

Development Economics International Economics

Academic year 2019-2020

Advanced Development Macroeconomics: Empirical Research

EI084 - Autumn - 3 ECTS

Monday 14h15 - 16h00

Course Description

The objective of this course is to provide students with an in-depth coverage of the most relevant topics in development macroeconomics. The seminar is for PhD students. Classes consist of presentations and critical discussions on selected articles.

> PROFESSOR

[Martina Viarengo](#)

[Office hours](#)

> ASSISTANT

Syllabus

Grading

The course grade will be based on a closed book final exam (60% of the grade), quality of class presentations (25% of the grade), and class participation (15% of the grade). The exam will take place on Monday, October 28. Students are responsible for all the material covered in class.

OUTLINE

Lecture 1. Introduction: Economic Growth and Development (September 23)

- **Required Readings:**

- Acemoglu, Daron (2009), "Introduction to Modern Economic Growth," Princeton, NJ: Princeton University Press, Chapters 1-3.
- Fuchs-Schunden, Nicola and Tarek A. Hassan, (2016), "Natural Experiments in Macroeconomics," in: Taylor, John B. and Harald Uhlig (eds.): Handbook of Macroeconomics, Elsevier, Vol. 2a: 923-1012.

- **Optional Readings:**

- Romer, David (2019), “Advanced Macroeconomics”, 5th Edition, New York City, NY: Mcgraw-Hill Economics, Chapters 1-4.
- Solow, Robert (1956), “A Contribution to the Theory of Economic Growth,” *Quarterly Journal of Economics*, 70: 65-94.
- Romer, Paul (1986), “Increasing Returns and Long-Run Growth,” *Journal of Political Economy*, 94(5): 1002-1037.
- Lucas, Robert (1988), “On the Mechanics of Economic Development,” *Journal of Monetary Economics*, 22(1): 3-42.
- Blanchard, Olivier, and Stanley Fischer (1989), “Lectures on Macroeconomics,” MIT Press, Cambridge, MA.
- Romer, Paul (1990), “Endogenous Technological Change,” *Journal of Political Economy*, 98(5): 103-125.
- Mankiw, Gregory N., David Romer, and David N. Weil (1992), “A Contribution to the Empirics of Economic Growth,” *Quarterly Journal of Economics*, 107(2): 407-437.
- Klenow, Peter and Andrés Rodríguez-Clare (1997), “The Neoclassical Revival in Growth Economics: Has It Gone Too Far?,” NBER Chapters, in: NBER Macroeconomics Annual 1997, Volume 12: 73-114.
- Banerjee, Abhijit and Esther Duflo (2005), “Growth Theory through the Lens of Development Economics”, in the Handbook of Economic Growth, Vol. 1A, Philippe Aghion and Steven Durlauf (eds.), chapter 7: 473-552.
- Caselli, Francesco (2005), “Accounting for Cross-Country Income Differences,” Handbook of Economic Growth, in the Handbook of Economic Growth, Vol. 1A, Philippe Aghion and Steven Durlauf (eds.), chapter 9: 679-741.
- Jones, Charles and Peter Klenow (2016), “Beyond GDP? Welfare across Countries and Time,” *American Economic Review*, 106(9): 2426-2457.

Lecture 2. Institutions and Democracy (September 30)

- **Required Readings:**

- Acemoglu, Daron, Simon Johnson, and James Robinson (2001), “Colonial Origins of Comparative Development: An Empirical Investigation,” *American Economic Review*, 91(5): 1369-1401.
- Michalopoulos, Stelios and Elias Papaioannou (2013), “Pre-colonial Ethnic Institutions and Contemporary African Development,” *Econometrica*, 81(1): 113-152.
- Acemoglu, Daron, Suresh Naidu, Pascual Restrepo and James A. Robinson (2019), “Democracy Does Cause Growth”, *Journal of Political Economy*, 127(1): 47-100.
- Dell, Melissa, Nathan Lane, and Pablo Querubin (2019), “The Historical State, Local Collective Action, and Economic Development in Vietnam,” *Econometrica*, forthcoming.

- **Optional Readings:**

- Greif, Avner (1993), “Contract Enforceability and Economic Institutions in Early Trade: The Maghribi Traders’ Coalition,” *American Economic Review*, 83(3): 525-548.
- Acemoglu, Daron, Simon Johnson, and James Robinson (2002), “Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution,” *Quarterly Journal of Economics*, 117(4): 1231-1294.
- Glaeser, Edward, Rafael La Porta, Florencio Lopez-de-Silanes, and Andrei Shleifer (2004), “Do Institutions Cause Growth?,” *Journal of Economic Growth*, 9: 271-303.
- Banerjee, Abhijit and Lakshmi Iyer (2005), “History, Institutions, and Economic Performance: The Legacy of Colonial Land Tenure Systems in India”, *American Economic Review*, 95, 1190-1213.

- Besley, Timothy and Torsten Persson (2009), “The Origins of State Capacity: Property Rights, Taxation, and Politics”, *American Economic Review*, 99: 1218-44.
- Acemoglu, Daron, Davide Cantoni, Simon Johnson and James A. Robinson (2011), “The Consequences of Radical Reform - The French Revolution”, *American Economic Review*, 101(7): 3286–307.
- Martinez-Fritscher, Andre, Aldo Musacchio and Martina Viarengo (2014), “Colonial Institutions, Trade Shocks, and the Diffusion of Elementary Education in Brazil, 1889-1930,” *Journal of Economic History*, 74(3): 730-66.
- Acemoglu, Daron, Camilo Garcia-Jimeno and James A. Robinson (2015), “State Capacity and Economic Development: A Network Approach”, *American Economic Review*, 105: 2364-2409.
- Acemoglu, Daron, Jacob Moscona and James A. Robinson (2016), “State Capacity and American Technology: Evidence from the Nineteenth Century,” *American Economic Review*, 106(5): 61-67.
- Cantoni, Davide, Jeremiah Dittmar, and Noam Yuchtman (2018), “Religious Competition and Reallocation: The Political Economy of Secularization in the Protestant Reformation,” *Quarterly Journal of Economics*, 133(4): 2037–2096.

Lecture 3. Standard Models of Culture (October 7)

- **Required Readings:**

- Miguel, Edward and Ray Fisman (2007), “Corruption, Norms and Legal Enforcement: Evidence from Diplomatic Parking Tickets,” *Journal of Political Economy*, 115(6): 1020-1048.
- Fernandez, Raquel and Alessandra Fogli (2009), “Culture: An Empirical Investigation of Beliefs, Work, and Fertility,” *American Economic Journal: Macroeconomics*, 1(1): 146-177.
- Nunn, Nathan and Leonard Wantchekon (2011), “The Slave Trade and the Origins of Mistrust in Africa”, *American Economic Review*, 101 (7): 3221-3252.
- Alesina, Alberto, Paola Giuliano and Nathan Nunn (2013), “On the Origins of Gender Roles: Women and the Plough,” *Quarterly Journal of Economics*, 128(2): 469-530.
- Bursztyjn, Leonardo, Alessandra L. González, and David Yanagizawa-Drott (2018), “Misperceived Social Norms: Female Labor Force Participation in Saudi Arabia,” NBER Working Paper No. 24736.

- **Optional Readings:**

- Tirole, Jean (1996), “A Theory of Collective Reputations (With Applications to the Persistence of Corruption and to Firm Quality),” *Review of Economic Studies*, 63(1): 1-22.
- Akerlof, George and Rachel E. Kranton (2000): “Economics and Identity,” *Quarterly Journal of Economics*, (2000), Vol. 115(3), pp. 715-7532.
- Bisin, Alberto and Thierry Verdier (2000), “Beyond the Melting Pot: Cultural Transmission, Marriage, and the Evolution of Ethnic and Religious Traits,” *Quarterly Journal of Economics*, 115(3): 955-988.
- Banerjee, Abhijit and Esther Duflo (2000), “Reputation Effects and the Limits of Contracting: A study of the Indian Software Industry,” *Quarterly Journal of Economics*, 115(3): 989-1017.
- Nunn, Nathan and Leonard Wantchekon (2011), “The Slave Trade and the Origins of Mistrust in Africa”, *American Economic Review*, 101(7): 3221-3252.
- Grosjean, Pauline (2014), “A History of Violence: The Culture of Honor as a Determinant of Homicide in the US South”, *Journal of the European Economic Association*, 12(5): 1285-1316.
- Desmet, Klaus, Ignacio Ortuno-Ortún, and Romain Wacziarg (2017), “Culture, Ethnicity, and Diversity”, *American Economic Review*, 107 (9): 2479-13.
- Guiso, Luigi, Paola Sapienza and Luigi Zingales (2015), “Corporate Culture, Societal Culture, and Institutions,” *American Economic Review*, 105(5): 336-39.
- Bertrand, Marianne and Emir Kamenica (2018), “Coming Apart? Cultural Distances in the United States over Time”, NBER Working Paper No. 24771.
- Bandiera, Oriana, Myra Mohnen, Imran Rasul and Martina Viarengo (2019), “Nation-Building through Compulsory Schooling during the Age of Mass Migration,” *Economic Journal*, 129(617-1): 62–109.

- Giuliano, Paola and Nathan Nunn (2019), “Understanding Cultural Persistence and Change,” NBER Working Paper No. 23617.

Lecture 4. Inequality (October 14)

- **Required Readings:**

- Forbes, Kristin (2000), “A Reassessment of the Relationship between Inequality and Growth,” *American Economic Review*, 90(4): 869-887.
- Banerjee, Abhijit and Esther Duflo (2003), “Inequality and Growth: What Can the Data Say?,” *Journal of Economic Growth*, 8(3): 267-99.
- Marrero, Gustavo A. and Juan G. Rodriguez (2013), “Inequality of Opportunity and Growth,” *Journal of Development Economics*, 104(C): 107-122.
- Chetty, Raj and Nathaniel Hendren (2018), “The Impacts of Neighborhoods on Intergenerational Mobility I: Childhood Exposure Effects,” *Quarterly Journal of Economics*, 133(3): 1107-1162.

- **Optional Readings:**

- Galor, Oded and Joseph Zeira (1993), “Income Distribution and Macroeconomics,” *Review of Economic Studies*, 60(1): 35-52.
- Persson, Persson and Guido Tabellini (1994), “Is Inequality Harmful for Growth?,” *American Economic Review*, 84(3): 600-621.
- Perotti, Roberto (1996), “Growth, Income Distribution, and Democracy: What the Data Say,” *Journal of Economic Growth*, 1(2): 149-187.
- Benabou, Roland (2002), “Tax and Education Policy in a Heterogeneous-Agent Economy: What Levels of Redistribution Maximize Growth and Efficiency?,” *Econometrica*, 70(2): 481-517.
- Galor, Oded and Omer Moav (2004), “From Physical to Human Capital Accumulation: Inequality and the Process of Development,” *Review of Economic Studies*, 71(4): 1001-1026.
- Alesina, Alberto and George-Marios Angeletos (2005), “Fairness and Redistribution: US vs. Europe,” *American Economic Review*, 95: 913-935.
- Benabou, Roland, (2005), “Inequality, Technology and the Social Contract,” *Handbook of Economic Growth*, in: Philippe Aghion and Steven Durlauf (ed.), *Handbook of Economic Growth*, edition 1, 1(25): 1595-1638.
- Easterly, William (2007), “Inequality Does Cause Underdevelopment: Insights from a New Instrument,” *Journal of Development Economics*, 84(2): 755-776.
- Galor, Oded, Omer Moav and Dietrich Vollrath, (2009), “Inequality in Landownership, the Emergence of Human-Capital Promoting Institutions, and the Great Divergence,” *Review of Economic Studies*, 76(1): 143-179.
- Inklaar, Robert, and D. S. Prasada Rao (2017), “Cross-Country Income Levels over Time: Did the Developing World Suddenly Become Much Richer?,” *American Economic Journal: Macroeconomics*, 9 (1): 265-290.

Lecture 5. Poverty Traps (October 21)

- **Required Readings:**

- Murphy, Kevin, Andrei Shleifer, and Robert Vishny (1989), “Industrialization and the Big Push,” *Journal Political Economy*, 1003-26: 97(5).
- Parente, Stephen L. and Edward Prescott (1994), “Barriers to Technology Adoption and Development,” *Journal of Political Economy*, 102(2): 298-321.

- Magruder, Jeremy R. (2013), “Can Minimum Wages Cause a Big Push? Evidence from Indonesia,” *Journal of Development Economics*, 100(1): 48-62.
- Kline, Patrick and Enrico Moretti (2014), “Local Economic Development, Agglomeration Economies, and the Big Push: 100 Years of Evidence from the Tennessee Valley Authority”, *Quarterly Journal of Economics*, 129 (1): 275-331.

- **Optional Readings:**
 - Rosenstein-Rodan, Paul (1943), “Problems of Industrialisation in Southern and South-eastern Europe,” *Economic Journal*, 53: 202-211.
 - Stokey, Nancy (1988), “Learning-By-Doing and the Introduction of New Goods,” *Journal of Political Economy*, 96: 701-717.
 - Azariadis, Costas and Allan Drazen (1990), “Threshold Externalities in Economic Development,” *Quarterly Journal of Economics*, CV: 501-526.
 - Becker, Gary S., Kevin M. Murphy and Robert Tamura (1990), “Human Capital, Fertility and Economic Growth,” *Journal of Political Economy*, 98(5): S12-S37.
 - Kremer, Michael (1993), “The O-Ring Theory of Economic Development,” *Quarterly Journal of Economics*, CVIII, 551-575.
 - Banerjee, Abhijit and Andrew Newman (1993), “Occupational Choice and the Process of Development,” *Journal of Political Economy*, 101(2): 274-298.
 - Durlauf, Steven (1996), “A Theory of Persistent Income Inequality,” *Journal of Economic Growth*, 1(1), 75-93.
 - Munshi, Kaivan (2011), “Strength in Numbers: Networks as a Solution to Occupational Traps,” *Review of Economic Studies*, 78(3): 1069–1101.
 - Eichengreen, Barry, Donghyung Park and Kwanho Shin (2013), “Growth Slowdowns Redux: New Evidence on the Middle-Income Trap,” NBER Working Paper No. 18673.
 - Ghatak, Maitreesh (2015), “Theories of Poverty Traps and Anti-Poverty Policies,” *World Bank Economic Review*, 29(1): S77–S105.

Lecture 6. Final Exam (October 28)