



**Universitat
Pompeu Fabra**
Barcelona

Topics in Applied Economics III: Topics in Economic Growth and Development Part II

2021–22 Academic Year

Master of Research in Economics, Finance and Management

1. Description of the subject

- Topics in Applied Economics III
 - Total credits: 3 ECTS
 - Type of subject: Optative
 - Department of Economics and Business
 - Teaching team: Luigi Pascali and Ruben Durante
- Code: 32088
Workload: 75 hours
Term: 3rd

2. Teaching guide

- **Prerequisites to enroll**

This course is intended as a continuation of the course “Topics in Economic Growth and Development”. It requires basic understanding of econometric theory and techniques (e.g., OLS, 2SLS, Difference-in-difference, GMM).

- **Introduction**

In recent years, an exciting economic literature has emerged that seeks to understand the emergence and the economic impact of social norms. The purpose of this course is to debate about the most recent and innovative developments in this literature.

- **Contents**

The course is divided in two parts. The first part discusses the Economics of Social Norms and is taught by Luigi Pascali. The second part discusses topics related to Human Capital and Innovation, Conflict and War, Inequality and Poverty and is taught by Ruben Durante. Students are supposed to write a research proposal (which will be handed out by the last class of the course) and to present in class at least one article from those reported in the reading list.

READING LIST

PART 1: THE ECONOMICS OF SOCIAL NORMS (Luigi Pascali).

Note: The reading list is deliberately long, with the intention of those of you who are interested, something more to read up and chew over. While there are no required texts, I do recommend that you read/acquire these two classics. The first is Jared Diamond’s “Guns, Germs and Steel” and the second is Daron Acemoglu and James Robinson “Why Nations Fail: The Origins of Power, Prosperity and Poverty”.

Every single paper denoted by * will be discussed by the instructor during the class.

Every single paper denoted by # will be discussed by a student or a group of students during the class.

Every paper denoted by * or # will be covered by the final exam.

A. LAWS AND SOCIAL NORMS

The origins of social norms

*Benabou and Tirole (2011). Laws and Social Norms. NBER WP 17579

*Cantoni, Yang, Yuchtman and Zhang (2019) Protests as Strategic Games: Experimental Evidence from Hong Kong's Antiauthoritarian Movement. *The Quarterly Journal of Economics* 134 (2): 1021-1077.

*Karing (2017). Social Signaling and Childhood Immunization: A Field Experiment in Sierra Leone. Mimeo.

*Bursztyn, Gonzalez and Yanagizawa-Drott (2020) Misperceived Social Norms: Femal Labor Force Participation in Saudi Arabia. *The American Economic Review*, forthcoming.

Trust and Regulation

Aghion, Algan, Cahuc and Shleifer (2010). Regulation and Distrust. *Quarterly Journal of Economics* 125(3).

Alesina, Algan, Cahuc and Giuliano (2015). Family Values and the Regulation of Labor, *Journal of European Economic Association*.

Aghion, Algan and Cahuc (2011). Civil Society and the State: the Interplay between Cooperation and Minimum Wage Regulation, *Journal of European Economic Association* 9(1).

Guiso, Sapienza, Zingales (2008). Trusting the stock market. *Journal of Finance* 63(1).

Collectivist versus individualist social organizations

Grief (1993). Contract enforceability and economic institutions in early trade: the Maghribi trade coalition. *American Economic Review* 83(3).

Grief (1994). Cultural beliefs and the organization of society: a historical and theoretical reflection on collectivist and individualist societies. *Journal of Political Economy* 102(5).

Gorodnichenko and Roland (forthcoming). Culture, Institutions and the Wealth of Nations. *The Review of Economics and Statistics*.

Can changes in institutions affect culture?

Alesina, Fuchs-Schündeln (2007). Good Bye Lening or Not? The Effect of Communism on People's Preferences. *American Economic Review* 97.

* Becker, Boeckh, Hainz, Woessmann (2015). The empire is dead, long live the empire! Long-run persistence of trust and corruption in the bureaucracy. *Economic Journal* 126.

Cassar, D'Adda, Grosjean (2014). Institutional Quality, Culture and Norms of Cooperation. *The Journal of Law and Economics* 57.

Gneezy and Rustichini (2000). A fine is a price. The Journal of Legal Studies 29.

B. SOCIAL NORMS AND ECONOMIC GROWTH

Social norms and long-run development

*Guiso, Sapienza, Zingales (2016). "Long Term Persistence". Journal of European Economic Association 14(6): 1401-1436

* Michalopoulos, Stelios and Elias Pappaioannou (2013), "National Institutions and Sub National Development in Africa", Quarterly Journal of Economics.

*Becker, Sascha and L. Woessmann (2009), "Was Weber Wrong? A Human Capital Interpretation of Protestant Economic History", Quarterly Journal of Economics.

*Nunn (2008). The long-term effects of Africa's slave trade. Quarterly Journal of Economics 123(1).

Alesina, Giuliano, Nunn (2013). On the origins of gender roles: women and the plough. Quarterly Journal of Economics 128(1).

Nunn (2008). The long-term effects of Africa's slave trade. Quarterly Journal of Economics 123(1).

C: THE ORIGINS OF ETHNIC CONFLICTS

Comparative advantages, occupational selection and conflicts

Botticini and Eckstein. 2005. Jewish Occupational Selection: Education, Restrictions, or Minorities? Journal of Economic History, 65.

*Jha (2014). Unfinished business: historic complementarities, political competition and ethnic violence in Gujarat. Journal of Economic Behavior and Organization 104: 18-36.

*Jha (2013). Trade, institutions and ethnic tolerance: evidence from South Asia. American Political Science Review 107.

*Pascali and Becker (2016) Religion, Division of Labor and Conflict: Anti-Semitism in German Regions over 600 years. American Economic Review 109(5): 1764-1804.

Grosfeld, Sakalli and Zhuravskaya (2020) Middlemen minorities and ethnic violence: anti-Jewish pogroms in the Russian Empire. Review of Economic Studies 87(1): 289-342.

Dippel (2014) Forced Coexistence and Economic Development: Evidence from Native American Reservations Econometrica ^{[[L]]}_{SEP}

PART 2: OTHER DETERMINANTS AND CONSEQUENCES OF ECONOMIC DEVELOPMENT (Ruben Durante).

A. HUMAN CAPITAL AND INNOVATION

- * Ciccone, Antonio, and Elias Papaioannou. (2009) "Human capital, the structure of production, and growth." *The Review of Economics and Statistics* 91.1: 66–82.
- * Jeremiah E. Dittmar. (2011) "Information Technology and Economic Change: The Impact of The Printing Press", *The Quarterly Journal of Economics* 126 (3): 1133–1172
- Gennaioli, Nicola, et al. (2011) "Human capital and regional development". No. w17158. National Bureau of Economic Research
- Becker, Sascha O., and Ludger Woessmann. (2009) "Was Weber Wrong? A Human Capital Theory of Protestant Economic History." *The Quarterly Journal of Economics* 124.2 (2009): 531–596.
- Bils, Mark, and Peter J. Klenow. (2000) "Does Schooling Cause Growth?" *American Economic Review*, 90(5): 1160–1183.
- Squicciarini, Mara and Voigtländer, Nico. (2015) "Human Capital and Industrialization: Evidence from the Age of Enlightenment" *Quarterly Journal of Economics*, 130(4): 1825–1883.
- Barro, R. J. (2001) "Human capital and growth" *American Economic Review*, 91(2), 12–17.
- Becker, Sascha O., Erik Hornung, and Ludger Woessmann. (2011) "Education and Catch-Up in the Industrial Revolution." *American Economic Journal: Macroeconomics*, 3(3): 92–126.

B. CONFLICT AND WAR

- * Thorsten Rogall and David Yanagizawa-Drott. (2014) "The Legacy of Political Mass Killings: Evidence from the Rwandan Genocide", mimeo
- * Miguel, Edward, and Gerard Roland. 2011. "The Long-run Impact of Bombing Vietnam." *Journal of Development Economics*, 96 (1): 1–15.
- Blattman, Christopher, and Edward Miguel. 2010. "Civil War." *Journal of Economic Literature*, 48(1): 3–57
- Abadie, Alberto, and Javier Gardeazabal. 2003. "The Economic Costs of Conflict: A Case Study of the Basque Country." *American Economic Review*, 93(1): 113–132.
- Acemoglu, Daron, Tarek A. Hassan, and James A. Robinson. (2011) "Social structure and development: A Legacy of the Holocaust in Russia." *Quarterly Journal of Economics* 126(2): 895–946.
- Akbulut-Yuksel, Mevlude, and Mutlu Yuksel. 2015. "The Long-Term Direct and External Effects of Jewish Expulsions in Nazi Germany." *American Economic Journal: Economic Policy*, 7(3): 58–85.
- Rohner, Dominic, Mathias Thoenig, and Fabrizio Zilibotti. (2013). "Seeds of distrust: conflict in Uganda", *Journal of Economic Growth*, 18 (3): 217–252.
- Michalopoulos, Stelios and Elias Papaioannou. (2016, forthcoming). "The Long-Run Effects of the Scramble for Africa", *American Economic Review*.

Blattman, Christopher and Jeannie Annan. (2010). "The Consequences of Child Soldiering". *The Review of Economics and Statistics*, 92 (4): 882–898.

C. INEQUALITY AND POVERTY

* Gustavo A. Marrero, Juan G. Rodríguez. (2013). "Inequality of opportunity and growth", *Journal of Development Economics*, 104: 107–122

* Alesina, Alberto, Stelios Michalopoulos, and Elias Papaioannou (2016, forthcoming), "Ethnic Inequality", *Journal of Political Economy*

Alesina, Alberto and Dani Rodrik. (1994). "Distributive Politics and Economic Growth." *The Quarterly Journal of Economics*, 109(2), 465–490.

Persson, T., & Tabellini, G. (1994). Is Inequality Harmful for Growth?. *The American Economic Review*, 84(3), 600–621.

Aghion, Philippe, Eve Caroli, and Cecilia Garcia-Penalosa. (1999). "Inequality and Economic Growth: The Perspective of the New Growth Theories." *Journal of Economic Literature*, 37(4): 1615–1660.

World Bank. (2005) *World Development Report 2006: Equity and Development*. Washington, D.C.

Azariadis, Costas and John Stachurski. (2005) "Poverty Traps" in *Handbook of Economic Growth, Volume 1A*. ed. by Philippe Aghion and Steven N. Durlauf

Kraay, Aart and Claudio Raddatz. (2007). "Poverty traps, aid, and growth." *Journal of Development Economics*, 82 (2): 315–347.

Banerjee, A.V., and E. Duflo. (2003). "Inequality and Growth: What Can the Data Say?" *Journal of Economic Growth*, Vol.8(3), pp.267–99.

Easterly, W., 2007, "Inequality Does Cause Underdevelopment: Insights from a New Instrument," *Journal of Development Economics*, Vol. 84(2), pp. 755–76.

Galor, O., & Moav, O. (2004). From Physical to Human Capital Accumulation: Inequality and the Process of Development. *The Review of Economic Studies*, 71(4), 1001–1026.

Duflo, Esther. (2012). "Women Empowerment and Economic Development." *Journal of Economic Literature*, 50(4): 1051–79.

- **Assessment and Grading System**

The final grade will depend on:

- Class presentation (20%)

-Research proposal (80%)