

The Economics of Ethnolinguistic Diversity

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Klaus Desmet and Shlomo Weber

SMU and NBER

kdesmet@smu.edu

NES

sweber@nes.ru

Course information

Course Website:

Instructor's Office Hours:

Class Time:

Room Number:

TAs: [Names and contact information]

Course description

Course goals: This short course gives an overview of the role of ethnolinguistic diversity for a broad set of economic outcomes. The course starts by discussing some important measurement issues: Should distances between groups be taken into account? What is the difference between fractionalization and polarization? How should groups be defined? At which level of geographic aggregation should diversity be measured? After discussing how ethno-linguistic diversity should be measured, we discuss how it affects redistribution, economic growth, public goods provision, civil conflict, and the stability of nations. We shall also address the individual incentives and costs of acquiring foreign languages in the globalized environment, as well as the impact of linguistic policies on economic development.

Learning objectives: gain a solid understanding of the role of ethno-linguistic diversity as it relates to social, economic and political outcomes.

Knowledge to be obtained: reading and understanding academic papers on diversity, calculation of diversity indices, empirical analysis of the effect of diversity on different outcomes.

Course requirements, grading, and attendance policies

[This section should include course prerequisites, attendance policy, a detailed grading policy, including percentage for each course item: participation; midterms, problem sets; quizzes, home tasks, finals, etc.; make-up policies, including the format of the make-up exams.]

Course content

The course will discuss a number of papers. The papers that will be covered in some detail are marked by "*". Other papers are complementary readings.

1. The Political Economy of Ethnolinguistic Diversity

1.1. Introduction: Early Applications

Alesina, A., Baqir, R. and Easterly, W. (1999). "Public Goods and Ethnic Divisions." *Quarterly Journal of Economics*, 114, 1243–1284.

La Porta, R., Lopez de Silanes, F., Shleifer, A., and Vishny, R. (1999). "The Quality of Government." *Journal of Law, Economics and Organization*, 15, 222–279.

*Alesina, A., Devleeschauwer, A., Easterly, W., Kurlat, S. and Wacziarg, R. (2003). "Fractionalization." *Journal of Economic Growth*, 8, 155–194.

1.2. Redistribution and Distances between Groups

Dyen, I., Kruskal, J.B. and Black, P. (1992). "An Indo-European Classification: A Lexicostatistical Experiment," *Transactions of the American Philosophical Society*, 82

Fearon, J.D. (2003). "Ethnic and Cultural Diversity by Country," *Journal of Economic Growth*, 195-222.

*Desmet, K., Ortuño-Ortín, I., and Weber, S. (2009). "Linguistic Diversity and Redistribution," *Journal of the European Economic Association*, 7, 1291-1318.

Ginsburgh, V., and Weber, S. (2016) "Linguistic Distances and their Use in Economics" in *Handbook of Economics of Languages*, V.Ginsburgh and S.Weber, eds. Palgrave Macmillan, 2016, 137-173.

1.3. Polarization vs Fractionalization in Civil Conflict

*Esteban, J.M., and Ray, D. (1994). "On the Measurement of Polarization." *Econometrica*, 62, 819–851.

Esteban, J.M., Mayoral, L. and Ray, D. (2012), "Ethnicity and Conflict: An Empirical Study," *American Economic Review*, 102, 1310-1342.

*Montalvo, J.G., and Reynal-Querol, M. (2005). "Ethnic Polarization, Potential Conflict, and Civil Wars." *American Economic Review*, 95, 796–815.

1.4. What is a Group? The Problem of Aggregation

*Desmet, K., Ortuño-Ortín, I., and Wacziarg, R. (2012). "The Political Economy of Linguistic Cleavages," *Journal of Development Economics*, 97, 322-332.

1.5. Ethnolinguistic Diversity and Long-Term Development

*Spolaore, E., and Wacziarg, R. (2009). "The Diffusion of Development," *Quarterly Journal of Economics*, 124, 469–529.

*Ashraf, Q., and Galor, O. (2013). "The Out of Africa Hypothesis, Human Genetic Diversity and Comparative Economic Development," *American Economic Review*, 103, 1-46.

2. Local Interactions and the Spatial Distribution of Ethno-linguistic Diversity

- Burns, J., Corno, L. and La Ferrara, E. (2014). "Does Interaction Affect Racial Prejudice And Cooperation? Evidence From Randomly Assigned Peers In South Africa," in progress.
- *Bertrand, M. and Duflo, E., (2016). "Field Experiments on Discrimination," NBER Working Paper #22014.
- *Alesina, A. and Zhuravskaya, E. (2011). "Segregation and the Quality of Government in a Cross-Section of Countries," *American Economic Review*, 101, 1872-1911.
- *Desmet, K., Gomes, J., and Ortuño-Ortín, I. (2018). "The Geography of Linguistic Diversity and the Provision of Public Goods," NBER Working Paper #24694.

3. Acquisition of foreign languages and linguistic policies.

- Selten, R., and Pool, J., (1991) "The distribution of foreign language skills as a game equilibrium", in *Game Equilibrium Models*, vol. 4, ed. R. Setten (Berlin: Springer-Verlag).
- Church, J., and King, I (1993). "Bilingualism and Network Externalities", *Canadian Journal of Economics*, 26, 337-345.
- *Gabszewicz, J., Ginsburgh, V., and Weber, S., (2011). "Bilingualism and Communicative Benefits", *Annales of Economics and Statistics*, 102, 271-286.
- Lazear, E., (1999). Culture and Language, *Journal of Political Economy*, 107, 95-126.
- Ginsburgh, V., and Weber, S., (2011). *Economics of Linguistic Diversity; How Many Languages Do We Need?* Princeton University Press.

4. The Size and Stability of Nations

- *Alesina, A., and Spolaore, E. (1997). "On the Number and Size of Nations," *Quarterly Journal of Economics*, 112, 1027-56.
- Alesina, A., and Spolaore, E. (2003). *The Size of Nations*, MIT Press, Cambridge, MA.
- Bolton, P., and Roland, G. (1997). "The Breakup of Nations: A Political Economy Analysis," *Quarterly Journal of Economics*, 112, 1057-1090.
- *Desmet, K., Le Breton, M., Ortuño-Ortín, I., and Weber, S., (2011). "The Stability and Breakup of Nations: A Quantitative Analysis", *Journal of Economic Growth*, 16, 183-213.
- *Le Breton, M., and Weber, S., (2003). "The Art of Making Everybody Happy: How to Prevent a Secession", 50, 403-435.
- *Ponzetto, G. and Ventura, J., 2018. "Globalization and Political Structure," unpublished manuscript.

Description of course methodology

The course will discuss a number of academic papers. In addition, students will do data analysis.

Sample tasks for course evaluation

[This section should include a list of sample questions and problem sets for quizzes, written assignments, and exams. You may use exams/quizzes from previous years to fill in this section.]

Question 1. a) Compute the indices for countries listed in the attached worksheet: the diversity and (entropy) index.

- b) For each index determine the countries that have the highest and lowest scores. Do the indices rank the countries in the same way?
- c) Is it possible for a country with two ethnic groups to have a higher diversity index compared to a country consisting of multiple ethnic groups? How would you explain your answer?

Question 2. Compute the diversity indices for the following countries: USA, Poland and Ukraine by using T the textbook for linguistic distance measures. You may ignore the groups that do not have defined spoken language, such as Asians.

Question 3. a) Consider Germany and France to calculate the probability that a randomly chosen pair of one French and one German citizen speaks no common language. Assume that all French and German citizens speak the language of their country, but in addition, 10 percent of Frenchmen speak German and 20 percent of Germans speak French; no other language is spoken. Calculate the communication distance in this case.

Question 4. Suppose now that some Germans and Frenchmen can also communicate in English. The French population consists of four groups: 60 percent are unilingual, 20 percent speak French and German, 10 percent speak French and English, and 10 percent speak all three languages. In Germany 50 percent are unilingual, 20 percent speak German and French, 20 percent speak German and English, and 10 percent speak all three languages. Calculate the communication distance between Germany and France in this case.

Course materials

Required textbooks and materials

[This section must include literature sources that have been published in the last 5 years, as required by Russian State educational standards. Please make sure that the materials you list on the syllabus are ordered by the library]

Additional materials

[please list here additional sources, including materials, published in the last 5 years ; web-sites and other information resources (databases, software, etc.)]

Academic integrity policy

Cheating, plagiarism, and any other violations of academic ethics at NES are not tolerated.

