Advanced Public Policy and Applied Economics II (Spring 2020)

Topic 1: Public Economics (15 hours)

These 15 hours of courses will present recent advances in the economics of taxation already introduced during the public economics course taught in M2. This course will include theory and empirical methods.

1. Recent advances in the taxation of individual labor income, capital income and social insurance

2. Recent advances in the taxation of couples, gender and child care policy

Instructor: Jean-Marie Lozachmeur

Topic 2: Economic History and Development (15 hours)

These 15 hours of class aim at introducing TSE doctoral students at the DEEQA level to the current state of the literature on economic history and development. It focuses on three topics: (1) The interplay between culture, development, and institutions, and the challenges and opportunities of that literature, (2) Religion and economic development, and (3) Migration, social capital, and ethno-religious Diversity. The course will attempt to give students an overview of the conceptual and methodological debates on these topics in both the theoretical and empirical literature.

Instructors: Victor Gay (6 hours) and Mohamed Saleh (9 hours)

<u>Victor Gay (6 hours):</u>
I. Culture, Development, and Institutions

This part will emphasize the practical problems researchers typically face in this area of research: data availability, and identification issues.

1. Introduction.
   - What is culture? Definition. For economics: differences in culture are systematic differences in preferences and beliefs across groups.
   - Why study culture? Large variations across societies and groups (examples), and strong correlations with development outcomes.
   - Is it economics? Beyond Stigler and Becker's *De gustibus non est disputandum*.

2. Problems of measurement
   - Review measures of culture and their issues:
     i. Surveys e.g. WVS
     ii. Geographical origins proxies
     iii. Other measures e.g. language structures

3. Problems of identification
   - Cross-country analyses
   - The epidemiological approach
     i. Model and potential issues
     ii. Examples, culture and development: trust, individualism vs collectivism, family ties, gender roles.
   - Experimental evidence

4. The origins of culture and cultural change
   - Geographical determinants; pre-modern division of labor and family structures
   - Institutions
   - Historical shocks

5. Conclusion: where is the field going, challenges and opportunities.

Mohamed Saleh (9 hours):

II. Religion and Economic Development (4.5 hours)
III. Migration, Social Capital, and Ethno-Religious Diversity (4.5 hours)

These two parts aim at giving students an overview of the conceptual and methodological debates on these two topics with a focus on the recent empirical advances.

1. Conceptual Debates
We will start with an introduction to some of the "big-picture" conceptual debates on each of the two topics. Examples of the debates include the relationship between religious beliefs and economic development starting with Max Weber's thesis on Protestantism, the secularization hypothesis, the more recent "economics of religion" literature, and various conceptual debates on the causal impact of migration versus the (self-)selection of migrants, social capital, and ethno-religious diversity.

2. Empirical Advances
This section will introduce the students to the recent empirical literature on religion and economic development, and on migration, social capital, and ethno-religious diversity. Is there a causal impact of religious beliefs on economic outcomes or do religious beliefs form endogenously, possibly as an outcome of economic factors? The literature discussed here will be primarily from history, given the nature of the state-of-art of the literature, but will also include papers on the contemporary period. Special attention will be given to the methodological aspects of the empirical literature (data collection challenges and identification strategies).

3. Conclusion
This part will give some ideas on the directions in which the literature can grow both theoretically and empirically. It will try to identify some of the gaps in the current literature. The objective is to give students ideas for their DEEQA research projects.