

Topics in Applied Economics V: Long Term Persistence

2016-2017 Academic Year
Master of Research in Economics, Finance and Management

1. Description of the subject

- Topics in Applied Economics V
 - Total credits: 3 ECTS
 - Type of subject: Optative
 - Department of Economics and Business
 - Teaching team: Luigi Pascali
- Code: 32090
Workload: 75 hours
Term: 3rd

2. Teaching guide

◉ Introduction

In recent years an exciting economic literature has emerged that seeks to understand disparities in economic development across countries by going far back in history. A series of historical events, have been considered responsible of long-lasting effects on institutions, culture, human capital and technology and, through those channels, on current domestic living conditions.

The purpose of this course is to debate about the most recent and innovative developments in this literature.

◉ Contents

PART 1: THE INTERPLAY OF CULTURE AND INSTITUTIONS

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-Schundeln (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.

PART 2: INSTITUTIONS, TRADE AND DEVELOPMENT

The impact of institutions on comparative advantage and patterns of trade

- Levchenko (2007). Institutional Quality and International Trade. *Review of Economic Studies* 74(3).
- Nunn (2007) Relationship-Specificity, Incomplete Contracts and the Pattern of Trade. *Quarterly Journal of Economics* 122(2).
- Pascali (2013) The Wind of Change: Maritime Technology, Trade and Economic Development. CAGE Working Paper 165.

International trade and institutional change

- Acemoglu, Johnson and Robinson (2005). The rise of Europe: Atlantic trade, institutional change, and economic growth. *The American Economic Review* 95.
- Bruhn and Gallego (2012). Good, Bad and Ugly Colonial Activities: Do They Matter for Economic Development? *Review of Economics and Statistics* 94(2).
- Eagerman and Sokoloff (1997). Factor endowments, institutions and differential paths of growth among new world economies: a view from economic historians of the United States. In S. Harber, ed.
- Fenske (2014). Ecology, Trade and States in pre-colonial Africa. *The Journal of European Economic Association* 12.
- Nunn (2008). The long-term effects of Africa's slave trade. *Quarterly Journal of Economics* 123(1).
- Puga and Trefler (2014) International Trade and Institutional Change: Medieval Venice's Response to Globalization. *Quarterly Journal of Economics*

Comparative advantages, occupational selection and conflicts

- Botticini and Eckstein. 2005. Jewish Occupational Selection: Education, Restrictions, or Minorities? *Journal of Economic History*, 65.
- Jha (forthcoming). Unfinished business: historic complementarities, political competition and ethnic violence in Gujarat. *Journal of Economic Behaviour and Organization*.
- 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. CAGE Working Paper 288.

PART 3: THE ORIGIN OF THE STATE

The role of the Neolithic Revolution

- Diamond (1998). *Guns, Germs and Steel: A short history of everybody for the last 13,000 years*. Vintage Edition.
- Hibbs and Olsson (2004). Geography, biogeography, and why some countries are rich and others are poor. *Proceedings of the National Academy of Sciences*, 101
- Mayshar, Moav, Neeman and Pascali (2015). Cereals, Appropriability and Hierarchy. CEPR Working Paper 10742.
- Sanchez de la Sierra (2015). On the Origins of States: Stationary Bandits and Taxation in Eastern Congo", mimeo, Berkeley

◉ **Assessment and Grading System**

Students are supposed to write two referee reports (which will be handed out in first and the second week) and to present in class at least one article.

The final grade will depend on:

- Class presentation (50%)
- Two referee reports (20%)
- Active attendance (30%)