

Group Home Assignment, to be carried out in groups of up to 3 students

Deadline: July 1, 2022 at 23:59, by email to jcrespo@wu.ac.at

1. Empirical Exercise

In a very influential paper published in the Journal of Monetary Economics (accessible via <https://www.sciencedirect.com/science/article/pii/0304393294900477?via%3Dihub>) in 1994, Benhabib and Spiegel assess the importance of human capital for economic growth making use of cross-country growth regressions. In this exercise you are supposed to partially replicate (and extend) their paper using the latest Penn World Table dataset, PWT 10.0 (<https://www.rug.nl/ggdc/productivity/pwt/?lang=en>) and the average years of schooling information from the Wittgenstein Centre (<http://dataexplorerer.wittgensteincentre.org/wcde-v2/>) as your data sources.

- Replicate Table 1, Model Columns 1 - 4 for the period 1965-1985 using the Penn World Table and Wittgenstein Centre datasets. How do your results compare to the original results obtained by Benhabib and Spiegel (1994)? **Explain**
- Now replicate Table 1, Model Columns 1 - 4 for data starting in 1990 until the latest available data point. How do these results compare to the results obtained before and why? **Explain**
- Expand and/or check the robustness of the analysis carried out. Here you can be creative. For instance, you can add additional control variables to those used in the regression models of the paper, check the robustness of the results using subsample analysis ... **Explain** the results you get.

[10 points]

2. Referee Report

In their 2001 paper published in *The American Economic Review* (accessible via <https://economics.mit.edu/files/4123>), Daron Acemoglu, Simon Johnson and James A. Robinson address empirically the link between institutions and economic development, making use of a very innovative identification strategy to ensure that the results can be interpreted in a causal manner.

- Write a short summary of the paper (no more than 2 pages, max 3-4 equations/figures) that explains the main contribution of the paper. Make sure to explain the intuition of the model and the economic reasoning behind, rather than technicalities.
- Write a short (no more than 2 pages) “referee report” on the paper. Here you are supposed to criticize the paper in a constructive way. Possible directions could be: How much do the results obtained depend on the particular model used? Are there alternative explanations to the link found? You can access the data employed in the paper here: <https://economics.mit.edu/faculty/acemoglu/data/ajr2001>

[10 points]