



LUDWIG-
MAXIMILIANS-
UNIVERSITÄT
MÜNCHEN



Advanced Economic History

Ludwig-Maximilians-Universität München
Winter term 2012/2013

Instructor

Davide Cantoni; email: cantoni@lmu.de.

Office hours: Friday, 11:00. Other good chances to talk: after classes and by appointment.

Meeting times and locations

Lectures: Thursdays, 8:30–11:45 (s.t., with a break). Room: Ludwigstr. 33, Room 442 (Library of the *Seminar für Wirtschaftsgeschichte*). There will be no class on Nov 1 (holiday) and on Nov 22.

Discussion classes: Fridays, 16:00–18:00 (s.t.). Room: Ludwigstr. 33, Room 442.

Attendance of discussion classes is compulsory.

Course Overview

This course aims to explain the very long run trends in economic history. The two main questions that underlie the classes will be: (1) why are our societies so much more productive/rich than our ancestors' ones? and (2) why are there such large differences in income levels across societies today? To investigate these questions, we will look for the explanatory power of various factors, such as geography, technology, institutions, and culture, trying to isolate fundamental determinants from proximate ones. As put by North and Thomas in 1973: "The factors we have listed (innovation, economies of scale, education, capital accumulation etc.) are not causes of growth; they *are* growth"—instead, *causes* of growth will be the focus of this class.

As such, this class is highly complementary to any courses or readings you might do in economic growth, economic development, or political economy. Moreover, the focus of this class will be on reading and discussing research papers with a strongly empirical focus; it will thus be complementary to the (micro)econometrics classes in the program and should be viewed as good preparation to one's own writing of applied research papers.

Course Requirements

The prerequisites for the course are some basic macroeconomics and econometrics, which I trust you to have from the other courses in the Master's program/the MGSE. If you feel uncomfortable with your knowledge in growth theory, I would suggest that you have a read of the

textbooks by Chad Jones (*Introduction to Economic Growth*), Philippe Aghion and Peter Howitt (*The Economics of Growth*), or Daron Acemoglu (*Introduction to Modern Economic Growth*). If you feel uncomfortable with your econometric knowledge, you should consult Joshua Angrist's and Jörn-Steffen Pischke's *Mostly Harmless Econometrics*.

As for the final grade, it will be composed of two parts:

- Research paper or final exam (50%): M.Sc. students will have to take the final exam. The final exam will cover all topics discussed in class, including the discussion classes. In particular, you should be well-acquainted with the starred (*) items on the reading list. Ph.D. students will have the choice to take either a final exam or to write a short research paper. The paper should, at a minimum, delineate a research topic by providing a concise overview of the literature in that field and work out an idea which would contribute to that field. Some independent data work is strongly encouraged. Alternatively, theoretical contributions are also welcome. A major element will be finding a suitable topic, which needs to be discussed beforehand with the instructor—you should definitely be in touch with me about your ideas during the course of the term.
- Paper presentation (50%). The grade for this part is given by your contribution to the discussion classes on fridays. The discussion classes will be structured as follows: every week, one student is responsible for preparing one paper as "discussion leader" (list of papers attached). These papers will be recent working papers, mostly unpublished, that relate to the topics presented in the lectures. Everyone is supposed have thoroughly read these papers before the discussion class, and to contribute to the discussion. The week's "discussion leader" is supposed to introduce the paper with a 15 minutes' presentation (which will determine the grade), and thereafter lead the discussion and make sure that a lively debate ensues.

(Tentative) Syllabus

Week 1 (Oct 18): Introduction

- (*) Allen, R. C. (2001). The great divergence in european wages and prices from the middle ages to the first world war. *Explorations in Economic History*, 38:411–447
- (*) Allen, R. C., Murphy, T. E., and Schneider, E. B. (2011). The colonial origins of the divergence in the americas: A labour market approach. Unpublished, University of Oxford
- (*) Allen, R. C., Bassino, J.-P., Ma, D., Moll-Murata, C., and van Zanden, J. L. (2007). Wages, prices, and living standards in china, 1738-1925: In comparison with europe, japan, and india. Unpublished
- (*) Bleakley, H. and Lin, J. (2012). Portage and path dependence. *Quarterly Journal of Economics*, 127(2):587–644
- David, P. A. (1985). Clio and the economics of qwerty. *American Economic Review*, 75(2):332–337
- Liebowitz, S. J. and Margolis, S. E. (1990). The fable of the keys. *Journal of Law and Economics*, 33(1):1–25

- Davis, D. R. and Weinstein, D. E. (2002). Bones, bombs, and break points: The geography of economic activity. *American Economic Review*, 92(5):1269–1289
- Redding, S. J., Sturm, D., and Wolf, N. (2010). History and industry location: Evidence from German airports. Forthcoming, *Review of Economics and Statistics*
- Comin, D. A., Easterly, W., and Gong, E. (2010). Was the wealth of nations determined in 1000 b.c.? *American Economic Journal: Macroeconomics*, 2(3):65–97
- Maddison, A. (2003). *The World Economy: Historical Statistics*. OECD, Paris

Week 2 (Oct 25): The Very Long Run (Geographic determinants); The Neolithic Revolution

- (*) Diamond, J. (1997). *Guns, Germs, and Steel: The Fates of Human Societies*. W.W. Norton, New York
- Crosby, A. W. (2004). *Ecological Imperialism: The Biological Expansion of Europe, 900–1900*. Cambridge University Press, Cambridge, New York, 2nd edition
- Morris, I. (2010). *Why the West Rules—for Now: The Patterns of History, and What They Reveal About the Future*. Farrar, Straus and Giroux, New York
- (*) Diamond, J. (1987). The worst mistake in the history of the human race. *Discover Magazine*, May(1):64–66
- Sahlins, M. (1972). The original affluent society. In *Stone Age Economics*, chapter 1, pages 1–41. Aldine de Gruyter, Chicago

Weeks 3–4 (Nov 8, Nov 15): Malthusianism

- (*) Clark, G. (2007). *A Farewell to Alms; A Brief Economic History of the World*. Princeton University Press, Princeton, N.J, Part 1
- (*) Clark, G. (2005). The condition of the working class in England 1209–2004. *Journal of Political Economy*, 113(6):1307–1340
- Hatcher, J. and Bailey, M. (2001). *Modelling the Middle Ages*. Oxford University Press, Oxford
- Hajnal, J. (1965). European marriage patterns in perspective. In Glass, D. and Eversley, D., editors, *Population in History: Essays in Historical Demography*, chapter 6, pages 101–143. Arnold, London

Weeks 4-5 (Nov 15, Nov 29): Exit from Malthusianism, (Unified) Growth Theories

- (*) Kremer, M. (1993). Population growth and technological change: One million b.c. to 1990. *Quarterly Journal of Economics*, 108(3):681–716
- (*) Hansen, G. D. and Prescott, E. C. (2002). Malthus to Solow. *American Economic Review*, 92(4):1205–1217

- (*) Galor, O. and Weil, D. N. (2000). Population, technology, and growth: From malthusian stagnation to the demographic transition and beyond. *American Economic Review*, 90(4):806–828
- Galor, O. (2005). From stagnation to growth: Unified growth theory. In Aghion, P. and Durlauf, S. N., editors, *Handbook of Economic Growth*, volume 1A, chapter 4, pages 171–293. Elsevier, Amsterdam

Week 6 (Dec 6): Natural Selection and Economic Growth; Review of Malthusianism and Unified Growth Theory

- (*) Clark, G. (2007). *A Farewell to Alms; A Brief Economic History of the World*. Princeton University Press, Princeton, N.J, Part 2
- (*) Clark, G. and Hamilton, G. (2006). Survival of the richest: The malthusian mechanism in pre-industrial england. *Journal of Economic History*, 66(3)
- Galor, O. and Moav, O. (2002). Natural selection and the origin of economic growth. *Quarterly Journal of Economics*, 117(4):1133–1191
- (*) Mokyr, J. and Voth, H.-J. (2007). Understanding growth in europe, 1700-1870: Theory and evidence. Northwestern and Universitat Pompeu Fabra
- A’Hearn, B., Baten, J., and Crayen, D. (2009). Quantifying quantitative literacy: Age heaping and the history of human capital. *Journal of Economic History*, 69(3):783–808
- McCloskey, D. N. (2010). *Bourgeois Dignity: Why Economics Can’t Explain the Modern World*. University of Chicago Press, Chicago
- Voth, H.-J. (1998). Time and work in eighteenth-century london. *Journal of Economic History*, 58(1):29–58

Week 7 (Dec 13): The Industrial Revolution

- (*) Temin, P. (1997). Two views of the british industrial revolution. *Journal of Economic History*, 57(1):63–82
- (*) Mokyr, J. (2005). The intellectual origins of modern economic growth. *Journal of Economic History*, 65(2):285–351
- (*) Allen, R. C. (2006). The british industrial revolution in global perspective: How commerce created the industrial revolution and modern economic growth. Manuscript, Nuffield College, Oxford University
- Crafts, N. F. and Harley, C. K. (1992). Output growth and the british industrial revolution: A restatement of the crafts-harley view. *Economic History Review*, 45(4):703–730
- Allen, R. C. (2009). *The British Industrial Revolution in Global Perspective*. Cambridge University Press, Cambridge

Weeks 8–9 (Dec 20, Jan 10): Institutions (I)

- (*) North, D. C. and Thomas, R. P. (1970). An economic theory of the growth of the western world. *The Economic History Review*, 23(1):1–17
- (*) North, D. C. and Weingast, B. W. (1989). Constitutions and commitment: The evolution of institutions governing public choice in seventeenth-century England. *Journal of Economic History*, 49(4):803–32
- (*) De Long, J. B. and Shleifer, A. (1993). Princes and merchants: European city growth before the industrial revolution. *Journal of Law and Economics*, 36(2):671–702
- (*) Greif, A. (1993). Contract enforceability and economic institutions in early trade: The Maghribi traders' coalition. *American Economic Review*, 83(3):525–548
- (*) Cantoni, D. and Yuchtman, N. (2010). Medieval universities, legal institutions, and the commercial revolution. Unpublished
- North, D. C. and Thomas, R. P. (1973). *The Rise of the Western World: A New Economic History*. Cambridge University Press, Cambridge, New York
- Greif, A. (1989). Reputation and coalitions in medieval trade: Evidence on the Maghribi traders. *Journal of Economic History*, 49(4):857–882
- Greif, A. (1992). Institutions and international trade: Lessons from the commercial revolution. *American Economic Review*, 82(2):128–133
- Greif, A., Milgrom, P., and Weingast, B. W. (1994). Coordination, commitment, and enforcement: The case of the merchant guild. *Journal of Political Economy*, 102(4):745–766

Weeks 10–11 (Jan 17, Jan 24): European and Colonial Institutions (II)

- (*) Acemoglu, D., Johnson, S., and Robinson, J. (2005a). The rise of Europe: Atlantic trade, institutional change, and economic growth. *American Economic Review*, 95(3):547–579
- (*) Acemoglu, D., Cantoni, D., Johnson, S., and Robinson, J. A. (2011a). The consequences of radical reform: The French Revolution. *American Economic Review*, 101(7):3286–3307
- (*) Engerman, S. L. and Sokoloff, K. L. (1997). Factor endowments, institutions, and differential paths of growth among new world economies: A view from economic historians of the United States. In Haber, S., editor, *How Latin America Fell Behind*. Stanford University Press, Palo Alto, Calif
- (*) Nunn, N. (2008). Slavery, inequality, and economic development in the Americas: An examination of the Engerman-Sokoloff hypothesis. In Helpman, E., editor, *Institutions and Economic Performance*, pages 148–180. Harvard University Press, Cambridge, Mass
- (*) Acemoglu, D., Johnson, S., and Robinson, J. A. (2002). Reversal of fortune: Geography and institutions in the making of the modern world income distribution. *Quarterly Journal of Economics*, 117(4):1231–1294
- Acemoglu, D., Johnson, S., and Robinson, J. A. (2001). The colonial origins of comparative development: An empirical investigation. *American Economic Review*, 91(5):1369–1401

- Acemoglu, D., Johnson, S., and Robinson, J. A. (2005b). Institutions as a fundamental cause of long-run growth. In Aghion, P. and Durlauf, S. N., editors, *Handbook of Economic Growth*, volume 1, chapter 6, pages 385–472. Elsevier, Amsterdam

Week 12 (Jan 31): Religion

- (*) Becker, S. O. and Wößmann, L. (2009). Was weber wrong? a human capital theory of protestant economic history. *Quarterly Journal of Economics*, 124(2):531–596
- (*) Cantoni, D. (2010). The economic effects of the protestant reformation: Testing the weber hypothesis in the german lands. Unpublished, Universitat Pompeu Fabra
- Becker, S. O., Hornung, E., and Wößmann, L. (2011). Education and catch-up in the industrial revolution. *American Economic Journal: Macroeconomics*, 3(3):92–126
- Delacroix, J. and Nielsen, F. (2001). The beloved myth: Protestantism and the rise of industrial capitalism in nineteenth-century europe. *Social Forces*, 80(2):509–553
- Sandberg, L. G. (1979). The case of the impoverished sophisticate: Human capital and swedish economic growth before world war i. *Journal of Economic History*, 39(1):225–241

Weeks 12–13 (Jan 31, Feb 7): Culture

- (*) Henrich, J., Boyd, R., Bowles, S., Camerer, C., Fehr, E., Gintis, H., and McElreath, R. (2001). In search of homo economicus: Behavioral experiments in 15 small-scale societies. *American Economic Review*, 91(2):73–77
- (*) Guiso, L., Sapienza, P., and Zingales, L. (2011). Civic capital as the missing link. In Jess Benhabib, A. B. and Jackson, M., editors, *Handbook of Social Economics*, volume 1, pages 417–480. Elsevier, Amsterdam
- (*) Guiso, L., Sapienza, P., and Zingales, L. (2008). Long term persistence. Unpublished
- (*) Tabellini, G. (2010). Culture and institutions: Economic development in the regions of europe. *Journal of the European Economic Association*, 8(4):677–716
- (*) Fernández, R. and Fogli, A. (2009). Culture: An empirical investigation of beliefs, work, and fertility. *American Economic Journal: Macroeconomics*, 1(1):146–177
- Algan, Y. and Cahuc, P. (2010). Inherited trust and growth. *American Economic Review*, 100(5):2060–92
- Guiso, L., Sapienza, P., and Zingales, L. (2004). The role of social capital in financial development. *American Economic Review*, 94(3):526–556
- Guiso, L., Sapienza, P., and Zingales, L. (2006). Does culture affect economic outcomes? *Journal of Economic Perspectives*, 20(2):23–48

Papers for discussion classes

- Ashraf, Q. and Galor, O. (2010). Dynamics and stagnation in the malthusian epoch. Forthcoming, *American Economic Review*
- Dittmar, J. (2010). Ideas, technology, and economic change: The impact of the printing press. Manuscript, American University
- Feyrer, J. and Sacerdote, B. (2009). Colonialism and modern income: Islands as natural experiments. *Review of Economics and Statistics*, 91(2):245–262
- Hornbeck, R. (2010). Barbed wire: Property rights and agricultural development. *Quarterly Journal of Economics*, 125(2):767–810
- Hornbeck, R. (2012). The enduring impact of the american dust bowl: Short- and long-run adjustments to environmental catastrophe. *American Economic Review*, 102(4):1477–1507
- Nunn, N. and Puga, D. (2010). Ruggedness: The blessing of bad geography in africa. Forthcoming, *Review of Economics and Statistics*
- Nunn, N. and Qian, N. (2010). The potato's contribution to population and urbanization: Evidence from a natural experiment. Forthcoming, *Quarterly Journal of Economics*
- Voigtländer, N. and Voth, H.-J. (2010). The three horsemen of riches: Plague, war and urbanization in early modern europe. Manuscript, Universitat Pompeu Fabra
- Acemoglu, D., Hassan, T. A., and Robinson, J. A. (2011b). Social structure and development: A legacy of the holocaust in russia. *Quarterly Journal of Economics*, 126(1)
- Bruhn, M. and Gallego, F. (2009). Good, bad and ugly colonial activities: Do they matter for economic development? Unpublished, Pontificia Universidad Católica de Chile
- Dell, M. (2010). The persistent effects of peru's mining Mita. *Econometrica*, 78(6):1863–1903
- Huillery, E. (2009). History matters: The long term impact of colonial public investments in french west africa. *American Economic Journal: Applied Economics*, 1(2):176–215
- Iyer, L. (2010). Direct versus indirect colonial rule in india: Long-term consequences. *Review of Economics and Statistics*, 92(4):693–713
- Maloney, W. F. and Valencia Caicedo, F. (2012). The persistence of (subnational) fortune: Geography, agglomeration, and institutions in the new world. *World Bank Policy Research Working Papers*, 6187
- Michalopoulos, S. and Papaioannou, E. (2012). Pre-colonial ethnic institutions and contemporary african development. Forthcoming, *Econometrica*
- Naidu, S. (2012). Suffrage, schooling, and sorting in the post-bellum u.s. south. Manuscript, Columbia University
- Andersen, T. B., Bentzen, J., Dalgaard, C.-J., and Sharp, P. (2011). Religious orders and growth through cultural change in pre-industrial england. *University of Copenhagen Discussion Papers*, 11(07)

- Chaney, E. (2012). Revolt on the Nile: Economic shocks, religion and political power. Unpublished, Harvard University
- Doepke, M. and Zilibotti, F. (2008). Occupational choice and the spirit of capitalism. *Quarterly Journal of Economics*, 123(2):747–793
- Durante, R. (2010). Risk, cooperation, and the economic origins of social trust: An empirical investigation. Unpublished, Sciences Po
- Grosjean, P. (2011). A history of violence: The culture of honor as a determinant of homicide in the US South. *University of New South Wales Discussion Papers*, 2011(13)
- Greif, A. and Tabellini, G. (2012). The clan and the city: Sustaining cooperation in China and Europe. *IGIER Working Paper Series*, 445
- Jacob, M. (2010). Long-term persistence: The free and imperial city experience in Germany. Unpublished, WHU-Otto Beisheim School of Management
- Nunn, N. and Wantchekon, L. (2010). The slave trade and the origins of mistrust in Africa. *American Economic Review*, 101(7):3221–3252