencies (IDB, World Bank)	2	
		Gremios (Confiep, Soc. de Minería)	2	
		Mining companies	2	
		Engineering consultants	1	
		Sociedad Peruana de Derecho Ambiental (J. Cailleaux, P. Remy)	4	
		Other analysts (A. Pasco-Font)	1	
		TOTAL	19	
		PERC share	1	5%
	Privatization			
		MEF (C. Paredes)	1	
		Copri	4	
		Ex-Copri (C. Montoya)	3	
		Ex-MEF (F. Dubois, C. Boloña)	4	
		Other ex-government (J. Yoshiyama)	1	
		Consultora (A. Alvarez (2), Apoyo, E. Cuba)	5	
		Financial sector Analyst (P. Secada)	1	
		Other analysts (A. Indacochea)	1	
		TOTAL	20	
		PERC share	0	0%

Table 15
Summary, Preferred Sources of Background Information
For Specific Economic Events

	Let.	XR	Int.	Agr.	Edu.	Env.	Pet.	Lab.	Tax.	Reg.	Tot	%
Government (incl. ex-)	15	7	8	6	6	8	10[96]	3	16	10	89	38%
International agencies	0	0	3	0	3	0	0	0	0	0	6	2%
Gremios	1	3	7	7	0	2	4	12	0	0	36	15%
Private sector (inc. banks)	0	7	0	2	0	2	4	3	0	13	31	13%
Consultoras, financial sector analysts	8	5	2	1	0	0	0	1	2	0	19	8%
Technical-legal consultants	0	0	0	0	0	0	1	0	5	1	7	3%
Political-technical figures	3	0	0	0	0	0	0	0	0	0	3	1%
NGOs	0	0	0	0	7[97]	2	0	0	0	0	9	4%
Other analysts	7	9	5	3	3	5[98]	1	4	3	0	40	17%
Total	34	31	25	19	19	19	20	23	26	24	240	100%
PERC share: number	5	7	4	3	2	1	1	1	1	0	25	10%
PERC share: percent	15%	23%	16%	16%	11%	5%	5%	4%	4%	0%	10%	

[96] Includes state enterprises (Petroperu).
[97] Educators
[98] Includes Sociedad Peruana de Derecho Ambiental.

Table 16
Summary, Preferred Sources of Background Information
For General Review Articles

	Peru ec	Agric.	Regul.	Micro.	Envir.	Priv.	Total	%
Government (incl. ex-)	2	3	8	4	7	13	37	29%
International agencies	0	0	0	0	2	0	2	2%
Gremios	0	11	0	5	2	0	18	14%
Private sector (inc. banks)	0	3	3	1	2	0	9	7%
Consultoras, financial sector analysts	14	1	3	0	0	6	24	19%
Technical-legal consultants	0	0	6	0	1	0	7	5%
Political-technical figures	2	0	0	0	0	0	2	2%
NGOs	0	0	0	4	0	0	4	3%
Other analysts	11	2	2	5	5	1	26	20%
Total	29	20	22	19	19	20	129	100%
PERC share: number	8	2	0	0	1	0	11	9%
PERC share: percent	28%	10%	0%	0%	5%	0%	9%	

analysts were also important in these same areas, but less so on social, environmental or regulatory issues.

Neither should it be surprising that nearly all the interviewees engaged in some type of implicit political screening in their choice of sources. The full list of sources chosen may well show a wide range of political viewpoints, but that is largely because of there was a range of political viewpoints among the interviewees themselves, and the organizations they represented. In only two or three instances did an interviewee choose Fulano de Tal to hear "the other side."

There was a heavy representation of interested parties: the government and the gremios, or, in cases such as public utility regulation or petroleum, the government and the private sector companies.[99] Labor unions had disappeared completely. Nobody thought of asking them about anything.

Interested parties should of course be represented, and significantly so. But what seemed noteworthy was the scarcity of impartial outside observers, people who were far enough outside to be respected for their independence but not so far outside that they didn't know what was going on.

More generally, it seemed surprising that so few economists would be contacted. For example:

- On economic integration, 4 out of 25 names mentioned were economists, of whom one was Renzo Rossini (BCR), an excellent source for monetary and exchange rate policy, but a far stretch for comment on economic integration with Mercosur.

- On agricultural policy, 5 out of 19 mentioned were economists, but two of the five were also government representatives. (Carlos Paredes and Octavio Chirinos). Only two interviewees mentioned Javier Escobal, despite his having written studies that are considered definitive in the field of agricultural sobretasas.

- On environmental policy, 1 out of 19 was an economist. On petroleum policy 1 out of 20.

- On tax policy, 2 out of 26 mentioned were economists, and the two, Carlos Boloña and Julio Velarde, are excellent economists but they aren't specialists in tax policy.

- On regulatory policy, the only economists mentioned were Geoffrey Cannock, then General Manager of Osiptel, and Ena Garland, then Vice Minister of Telecommunications. No economists outside the government were mentioned.

[99] In these sectors, evidently, the companies were big enough to represent themselves rather than delegate to a gremio.

- Perhaps the saddest case concerned the question on labor policy, which had to do with perennial issue of "sobecostos laborales." This is an area in which economists in the Ministerio de Trabajo, many on loan from Consortium institutions, once produced excellent work. It was also controversial work: a new Minister cleaned house because the technical results ran against his own interests and public pronouncements. Nevertheless the work of those economists - Gustavo Yamada, Jaime Saavedra, Miguel Jaramillo, and Juan Chacaltana among others - seems a model of what policy-relevant economic research ought to be like. Yet only one of the 9 interviewees named any one of this group (Jaime Saavedra). By contrast, the "other side" in this debate, producers of feeble research but much public influence, garnered at least 14 of the 23 potential contacts cited.

If economists were not cited very often, neither were PERC researchers, nearly all of whom were economists. Table 15 shows that only 10% of the potential sources were PERC researchers. Furthermore, regarding the general review articles covered in Table 16, PERC's share went down slightly, to 9%, rather than up as had been expected. Citation of government sources did decline, but this shift away from government was compensated by an increasing contact with consulting firms rather than with academic researchers.

The columns of Table 16 reveal two more policy areas in which academic expertise was apparently scarce: microenterprise and privatization. In the area of microenterprise, Fernando Villarán, or his NGO SASE, was cited by 3 of the 9 interviewees. No other economist was cited. As for privatization, one interviewee named Alejandro Indacochea, formerly a professor at ESAN, who has written in the field. All other references were to either government or consultoras (where Augusto Alvarez of Apoyo has also written on the subject).

Thus PERC influence on public debate has been particularly weak in microeconomic areas such as environment, taxes, regulation, microenterprise, and privatization. These are the same areas that showed the thinnest research coverage in the tabulations of Table 13 above.

In general, PERC researchers were more frequently cited in the areas of macro and exchange rate policy, and less frequently so in sectoral and microeconomic areas. This might be interpreted as a time lag problem. The microeconomic areas referred to in the questionnaire are newer areas of major policy concern, and although the research agenda of PERC economists has changed so as to deal with these new areas, it takes time to publish results and establish public reputations.

There is something to the time lag interpretation, but it must also be noted that nearly half of the references to PERC researchers were to one person (Julio Velarde), who happens to be a specialist in macro and monetary policy.[100]

With so few references to PERC researchers, the interviews at one time became rather sobering experiences. The conviction started to grow that PERC researchers were by and large of the ivory tower variety, not all that well suited to effective communication in the public arena. Fortunately, this trend in thinking was arrested by an interview with a financial sector analyst who was widely respected as one of the best in his business. In response to question after question, he named PERC researchers. The reason was simple: He knew them. At one time he had worked in GRADE.

That interview drove home the point that, while PERC participation in public debate and access to media outlets may be limited by an “excessively” academic orientation of many researchers, it is also limited by lack of contact between the researchers and the media. More than once during the course of the interviews it occurred to us that a PERC researcher not named would have been a better source than a non-researcher who was named. This point may be reaffirmed nearly every day by a perusal of Lima’s major newspapers.

To sum up,

1) Most of the voices in the public arena are those of interested parties. Few are the independent voices respected for their impartiality as well as for their expertise. However, independent voices are needed to serve as watchdogs of the public interest. In the context of this questionnaire survey, the experts who best exemplified this function were Julio Velarde in the area of macro and monetary policy, and Leon Trahtemberg in the area of education. Both possessed three necessary qualities: up-to-date knowledge, an ability to express ideas clearly and simply, and financial independence from both government and major interest groups. They also had to be willing to perform the function, i.e., to make themselves available to the press, and also open to public criticism.

2) In most fields no such impartial and respected commentators exist. The public’s understanding of events in these areas is accordingly diminished.

3) Without exception, interviewees expressed an interest in expanding contacts with economic researchers. This reaction, particularly strong from newspapers, seemed more than an expression of courtesy. Demand for economic news is high in Peru, and newspapers have a lot of space to fill. Much space is filled by contributed articles for which newspapers traditionally make no payment. Many individuals submit materials for publication, but few pieces are really well written and have something interesting to say. Thus newspapers are constantly on the lookout for potentially good new contributors.

[100] Of the 36 references to Consortium researchers in Tables 15 and 16, 15 were to Velarde.

Academic researchers are attractive to the press in this context, notwithstanding the possibility that some contributions will require translation into everyday language. The newspapers are willing to make the necessary editorial effort.

4) Since the sources cited by interviewees were widely dispersed throughout the community of Lima's business and professional elite, PERC's 10% participation rate must be considered a respectable share of media attention. Nevertheless the example of a few individuals such as Julio Velarde, and also the arguments of the preceding paragraphs suggest that a much greater role in the public arena is possible at relatively minor cost.

5) What does it take to become an expert in a policy field? The most demanding requirement is what PERC researchers already have: the profound knowledge that comes from research experience in the field. Beyond this are two other requirements:

> a) A continuing investment of time to keep up to date with recent and proposed policy developments.
>
> b) A willingness to write occasional articles - op-ed pieces - for public consumption.

Both activities take time and thus conflict with other professional duties. But they also have their rewards. Keeping up to date can help sharpen choices for future research topics, while producing occasional articles can produce its own reward through being widely read and having influence in the public arena. A useful example in this respect is Fritz Dubois, who has emerged from many years of policy management in the MEF to become a widely read columnist in El Comercio.

In the years since the administration of this questionnaire in 1999, some PERC-affiliated researchers have indeed entered the public arena by writing newspaper columns on a regular basis. Alan Fairlie of Católica does so in La República, and GRADE as an institution does so in El Comercio, different GRADE staff members taking turns in producing the columns. These economists are to be congratulated. Their efforts are surely raising the standard of argument in the public arena.

Taking public positions is not without its liabilities. It cancels out insider influence. Each researcher needs to decide which role is preferred at any given moment, that of insider or outsider. Moreover, the independent voice is not always appreciated by funding sources, particularly those in government. Perhaps it is fortunate that most researchers are funded by external sources, and that the gremios give very little support to research in Peru.

6. Finally, greater impact on public debate can be secured in part by the initiative of individuals, through their efforts to keep up with current developments and to write about them in op-ed pieces, and also in part by initiatives of the new Consortium, CIES.

through efforts to let economic journalists know more about the resources potentially available to them in the Consortium.

9. Demand for Research Materials in University Instruction

The research studies of Peruvian economists, nearly all of them empirical works on the Peruvian economy, might be expected to enrich the quality of university instruction in three ways. First, they could be used to provide vivid illustrations of theoretical points, giving a touch of realism and purpose to the basic courses of economic theory. Second, they could help guide students toward viable thesis topics. Third, and most important, they should be seen as the ultimate objective of the study of economics. They should show how economics can be socially useful and therefore why it is worth studying. Policy-useful empirical work is after all the objective of all economics.

Peruvian economists have enriched the teaching of economics not only through their research studies, but also through the writing of textbooks. This effort began 20 years ago with Folke Kafka's massive text on microeconomic theory and was pushed forward in the late 1980s and early 1990s by a USAID-sponsored program to develop textbooks in business and economics.[101] Most of these texts were in fact in business, but the USAID program also produced two notable economics texts, on agricultural economics and open economy macro.[102]

During the 1990s other texts were also produced in a number of different fields of economics.[103] However, most of these texts have not included sections specific to Peru. To promote simplicity of exposition, empirical application of theoretical points has tended to rely on hypothetical cases rather than real-life Peruvian examples. Thus most of these new texts have helped improve the quality of instruction, but have not greatly moved economics instruction in the direction of greater emphasis on Peruvian policy problems.[104] Apparently if this shift of emphasis is to be accomplished, it is more likely

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[101] Folke Kafka, Teoría económica (Lima: Centro de Investigación Económica (CIUP), Universidad del Pacífico, 1981), 724 p.

[102] Geoffrey Cannock and Alberto Gonzales-Zúñiga, Economía agraria, (Lima: Universidad del Pacífico, 1994), 514 p. María Amparo Cruz-Saco Oyague, Macroeconomía de una economía abierta (Lima: Universidad del Pacífico, 1994), 524 p.

[103] Jorge Fernández-Baca, Dinero, precios, y tipo de cambio (Lima: CIUP, Universidad del Pacífico, 1993), 396 p. 1st ed. 2nd edition in 1997, 3rd in 2000. Jorge Fernández-Baca, Capital humano, instituciones, y crecimiento (Lima: CIUP, Universidad del Pacífico, 1995), 257 p. Jorge Fernández-Baca, Microeconomía: teoría y aplicaciones (Lima: CIUP, Universidad del Pacífico, 1993). Arlette Beltrán and Hanny Cueva, Ejercicios de evaluación privada de proyectos (Lima: CIUP, Universidad del Pacífico, 1997), 2nd ed. Arlette Beltrán and Hanny Cueva, Evaluación privada de proyectos (Lima: CIUP, Universidad del Pacífico, 1999). It is worth noting that all of the texts mentioned in these paragraphs originated at the Universidad del Pacífico.

[104] The texts that have contained sections on Peru are those of Cannock and Gonzales-Zúñiga on agricultural economics and Cruz-Saco on open economy macro. Unfortunately, these texts do not seem to have been widely adopted. It is worth noting that a forthcoming text on environmental economics,

to come through the incorporation of Peruvian research studies directly into course syllabi, rather than indirectly through the intermediation of a textbook.

When economics instruction in Peru shifted from its ancient affiliations with law and accounting toward the more analytical approach of Anglo-Saxon tradition, very few Peruvian empirical studies were available for inclusion in course syllabi. This shift occurred in the 1960s, and by the early 1970s only one university had even so much as one seminar on Peruvian economic problems.[105]

Peruvian research materials are however incorporated more effectively into a curriculum not through special Peruvian seminars but through their integration into courses within the various applied fields of economics. What follows is a survey of how this has been accomplished in the most important applied fields.

Which fields are judged most important is based, in the first instance, on those that merit separate chapters in the Escobal-Iguíñiz book.[106] Table 13 provided a list of these chapters, but some adjustments were made for present purposes. First, the fields of Estadística, Pobreza, and Decentralización were excluded because very few courses are offered in those areas. Second, the field of macroeconomics was excluded for the opposite reason: There are too many courses. And finally, two additional fields were added: Agriculture, whose importance in the collective research agenda was demonstrated by the CIES concurso columns of Table 13, and Project Evaluation, because of its enormous practical importance in all fields.

These adjustments to the Escobal-Iguíñiz agenda produce the following list of applied fields to be examined: International Trade, Labor, Regulation, Environment, Education, Health, Agriculture, and Project Evaluation. The examination is accomplished by a review of syllabi and reading lists from three universities, two leading private universities and one major public university. Features of the reading lists are summarized in Table 17.

International Economics (Real Side)

The real side of international economics (as opposed to the monetary side) is a fundamental field in an economics curriculum, and was well represented in all three of the universities considered. All offered a standard introductory course, largely

sponsored by the Red para el Desarrollo de las Ciencias Sociales en el Perú, makes abundant use of Peruvian examples and applications.

105 This course was offered at Católica by Richard Webb. Its uniqueness at the time was established by a survey of students in the Central Bank's summer course undertaken by this author. Only Católica students reported having had such a course.

106 Javier Escobal and Javier Iguíñiz, op.cit.

theoretical in orientation and based on one of a number of good U.S. textbooks, most of which are available in Spanish translation.[107]

In some but not all cases these introductory courses did include a section on the WTO, the Uruguay Round, and Peruvian commercial policy. Perhaps one week might have been devoted to these topics. Two reasonably comprehensive volumes on Peruvian commercial policy are available and,

[107] It is often the practice in all Peruvian universities to assign similar chapters from a number of different textbooks, so that the student can study from whichever one s/he happens to get hold of.

Table 17
References of Reading Lists of Economics Courses
In Policy-Related Fields at Three Universities

University	Course Title	Year	Number of Readings				Comments
			Total	On Peru	In English	In Last 5 Years	
	International Economics						
Private A	Economia Internacional I (Section A)	99-2	11	1	8	7	
Private A	Economia Internacional I (Section B)	99-2	63	1	62	10	
Private A	Economía de la Integración	99-2	78	11	32	54	
Private B	Teoría del Comercio Internacional (Section A)	(?)	4	0	3	3	
Private B	Teoría del Comercio Internacional (Section B)	(?)	6	1	5	5	
Private B	Seminario de Políticas Comerciales	(?)					Syllabus w/o readings
Private B	Negociaciones y Politicas Comerciales Internac.	01-1					Syllabus w/o readings
Public	Economia Internacional I	(?)	5	0	0	4	All textbooks
	Labor						
Private A	Economía y Población	99-1	36	15	8	16	
Private A	Economía Laboral	99-2	64	18	27	16	
Private B	Seminario: Mercados de Trabajo	98-1	54	39	9	41	
Public	Economía del Trabajo	00	46	11	10	13	
	Regulation						
Private A	Organización Indusatrial	99-1	41	5	25	21	
Private A	Teoría de la Regulación	99-1	59	1	57	22	
Private A	Teoría de la Regulación	01-1	30	0	25	8	
Private A	Regulación Financiera	99-2	25	1	18	24	
Private B	Organización Industrial	00-1	4	0	3	0	
Private B	Teoría de la Regulación	99-2	9	0	9	1	
Private B	Seminario de Experiencias Regulatorias del Perú	00-1	107	11	90	21	
Public	Organización Industrial	01-1	36	15	7	9	
University	**Course Title**	**Year**	**Number of Readings**				**Comments**
			Total	**On Peru**	**In English**	**In Last 5 Years**	
	Environment						
Private A	Econ. de Recursos Naturales y Medio Ambiente	99-2	20	0	20	17	
Private B	Introudcción a la Economía Ambiental	01-1	46	21	14	14	

Private B	Economía de los Recursos Naturales	n.a.	7	2	2	5	
Public	Economía del Medio Ambiente	00-1	31	9	2	6	
	Education and Health						
Private B	Seminario de Econ. de Población y Bienestar	99-2	29	7	19	19	Health, nutrition, etc.
Public	Economía de la Educación	00-1	43	9	16	9	
Public	Economía de la Salud	97-1	16	2	3	13	Many refs on Spain
	Agriculture						
Private A	Economía Agraria	99-1	48	17	25	7	
Private B	Seminario de Economía Agroindustrial	00-2	35	34	1	(?)	References lacked dates.
Public	Economía Agraria	(?)	17	3	0	(?)	References lacked dates.
	Project Evaluation						
Private A	Evaluación de Proyectos	99-1	8	0	5	2	Case studies to be added
Private A	Evaluación de Proyectos	00-1	6	0	0	6	Private evaluation
Private B	Evaluación Privada de Proyectos	99-2	16	0	0	5	
Private B	Evaluación Social de Proyectos	00-1	3	1	0	2	
Private B	Seminario de Evaluación de Impacto	(?)					Syllabus w/o readings
Public	Formulación y Evaluación de Proyectos	00-1	24	0	0	7	Private evaluation
Public	Decisiones de Inversión	00-2	4	1	0	2	
Public	Evaluación Social de Proyectos	00-2	7	0	0	0	Latest reference 1979

Note: I thank both Angela Ruiz-Uccelli and Andrea Portugal for having collected most of the reading lists used in this table, and also for having suffered patiently through a number of earlier efforts at tabulation.

again, were used in some but not all of these introductory courses.[108] No professor made assignments from both these volumes.

In the two private universities, the introductory theoretical course was followed by one or two seminars intensively devoted to current policy issues. In both private universities these courses looked very impressive and did not, apparently, suffer from a lack of research materials. In University A, the reading list for the course on economic integration was vast but carefully thought out. It covered recent experience of NAFTA, EC, and Mercosur, as well as the Comunidad Andina. Unfortunately the available syllabi for the equivalent courses in University B lacked reading assignments, but the research experience of the professors is such that their courses were probably similarly extensive and up-to-date.

Professors were reluctant to devote more than a week to policy application in a first course in international economics, because theoretical materials covered in such a course are vast and, to the view of any academic economist, they are important. Empirical application was largely left to a follow-on course or seminar. Two problems arise with this strategy, however. First, not all students took the follow-on course; fewer than half did, because the first course is generally part of the core required of all students. Second, the public university had no follow-on course. A case can be made, therefore, that more empirical application to Peru should enter the basic course on international economics. The problem is not one of lack of research materials, however, but of professorial preferences.

Labor

All three universities had at least one course or seminar in labor economics, with an abundance of Peruvian materials included in the course bibliographies. As the relevant columns in Table 17 indicate, in all these courses the bibliographies were ample, the number of references related to Peru were substantial, the requirement for reading in English was present but not overwhelming, and the number of references of recent date was large enough to indicate that the reading lists had been kept up to date.

A closer look at the syllabi of the principal courses in the private universities showed that Peruvian materials had been introduced into every topic covered. Many of these were references used to illustrate points. In addition, however, each course had sections dealing with the major issues of recent labor policy. The reading list for the seminar in University B had numerous citations to documents from the Ministerio de Trabajo, an indication that recent labor policy would be subjected to extensive discussion and analysis. The most similar course in University A was perhaps more oriented to theoretical issues – it is after all a course rather than a seminar – but it too

[108] Jorge Rojas, Políticas comerciales y cambiarias en el Perú, 1960-1995 (Lima: PUCP, 1996); Carlos Boloña and Javier Illescas, Políticas arancelarias en el Perú, 1980-1997 (Lima: Instituto de Economía de Libre Mercado, 1997).

contained a full section devoted to the great changes in Peruvian labor policies during the 1990s.

The policy relevance of the labor course at the public university was more difficult to assess. While the course bibliography contained a number of good references on Peruvian labor problems, it was not clear from the syllabus how those readings would actually be used in the course.

Regulation

Regulation is a new field of study in Peru, introduced only after the privatization of state monopolies during the 1990s. Generally seen as part of the field of industrial organization, courses on regulation generally require an introductory IO course as prerequisite.

Each of the three universities offered a course on industrial organization. All were basically theoretical, but with varying degrees of empirical content. Two syllabi offered final sections largely devoted to regulatory policy in Peru, but one (University B) had no empirical section at all.

Moving on to the initial courses on regulation, they were offered only in the two private universities, and in both cases the courses were heavily theoretical, with essentially no empirical or Peruvian component.

The follow-on seminar in University B rectified this empirical shortfall, with a massive bibliography covering regulatory experience in a number of countries. Nevertheless only 10% of the references in the bibliography pertained to Peru. The paucity of Peruvian materials suggests that regulatory field was so new that not much had yet been produced.

However, this can be only part of the explanation for the lack of an empirical component in the basic regulatory courses. Some materials did exist and were surely known to the course instructors, most of whom were active participants in ongoing research and policy administration in the field. The more important explanatory factor was probably, once again, professorial preference.

Environment

Like regulation, environmental economics is a relatively new field in Peru, for both research and teaching. All three universities did however offer courses, but with varying degrees of emphasis on Peruvian issues. The courses at Private University B and the Public university included references to a number of good Peruvian environmental studies. In fact, the two reading lists seemed quite similar, perhaps a reflection of the influence of seminars on environmental economics sponsored by PERC in the mid-1990s. Those seminars involved special effort to mobilize bibliography for professors from a number of different universities.

Given this wide dissemination of Peruvian materials, it was surprising that the environmental course at University A did not include any such materials in its syllabus.

Education and Health

Despite the heavy emphasis on education and health in the recent research agenda of Peruvian economists, few courses in these fields have been offered in recent years at the three universities surveyed. One department chairman, lamenting this fact, explained that there simply wasn't sufficient student demand to justify more courses. The courses that were found consisted of one education course at the public university, one seminar largely but not exclusively devoted to health at University B, and a health course offered very occasionally also at the public university.

The syllabi of the health course at University B and the education course at the public university both demonstrated that an adequate number of Peruvian studies are available in both fields. That so few were used in the health course at the public university, in a course that had several references to Spanish health problems, most probably indicated that the university had contracted the course to a visitor who knew Spain better than he knew Peru.

Agriculture

There was precisely one agricultural economics course in each university, with very different emphases on Peruvian materials. The course with apparently the least emphasis was that at the public university. The greater part of the syllabus concerned microeconomic theory, with emphasis on those concepts most relevant to agriculture (e.g., variable proportions and diminishing returns). A final section of the syllabus was indeed concerned with Peru (e.g., crisis agraria y políticas agrarias), but the syllabus did not make clear what time period was involved. An indication did however come from the three readings on Peru in the bibliography, all of which were published between 1980 and 1982 and concerned the agrarian reform of the 1970s.

The Economía Agraria course in University A had a well-developed bibliography that explored a number of important topics. Peruvian references were numerous. It was curious to note what was apparently absent, however, viz., any use of the text by Cannock and Gonzales-Zúñiga, and any reference to the two most contentious issues of agricultural policy during the 1990s, namely, pricing policy and the sobretasas arancelarias, and agricultural credit policy after the closure of the Banco Agrario. These omissions pushed the course away from policy and more toward theoretical issues, but the bibliography was nevertheless very interesting and suggested a good course.

The seminar at University B was by contrast intensively empirical. Nearly all the assigned readings related to Peru, it made abundant use of Cannock and Gonzales-Zúñiga, and it included sections on the pricing and credit policy issues of the 1990s.

Project Evaluation

Some three decades ago, project evaluation first entered the list of course offerings, promising a heightened sense of policy relevance for university economics programs. That promise seems not to have been realized, however, perhaps because too many such courses got lost in the esoterica of shadow prices and discount rates, rather than the meat and potatoes of benefit measurement. Moreover, it seems a sign of the times, with the rise of the market economy and the shrinking of the state, that courses emphasizing social calculations of public investment projects have been replaced by courses on private calculations for corporate investment.

In all three universities, the initial course of project evaluation is in fact a course on private calculations, i.e., a course in corporate finance. Two of the three universities do however offer a follow-on course in "Evaluación Social de Proyectos."

In both private and social courses, it is striking to see how seldom Peruvian examples are used. Unlike regulation and environmental economics, project evaluation courses have been around for 30 years, and numerous case studies of actual projects have been developed for teaching purposes. If Peruvian materials are not included in recent courses, it isn't because they don't exist.[109]

Viewpoints of Students

The relevance of Peruvian research studies to the enrichment of economics instruction was also examined from another viewpoint. A group of recent graduates was asked to list the Peru-related studies that they remembered from their undergraduate courses and to comment on the usefulness of such studies in their formation as economists. The alumni who completed the questionnaire were either young economists in the Departamento de Estudios Económicos of the Banco Central de Reserva del Perú or participants in the training program of the Superinterndencia de Banca y Seguros.[110] These groups are a young professional elite. It may be assumed that they were good students, paid attention to their course assignments, and remembered well.

25 economists responded to the questionnaire. They were asked to separate the Peruvian readings that they best remembered into those included in course assignments, those they read as part of their thesis preparations, and those they read on their own, apart from academic requirements. Table 18 tabulates the readings in

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[109] One useful exercise in project evaluation that may have faded from memory is Stephen McGaughey, Investment Criteria for the Evaluation and Planning of Public Investment in Water Resource Development Projects: Peru (Lima: Iowa Universities Mission to Peru, 1969), 251 p. A widely used book on agricultural projects, Price Gittinger, Economic Analysis of Agricultural Projects (Washington: World Bank, 1982), is not included in any of the project evaluation reading lists, but is used in the "Economía Agraria" course of University A. Its cases are from developing countries generally, but not necessarily Peru.

[110] I am grateful to Margarita Imano and Roberto Eslava of the BCR and Roxana Barrantes, formerly of SBS, for making these surveys possible in their respective institutions.

course assignments for those 23 respondents who attended either Universidad Católica or Universidad del Pacífico. Table 19 gives further detail on the most frequently cited authors.

It will be seen that the references in Table 18 are divided into three groups: texts, studies in economic history, and studies in other fields of economics. In "texts" have been placed all works by Peruvian authors that have been written largely for pedagogical purposes. Included here, in addition to regular textbooks, are articles presenting theoretical models whose stylized facts are designed to resemble the Peruvian economy.

Economic history references are given a separate line simply because there are so many of them. Their inclusion with other studies on Peru (the "Other Fields" category) might give a distorted impression of the number of policy-relevant studies available.

A number of conclusions, some expected and some surprising, emerge from these tables. The first, perhaps not too surprising, is that these good former students had read and remembered a wide variety of studies on the Peruvian economy. In the case of PUCP students, for example, there were 104 citations listed by 12 respondents, but these covered 72 different references, i.e., about 1.5 citations per source. Clearly there was no shortage of Peruvian materials in university instruction.

Somewhat more surprising was the great compartmentalization of Peruvian materials between these two leading universities. Only one Pacífico professor (B. Seminario) was cited by any of the Católica graduates. Only one Católica professor (J. Távara) was cited by any of the
Pacífico graduates. Only three GRADE economists (C. Paredes, C. Calderón, L. Arias) were cited by either Pacífico or Católica graduates. This point is

Table 18
Peruvian Studies Used in Economics Courses
As Reported by Recent Graduates in BCR and SBS[111]

	Institution of Authors				
Institution of Respondents	PUCP	UP	Other Peru	Foreign	Total
PUCP (n = 12)					
No. of studies cited					
Texts	13	0	0	n.a.	13
Economic History	2	0	4	5	11
Other Fields	37	1	10	0	48
Total					72

[111] Guide to abbreviations: BCR = Banco Central de Reserva; SBS= Superinterndencia de Banca y Seguros; PUCP = Pontificia Universidad Católica del Perú; UP = Universidad del Pacífico.

No. of Citations					
Texts	18	0	0	n.a.	18
Economic History	6	0	5	16	27
Other Fields	44	2	13	0	59
Total					104
UP (n = 11)					
No. of studies cited					
Texts	0	8	1	n.a.	9
Economic History	0	0	1	3	4
Other Fields	1	13	1	0	15
Total					28
No. of Citations					
Texts	0	17	1	n.a.	18
Economic History	0	0	1	6	7
Other Fields	1	24	1	0	26
Total					51

emphasized in Table 19, which shows quite strongly that Pacífico students read Pacífico economists and Católica students read Católica economists. Everybody read Thorp and Bertram, however.[112]

Table 19
Authors Most Frequently Cited
By Recent Graduates in BCR and SBS

By PUCP Graduates		By UP Graduates	
O. Dancourt &/or W. Mendoza	11	J. Fernández-Baca	10
R. Thorp & G. Bertram	8	J. Velarde & M. Rodríguez	7
E. Gonzales de Olarte	6	G. Yamada	6
A. Fairlie	6	F. Kafka	5
A. Figueroa	6	B. Seminario & A. Beltrán	4
		R. Thorp & G. Bertram	4

It was also surprising to note that all the foreign economists cited were in the field of economic history. No studies of foreign economists in the various applied fields were remembered by the students, largely because there weren't any on the reading lists. The great oversight here is the students' loss of access to the many studies done by economists at international institutions, especially the World Bank and IDB, and also to

[112] Rosemary Thorp and Geoffrey Bertram, Peru, 1890-1977: Growth and Policy in an Open Economy (New York: Columbia University Press, 1978). Spanish version: Perú, 1890-1977: Crecimiento y políticas de una economía abierta (Lima, 1985).

lesser degree the IMF and CEPAL. Much of the onus for this situation has surely lain with the international institutions themselves. Traditionally they have restricted access to the bulk of their research work. Even studies released to the public have often been mired in Byzantine distribution networks. Nevertheless many institutions, the World Bank in particular, have adopted policies of more open access in recent years. It is regrettable to see that this open access seems to have had so little effect on students' access to these studies.

Summing Up on University Instruction

The first conclusion, incontrovertible, is that an abundance of empirical studies on Peruvian policy problems exists in all the fields of economics examined in this paper. If an instructor wants to put together a reading list for a course emphasizing Peruvian policy issues, it can be done.

A second conclusion, perhaps more a matter of opinion but one that this writer would defend staunchly, is that many courses offered at the university level don't make adequate use of the empirical materials available. Some courses are too intransigently theoretical (e.g., courses in international trade and regulation, and at least one course in project evaluation), while others, although containing empirical sections, seem to have overlooked Peruvian materials or important Peruvian policy issues. This last point characterizes one course in environmental economics, one in health, and perhaps two in agriculuture. Some of the very theoretical courses assume that form with the idea that policy application can follow in a subsequent seminar, but generally fewer than half on the students in the theoretical survey course go on to the specialized seminar.

Even though a wide variety of studies on Peruvian policy issues can be found in virtually every field, it is not obvious that professors assign the best materials available to their reading lists. They seem generally to have overlooked studies done under sponsorship of the international agencies. In addition, an alarming tendency to assign readings from within the faculuity of a given university, giving relatively short shrift to studies produced in other universities or in independent research institutes, should be expected to diminish the average quality of readings assigned.

Furthermore, even if an instructor should overcome these barriers and assign the best materials available, it is not obvious how good those materials are for pedagogical purposes. My own experience in constructing reading lists over several decades is that it is very hard to find research studies well suited to a given syllabus. Such articles need to have clear exposition and just the right level of analytical difficulty, hard enough to use the analytical tools the student has studied, but not so hard that the student is overwhelmed. Teaching development courses where illustrative studies from any country in the Third World would be appropriate, the task of finding appropriate article was still difficult. By that perspective, the task of finding articles applicable to just one country on the west coast of South America seems near-impossible.

This impression of paucity of appropriate materials is reinforced by the nearly complete absence in Peru of survey articles that summarize and evaluate the literature in a given field. The only such study familiar to me is Glave's survey of environmental economics.[113]

It must be confessed, however, that the few colleagues with whom I conversed about the availability of research materials for teaching purposes seemed fairly content with the current situation. I heard no laments about the lack of suitable empirical studies. The only strong words on the matter came not from a professor but from one of the young economists at BCR or SBS, who wrote the following comment at the end of his questionnaire:

> … esta encuesta me ha permitido darme cuenta por que muchas de mis colegas encuentran poco aplicables los conocimientos adquiridos en la universidad. La mayor parte de los cursos se dictan a nivel teórico, llegando al final del curso a recibir una pequeña charla acerca de cómo esto se aplica a la economía peruana. En realidad, no considero que es el problema de insuficiencia de investigación económica en el Perú, sino es el problema de su diffusion a nivel universitario.

10. Conclusions

We return to the questions posed at the beginning of this report.

<u>1. How big is the market for economic research? Who does this research and under what working conditions?</u>

The size of the market was estimated in terms of the number of economists resident in Peru and engaged in research production. The number is necessarily arbitrary, partly from incomplete information, but mostly from the inevitably arbitrary decisions required to establish the market's boundaries. Those caveats said, the best estimate was 239 economists in 1999, of whom 38% were affiliated with the member institutions of CIES, 33% were affiliated with government agencies (especially the BCR), and 29% had other affiliations or no affiliation at all.

Minimum income requirements were estimated on the basis of two recent surveys of Peruvian professionals, supplemented by a few informal interviews. Income needs vary, of course, but a minimum figure was nevertheless put at $3,000-3,500 per month for a family of four, and $2,000 per month as income for the economic researcher, the presumption being that the family would have another income earner. This figure of $2,000 was used to distinguish between researchers who earn an "adequate" salary and those who are required to supplement any salary with a string of contracts and consultancies. The estimate was that 60% had assured salaries, and 40% did not. Many

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[113] Manuel Glave, <u>La investigación del medio ambiente en el Perú</u> (Lima: Consorcio de Investigación Económica, 1995)

in the "assured salary" category also supplemented their incomes regularly with contract work.

Many of those with assured salaries were however obliged to devote their research efforts to the production of economic newsletters or reports, with very little opportunity for independent choice of research topic. Jobs for economists that offer both adequate assured salaries and some degree of research flexibility can be found only in a few institutions.

A survey of 30 research projects established the nature of the prototypical research project. Its duration was six months but it provided only three months of full-time research work. It was funded by a foreign agency that had chosen the topic, written the terms of reference, and awarded the contract by competition (concurso). The researcher was required to submit a midcourse report and a final report, and received comments on both. With some egregious exceptions, the comments were positive and helpful. The report was ultimately published in some form, but its ultimate impact on policy making was generally not known.

<u>2. Within this market, what is the nature of the product (i.e., the research), in terms of quality, timeliness, and empirical relevance?</u>

All Peruvian economic research is empirical rather than theoretical. All aspires to be relevant to policy making, directly or indirectly. Nearly all research is delivered in a timely fashion, because the sponsors of the research require it. In many instances the final payment is withheld until delivery of the final product, thus providing an added incentive for timeliness.

The final form taken by most research studies is either a report submitted to the funder or a Discussion Paper issued by the researcher's institution. Editorial review is generally not rigorous in either of these cases. The researcher is generally allowed to prepare a more polished version for publication elsewhere, perhaps in a refereed journal, either in Peru or overseas, but there is little incentive to do this, and strong economic incentive not to do so, but rather to go on to the next research contract. As a result, the economic research process is truncated at the end. The final stage of polish and editorial revision is generally absent.

<u>3. Viewing economic research as a public good, what are the sources of demand? That is, what groups benefit from the production of economic research?</u>

All research is a public good in the sense that any number of people can read the results. Some research is however more like a private good in that nobody but the funder is interested in the topic. This would be the case, for example, of consultant reports evaluating activities that are specific to the funder. Most research is however of broad enough appeal to constitute a public good. The funder is therefore providing an external benefit to other users, sometimes accidentally, as in the case of the World Bank, sometimes deliberately, as in the case of IDRC/CIDA or the USAID PAPI Project.

The philanthropically inclined funder is likely to design its project with a particular external beneficiary in mind. Most often this intended beneficiary is the government. The attractiveness of the government is of course that the government makes things happen. It makes policy decisions. The down side is that the government already has a great deal of expertise at its call, through its close relationship with international funding agencies.

However, many other institutions also influence policy decisions through their participation in politics. All the voices in the political arena can have greater influence if they can bring more expertise to bear on the issues of the day. The groups that can benefit from economic research, therefore, are as numerous as the number that participates in political life.

There is a caveat, however. A group, to benefit from economic research, has to be able to understand it. At times this is not easy.

The economic researcher can most effectively contribute to the knowledge of gremios, or trade unions, or any other organization in the political arena, simply by himself or herself entering the arena, most easily by writing articles for wide public consumption. A principal part of this report's examination of the demand side of the market for economic research therefore looks at the prospects for increased activity by economic researchers in writing for public consumption, and also in becoming better known by journalists as reliable and well informed sources of commentary.

<u>4. Finally, is the market working well? Are demanders getting what they want? And are suppliers also getting what they want, that is, are they staying in the market for the foreseeable future?</u>

The answer to this final question must be somewhat impressionistic and opinionated. The market is in fact working reasonably well, in the sense that it replicates itself period after period. Suppliers are staying in the market. There is no mass exodus either from the country or from the profession.[114] Demanders with the means to pay, i.e., funders, show no particular discontent with the quality of the research they have financed.

As for potential demanders without funding, those who must rely on philanthropic effort to make economic research available, they too seemed reasonably content. Journalists were accustomed to a certain availability of information and a certain way of reporting economic developments. University teachers were accustomed to teaching their courses in a certain way, with a certain availability of readings.

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[114] It is lamentable, however, to see the numbers of talented Peruvian economists who have left the country at others times, or who have not returned after graduate study, and who now occupy important positions in various international agencies and banks.

Yet it seemed to this writer that opportunities were being missed, to improve the quality of research through better final editing, to give greater coverage to fields such as taxation and privatization that seem to have gotten lost in the collective research agenda, to project researchers into the public arena and to encourage some of them to become watchdogs of the public interest, to rethink reading lists so as to make economics courses more empirical and, one hopes, more interesting to students.

Pointing out these areas of possibly missed opportunity may sound critical, but criticism is not the intention. The author has seen at first hand how difficult it is to pursue a career as an economist in Peru, and his admiration for those who stay that course is profound. It is hoped that the suggestions of this report will help Peru's economists in the pursuit of their own collective goal, which is to contribute as much as they can to their country's development.

11. Recommendations

1. Researchers should be encouraged to devote extra time to the polish and editorial revision of manuscripts, so that the final product is more cogent, more readable, and therefore more socially useful. At the same time, readers need to be guided toward studies judged truly superior and therefore worth reading by a wide professional audience. These objectives might be accomplished by:

- The award of small grants within CIES for the editorial improvement of manuscripts for which a first draft has been completed previously. Payment might be made only upon acceptance of the polished manuscript in one of a designated list of journals.

- Small grants to the editorial boards of Economía and Apuntes for solicitation and screening of additional manuscripts.

- The creation of a special annual volume of the best economics articles of the year, as judged by a selection committee. Such a volume might be sponsored by the BCR or by a commercial bank, with an honorarium paid to the author of each accepted article.

- Discussion with universities and selected research institutions to explore the possibility of having recent publications in designated sources become one factor in determining annual salary increments. This is the practice of the University of Chile, as well as of most North American universities.

2. The adequacy of research effort being in doubt in virtually every policy area, an attempt should be made to show what really thorough research coverage of one or two selected policy areas might look like. This effort might include:

- A substantial and critical review of the literature, of the kind done by Glave in the case of the environment.[115]

- A series of seminars and meetings with other researchers and with policy makers for purposes of reviewing the study and possibly seeking modifications.

- A summary of the policy objectives and issues in the sector, as revealed by recent public debate in Peru and elsewhere.

The effort should be informed by an awareness of literature and policy debate in other countries and also in relevant international agencies.

3. Measures should be undertaken to encourage researchers to participate more in public debate, particularly in the role of disinterested watchdog in given policy areas. Among the measures that might advance this goal are the following:

- Have briefing sessions for journalists that are in the morning rather than the evening, when newspaper deadlines are near. The events to which journalists have been invited have generally been in the evening. (This was suggested by one of the journalists interviewed.)

- Compile a press kit covering the Corsortium, giving biographical sketches, areas of expertise and contact numbers for Consortium researchers. Or encourage members centers to do this.

- Have concursos for op-ed pieces, where the winners would be paid a small honorarium for writing a stipulated number of such pieces over a stipulated period. Alternatively, the honorarium could be larger and serve as an encouragement for the concurso winner to assume a watchdog responsibility in a chosen policy area.

4. There is also a role for an institution as watchdog. The task need not be left entirely to individuals. Some of the activities that an institutional watchdog might perform are:

- The sponsoring of studies evaluating the performance of the press on stories related to economic policy. How informative and unbiased was the coverage? How adequate were the sources used? These are some of the questions that might inform public debate simply by showing how past debates were conducted.

- The development of performance indicators as a means of evaluating government performance in a series of policy areas. Performance could be evaluated by comparison to past commitments, or performace of previous governments, or of governments in other countries.

[115] Manuel Glave, op. cit..

5. While professorial autonomy in course design and reading assignments needs to be respected, many possibilities exist for improving instruction through improving reading lists on a purely voluntary basis. The need for updating is greatest at public and provincial universities, where library resources are often inadequate and teaching loads excessive. Many professors have simply been too busy to give much thought to updating or redesigning their courses. Nevertheless the experience of PERC in providing short courses in environmental economics shows that professors are very receptive to short courses of actualización (i.e., updating through in-service). Therefore the following measures are recommended for consideration:

- Offer more short courses, similar to the environment seminars offered previously under PERC, on some or all of the applied fields for which reading lists were reviewed in Table 17.

- Alternatively, commission a review of the literature in one or more fields, in which the review focuses on the pedagogical uses of the literature. Such a review might be organized by topics for consideration in the syllabus, identifying important policy issues and showing what studies are available for each issue.

- Develop a bibliography of studies on Peru done by economists in international agencies, obtain copies of the studies, arrange to have copies of the studies placed in major university libraries, and arrange a means of distributing copies of studies requested by other institutions or individuals. The international agencies themselves will never do this job, and it’s a job that should be done.