

## Gallego-Woodbury

- Explicit test of Catholicism
- What is the exogenous variable?
  - Is competition more exogenous than Catholicism.
- What categories do they use in the regressions?
  - Catholic/Protestant.
- It is not that competition is exogenous to Catholicism but that they are sort of opposites.
- What is of interest is the mechanism by which it is important to not be Catholic.

How did they do their tests? What is their sample?

- Sample includes many countries in and out of Africa. (Whole undeveloped world.)
- More variation in religion world wide to decrease standard errors of coefficient estimates.
- We are implicitly assuming that the mechanism of development is similar in the two regions.

Catholic → restricted competition for schools.

The authors regress efficiency of education ~~ex~~ schools on Protestantism/Catholicism, and control variables

- Max Weber - Protestantism leads to more literacy. Protestants are supposed to be able to read the bible. Need more literacy.

When Protestants are restricted, they tend to do better. (Protestants in Catholic states.)

Endogenous variable is schooling in 1900.

They find that these effects are very persistent.

Perhaps missionaries come to locations with fewer schools.

What happens when they restrict the sample to Africa?

- less good data, so they have to use dummies in place of numerical data

- By and large, they get the same results, but with less power.

(\*) always put your strong results first in your papers.

### Feinstein - South Africa

Africans seemed happy to just live in subsistence on their own land. Not high elasticity of labor supply as expected.

Why weren't free markets developed? There was a sort of monopsonistic pressure keeping African wages down and white wages up.

Why was it that in Africa, we saw the elevation of the white minority at the expense of the African majority, but in Europe, everyone

was elevated by development?

• Perhaps racism?

• The whites were able to vote in the election of 1924.

How much of this is an economic calculation? Are the whites sacrificing economic outcomes in order to indulge in racism?

The mining of diamonds and gold begins in the 1870's. Strikes in 1907 and 1913 in order to prevent the mine owners from putting African workers in skilled positions. The owners could do better under the unconstrained system, but the white workers would have been worse off.

Why would the miners think they would be better off? Perhaps efficiency wages.

Why were German mines doing well at the same time? They were more productive, because they had a more flexible system.

In 1922, the workers held a general strike. The army was called out. Upon eliminating the strike, machines were implemented.

The mine owners are resisting the monopsony power of the white workers.

What is the enforcement mechanism here?

- Social network - whites would work for white solidarity, ostracism for deviation.
- They also enlist the state to criminalize the Africans.

Significance of the 1924 election.

- White workers are elected into power. They fear erosion of rents by Black workers, so they write a pro-white worker system into law. (apartheid.)

Politically, could there have been a different outcome, or is this in the spirit of the Sokoloff-Engerman in the sense that the elites set up institutions to perpetuate the elites' status?

- more precisely, it is not the elites that are elected into power, but rather the poor whites.

Slavery was never very popular in South Africa.

Why?

- They were importing labor from elsewhere
- They didn't have a strong set of markets set up.

(\*) What are the welfare implications of economic growth if tastes are endogenous?