

NEIGHBORHOOD EFFECTS, CONVERGENCE AND GROWTH
IN OPEN ECONOMIES OF U.S. AND MEXICO

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ABSTRACT

This dissertation consists of three papers. "Optional sales tax holidays: Which jurisdictions participate? Logit and a spatial analyses," I reviewed the literature regarding strategic interaction among jurisdictions and border effects due to tax differentials. I used a logit model to estimate whether or not Missouri cities will participate or not in the 2004 sales tax holiday. I found that cities consider their own characteristics and their neighbor's characteristics when making the decision to participate in the tax holiday. I did not find evidence of spatial autocorrelation, perhaps because other variables already contain some spatial information.

"Convergence of Mexican states, 1993-2004" examines the convergence implications of the Solow (1956) neoclassical economic growth model for Mexico. There is no evidence of unconditional β convergence. There is evidence of conditional β convergence and its value is 2.37 percent. There were mixed results for σ convergence among Mexican states.

"Disparities in Productivity Growth in Mexico, 1993-2004" examines the behavior of productivity among Mexican states for 1993-2004. Investments in physical capital are negatively related to productivity, states attracting labor force have higher productivity, human capital increases productivity. States with a higher percentage of indigenous population have lower productivity than the rest of the country.