



Upcoming Seminars

Monday, 5.12.2022

13.30-14.30
AWI room 00.010

Departmental Internal Seminar

Yannis M. Ioannides, Tufts University, visiting LSE
"On the Macroeconomics of Corruption"
(Host: Ferdinand Rauch)

Abstracts

Departmental Seminar

Yannis Ioannides

"On the Macroeconomics of Corruption"*

We examine the impact of culture on the joint evolution of corruption and per capita GDP by augmenting the standard lifecycle model of capital accumulation with two endogenous state variables that describe institutions and social norms, and by two cultural parameters that proxy for individual propensity to anti-social behavior, and for group individualism or collectivism. We explore in an explicitly macroeconomic setting alternative political selection processes over institutions, defined over a one-dimensional agenda that pits "stronger" against "weaker" property rights.

For societies that share the same economic fundamentals but differ in culture, our main theoretical finding is the following: there exist cultural convergence clubs separated by a barrier that corresponds to a bifurcation in the space of culture and initial social norms. Societies with collectivist cultures and corruption-tolerant norms behave very differently from all others. Outcomes in those societies feature: (a) highly nonlinear GDP and corruption dynamics; (b) dominant roles for culture and social norms as determinants of institutional quality and growth; (c) majorities that favor diluted property rights; and (d) slow convergence to balanced growth paths. These results agree with illustrative scatter plots with international data for several alternative measures of corruption or culture, raising the likelihood that formal econometric tests of them will prove fruitful.

*with Costas Azariadis

Talks and Research Visits

Zeno Enders presented the paper "Firm Expectations and News: Micro v Macro" at the Economics Seminar of the ETH Zürich (invited by Hans Gersbach, who sends greetings to the AWI), Zürich, November 29.

Editorial deadline for issue 26/2022 of the newsletter:
Wednesday, December 7, 2022, 12 p.m.
newsletter@awi.uni-heidelberg.de