



Upcoming Seminars

Monday, 4.2.2019

Departmental Seminar

13.30-14.30

AWI 00.010

Christelle Dumas, University of Fribourg

(invited by Axel Dreher)

"Better roads, better off? Evidence of improving roads in Tanzania "

Tuesday, 5.2.2019

Economics and Politics Seminar

13.45-14.45

AWI 01.030

Melissa M. Lee, Princeton University

"Crippling Leviathan: How Foreign Subversion Weakens the State"

Wednesday, 6.2.2019

Internal Seminar

12.15-13.15

AWI 00.010

Melanie Arntz

"Automation, Employment, and Wages:
Is This Time Different?"

Departmental Seminar

Christelle Dumas

"Better roads, better off? Evidence of improving roads in Tanzania"*

Spatial isolation is considered as one of the main determinants of poverty. Therefore, many transport investments are undertaken with a stated objective of poverty reduction. In our paper, we evaluate a Tanzanian program that rehabilitated 2500km of major roads between 2008 and 2013. We deal with endogenous placement issues with a household fixed-effect strategy combined with a propensity score matching to strengthen the common trend assumption. Contrary to most studies, we find damaging effects of the road on the rural population: we observe a reduction in life satisfaction, a reallocation of labor away from farm without many additional opportunities of work, that we trace back to a decrease in the price of the main product (rice). This is consistent with predictions obtained from trade models where rural households, with lower transaction costs, actually face competition from lower price goods.

(joint work with Ximena Játiva)

Economics and Politics Seminar

Melissa M. Lee

"Crippling Leviathan: How Foreign Subversion Weakens the State"

Policymakers worry that so-called "ungoverned spaces" pose dangers to security and development. Why do such spaces exist beyond the authority of the state? Previous scholarship addresses this question with a list of domestic failures and has overlooked the crucial role that international politics play. This book argues that foreign subversion undermines state authority and promotes ungoverned space. Enemy states empower insurgents to destabilize the state and create ungoverned territory. This kind of foreign subversion is a powerful instrument of modern statecraft – one that is less visible and less costly than conventional force but has insidious effects on governance in the target state. To demonstrate the harmful consequences of foreign subversion for state authority, the book marshals a wealth of evidence – including statistical analysis using an original measure of state authority. The book also presents in-depth studies of Russia's relations with the post-Soviet states, Malaysian subversion of the Philippines in the 1970s, and Thai subversion of Vietnamese-occupied Cambodia in the 1980s. The evidence is powerful and persuasive: foreign subversion weakens the state. This book challenges the conventional wisdom on statebuilding, which has long held that conflict promotes the development of strong, territorially consolidated states. It argues instead that conflictual international politics prevent state development and degrade state authority. The book also illuminates the use of subversion as an underappreciated but important feature of modern statecraft. Rather than resort to war, states resort to subversion. Policymakers interested in ameliorating the consequences of ungoverned space must recognize the international roots that sustain weak statehood.

Internal Seminar

Melanie Arntz

"Automation, Employment, and Wages: Is This Time Different?"

Robotics, artificial intelligence, and other recent technological advancements increasingly allow machines to replace workers in tasks that previously only humans could do. The current debate is characterized by a false dichotomy between public alarmists, fearing the end of work, and many economists, arguing that this time is not different from past technological revolutions (Acemoglu and Restrepo, 2018). We develop a theoretical framework which allows for both scenarios and implement it using a new survey that we conducted to collect information on the use of cutting-edge automation technologies. We find that the net effect of automation technologies on the German labor market is positive but small, although they lead to large structural shifts. This is due to large substitution effects being overcompensated by countervailing positive product demand effects. Moreover, the cutting-edge technologies actually do not substitute, but on net complement workers – not the newest, but the current technologies substitute the most for labor. We currently seem to experience an investment phase, requiring skilled workers to adopt the new technologies.

Talks and Research Visits

Christopher Zuber presented the paper "Revisions to Potential Output Estimates in the EU after the Great Recession" (joint with Jonas Dovern) at the 13th ifo Dresden Workshop on Macroeconomics and Business Cycle Research, January 25.

New Publications

Trautmann, S.T. (2019). Distance from a Distance: The Robustness of Psychological Distance Effects. *Theory and Decision*, forthcoming.

New and Leaving Staff

Jonas Dovern will leave the AWI and take over the Chair for Statistics and Econometrics at Friedrich-Alexander University Erlangen-Nürnberg (FAU) at April 1, 2019. He is joint by **Alexander Glas** who will take up a post-doc position at his chair.

**Editorial deadline for issue 06/2019 of the newsletter:
Wednesday, April 10, 2019, 12 p.m.
newsletter@awi.uni-heidelberg.de**

If you would like to receive the newsletter by email,
please contact the address above.