

# Essay on applied economics: Abstract

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This dissertation is composed by two chapters that explore two different debates in the economic literature.

The first chapter addresses the causal effect of extreme weather events on labor productivity, identifying weather shocks occurred during the period 1990-2006. The results demonstrate that the occurrence of short but intense extreme events during a quarter has a significant and heterogeneous effect on wages. I first focus on sectoral differences to explain this heterogeneity. Then, I study three different channels of propagation of the shocks: the agricultural dependence of the county, the level of tradability of the goods in the sectors and the financial development of a given county. Agriculture exacerbates the effects on wages only when cold events happen. Tradability is shown as one of the main channels of propagation of weather shocks. Financial development, finally, does not mitigate weather shocks in case of rainfall or cold events, but it fuels economic growth in case of warm events.

The second chapter focuses on the socioeconomic effects of foreign aid in Uganda. We employ data from the 2012 Afrobarometer survey and from AidData in order to examine whether individuals living in counties that received more aid in the last decade are more trusting today. Our findings are that individuals living in counties that received more aid exhibit higher levels of generalized trust. This result holds both for the extensive margin and the intensive margin. Specifically, the more funds the county received, the higher is the level of trust of individuals living in that

county. We use also an instrumental strategy, employing the distance of each county from the committee belonging to the same district of the county itself. This is possible because we exploit the exogeneity of the implementation of the Non Governmental Organizations (Amendment) Act. Our findings remain robust also to this ulterior check. Finally, we show that a possible explanation to these findings is that counties receiving foreign aid experience also a decrease in the level of inequality and this in turn affects trust in other people.