



## Culture and Institutions in Economic History

Ludwig-Maximilians-Universität München

Summer term 2014

### Faculty

Dr. Erik Hornung; email: [erik.hornung@tax.mpg.de](mailto:erik.hornung@tax.mpg.de).

Office hours: Fridays, 11:00 (please sign up in advance). Other good chances to talk: after classes.

Teaching assistant: Daphne Alvarez Villa; email: [daphne.alvarez@econ.lmu.de](mailto:daphne.alvarez@econ.lmu.de).

### Meeting times and locations

Lectures:

- Mondays, 18:00–20:00 (s.t.). Room: Geschwister-Scholl-Platz 1, Room D 209.

Recitation sections:

- Wednesdays, 16:00–18:00 (c.t.) Room: Geschwister-Scholl-Platz 1, Room B 106; or
- Wednesdays, 18:00–20:00 (c.t.) Room: Geschwister-Scholl-Platz 1, Room B 106.

Sections begin in the third week of the term (23 April). In the first two recitation sections will provide a concise summary of the econometrics background needed for this class. They are thus recommended also for the students choosing the 3 ETCS option (see below).

### Credits

90 minutes' exam, 6 ECTS points. Final exam will be on Friday, July 11, 2014, 12:00–14:00 (s.t.). Room: Geschwister-Scholl-Platz 1 (M), Room M 218.

Alternatively, the course can be attended for 3 ETCS credit points. In this case, the final exam will last 60 minutes and cover only the contents discussed in lectures (not the recitation sections).

## 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? In particular, this class will try to understand how differences in institutions and in culture can help understanding diverging patterns of economic development across the world: between European countries, between the “Western” world and the former colonies, between North and South America etc. . .

This course is complementary, but does not build on the course “Geographie und Technologie in der Wirtschaftsgeschichte,” which is usually offered in the winter term.

## Course prerequisites

It is expected that you have completed the compulsory sequence of economics classes in the economics (BSc) major; in particular, you should have a solid background in econometrics (equivalent to successful attendance of *Empirische Ökonomie I* and ideally also *II*) and in macroeconomics. This is a course that is not generally suitable for economics minors (*Nebenfachstudenten*) unless they meet these prerequisites.

## (Tentative) Syllabus

**Week 1 (April 7):** Introduction: definition of institutions.

**Weeks 2–4 (April 14, April 28):** Medieval institutions: trade, guilds, legal systems, free cities.

**Weeks 5–6 (May 5, May 12):** European institutions in the early modern period: merchant classes and representation, Atlantic trade, the French Revolution, end of the Ancien Régime.

**Weeks 7–8 (May 19, May 26):** Colonial institutions: elites, geographic endowments, exploitation and slavery, inclusive institutions, Neo-Europes.

**Week 9 (June 2):** Religion: Protestantism, the Weber hypothesis, human capital.

**Weeks 11–13 (June 16, June 23, June 30):** Culture: definition; trust, social capital, gender roles.

**Week 14 (July 7):** Summary and conclusion (final exam on 11 July).

## Literature

### Books

There is no required textbook for this class. All lectures will be based on research papers (see below). A very readable introduction to the topic of institutions, and thus a highly recommended reading, is the following book:

- Acemoglu, Daron and James A. Robinson (2012). *Why Nations Fail*. New York: Crown.

### Papers

These papers (and likely more) will be the basis for the lectures. The papers will be posted on the course website (on LSF) before classes.

Week 1:

- North, D. C. and Thomas, R. P. (1970). An economic theory of the growth of the western world. *Economic History Review, Second Series*, 23(1):1–17

Weeks 2–4:

- North, D. C. and Weingast, B. R. (1989). Constitutions and commitment: The evolution of institutions governing public choice in seventeenth-century england. *Journal of Economic History*, 49(4):803–832
- 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*, 83(3):525–548
- Greif, A., Milgrom, P., and Weingast, B. R. (1994). Coordination, commitment, and enforcement: The case of the merchant guild. *Journal of Political Economy*, 102(4):745–776
- Cantoni, D. and Yuchtman, N. (2013). Medieval universities, legal institutions, and the commercial revolution. CESifo Working Paper Series 4452, CESifo Group Munich

Weeks 5–6:

- Acemoglu, D., Johnson, S., and Robinson, J. (2005). The rise of europe: Atlantic trade, institutional change, and economic growth. *American Economic Review*, 95(3):546–579
- Acemoglu, D., Cantoni, D., Johnson, S., and Robinson, J. A. (2011). The consequences of radical reform: The french revolution. *American Economic Review*, 101(7):3286–3307
- Cinnirella, F. and Hornung, E. (2013). Landownership concentration and the expansion of education. CAGE Working Paper Series 175, University of Warwick

Weeks 7–8:

- 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. (2002). Reversal of fortune: Geography and institutions in the making of the modern world income distribution. *Quarterly Journal of Economics*, 117(4):1231–1294
- 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*, pages 260–304. Palo Alto: Stanford University Press

Week 9:

- Becker, S. O. and Woessmann, L. (2009). Was weber wrong? a human capital theory of protestant economic history. *Quarterly Journal of Economics*, 124(2):531–596
- Cantoni, D. (2013). The economic effects of the protestant reformation: Testing the weber hypothesis in the german lands. Munich Discussion Paper 2013-4, University of Munich

Weeks 11–13:

- Alesina, A., Giuliano, P., and Nunn, N. (2013). On the origins of gender roles: Women and the plough. *The Quarterly Journal of Economics*, 128(2):469–530
- 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. (2011). Civic capital as the missing link. In Jess Benhabib, Matthew O. Jackson, A. B., editor, *Handbook of Social Economics*, number 1, pages 417–480. Amsterdam: Elsevier
- Nunn, N. and Wantchekon, L. (2011). The slave trade and the origins of mistrust in africa. *American Economic Review*, 101(7):3221–3252
- Tabellini, G. (2010). Culture and institutions: Economic development in the regions of europe. *Journal of the European Economic Association*, 8(4):677–716