



LUDWIG-  
MAXIMILIANS-  
UNIVERSITÄT  
MÜNCHEN



## Culture and Institutions in Economic History

Ludwig-Maximilians-Universität München  
Summer term 2018

### Instructors

Professor: Davide Cantoni; email: [cantoni@lmu.de](mailto:cantoni@lmu.de).

Office hours: Fridays, 11:00 (please sign up in advance).

Other good chances to talk: after classes.

Teaching assistant: Navid Sabet; email: [navid.sabet@econ.lmu.de](mailto:navid.sabet@econ.lmu.de).

### Meeting times and locations

#### Lectures:

- Mondays, 14:00–16:00 (c.t.). Room: Geschwister-Scholl-Platz 1, Room M 118.
- Fridays, 12:00–14:00 (c.t.). Room: Prof.-Huber-Platz 2 (Lehrturm), Room W 101.

Note that this is a compact, “half-semester” course. We will meet twice a week for the lectures, for 7 weeks in a row. The first lecture will be on Monday, April 9; the last lecture will be on Friday, May 25.

#### Classes (tutorials):

- Tuesdays, 8:30–12:00 (s.t.) Room: Geschwister-Scholl-Platz 1, Room A 213.
- Thursdays, 8:30–12:00 (s.t.) Room: Geschwister-Scholl-Platz 1, Room A 213.

Both classes (Tuesdays and Thursdays) cover the same material. You can choose to attend either one.

Classes begin in the second week of the term (April 17 or April 19, respectively).

#### Holidays:

There will be no lecture on May 21 (Pentecost).

There will be only one class in week 4 on Thursday, May 3 (May 1 is Labor Day). Please attend the class on Thursday.

There will be only one class in week 5 on Tuesday, May 8 (May 10 is Ascension). Please attend the class on Tuesday.

## Credits

90 minutes' exam, 6 ECTS points.

The final exam will take place on May 30, 18:00-20:00. Location: Geschwister-Scholl-Platz 1, Room B 201. You can sign up for the exam starting on May 21.

## 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 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 *II*) and in macroeconomics.

This is a course that is not generally suitable for economics minors (*Nebenfachstudenten*) unless they meet these prerequisites.

## (Tentative) Syllabus

**Meeting 1 (April 9):** Introduction; definition of institutions.

**Meetings 2–4 (April 13, April 16, April 20):** Medieval institutions: trade, guilds, legal systems, free cities.

**Meetings 5–6 (April 23, April 27):** European institutions in the early modern period: merchant classes and representation, Atlantic trade, the French Revolution, end of the Ancien Régime.

**Meetings 7–9 (April 30, May 4, May 7):** Colonial institutions: elites, geographic endowments, exploitation and slavery, inclusive institutions, Neo-Europes.

**Meetings 10–12 (May 11, May 14, May 18):** Culture: definition; trust, social capital, gender roles.

**Meeting 13 (May 25):** *Review.*

## 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: Lectures

These papers will be the basis for the lectures. The papers will be posted on the course website (on LSF) in advance of classes.

Meeting 1:

- North, D. C. and Thomas, R. P. (1970). An Economic Theory of the Growth of the Western World. *Economic History Review*, 23(1):1–17

Meetings 2–4:

- 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
- 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

Meetings 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):547–579
- 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

Meetings 7–9:

- 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*. Stanford University Press, Palo Alto, Calif

#### Meetings 10–12:

- Alesina, A., Giuliano, P., and Nunn, N. (2013). On the Origins of Gender Roles: Women and the Plough. *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, A. B. and Jackson, M., editors, *Handbook of Social Economics*, volume 1, pages 417–480. Elsevier, Amsterdam
- 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

#### Papers: Classes

Classes will be based on the papers listed below (they can be downloaded from the LSF). Please read the papers in advance of the class meetings so that you can have a fruitful discussion with your classmates and the teaching assistant.

#### Week 2 (April 17 / April 19): Econometrics review; Long-run inequality

- Oto-Peralías, D. and Romero-Ávila, D. (2017). Historical Frontiers and the Rise of Inequality: The Case of the Frontier of Granada. *Journal of the European Economic Association*, 15(1):54–98
- Oto-Peralías, D. and Romero-Ávila, D. (2016). The Economic Consequences of the Spanish Reconquest: The Long-Term Effects of Medieval Conquest and Colonization. *Journal of Economic Growth*, 21(4):409–464

#### Week 3 (April 24 / April 26): Cities; Merchant guilds

- Bosker, M., Buringh, E., and van Zanden, J. L. (2014). From Baghdad to London: Unraveling Urban Development in Europe, the Middle East, and North Africa, 800–1800. *Review of Economics and Statistics*, 95(4):1418–1437
- 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

#### Week 4 (May 3): Universities; Religion and public goods

- Cantoni, D. and Yuchtman, N. (2014). Medieval Universities, Legal Institutions, and the Commercial Revolution. *Quarterly Journal of Economics*, 129(2):823–887
- Dittmar, J. and Meisenzahl, R. (2017). State Capacity and Public Goods: Institutional Change, Human Capital, and Growth in Historic Germany. *CEPR Discussion Paper Series*, 12037

Week 5 (May 8): Colonialism

- Bruhn, M. and Gallego, F. (2012). Good, bad and ugly colonial activities: Do they matter for economic development? *Review of Economics and Statistics*, 94(2):433–461
- Feyrer, J. and Sacerdote, B. (2009). Colonialism and modern income: Islands as natural experiments. *Review of Economics and Statistics*, 91(2):245–262

Week 6 (May 15 / May 17): Social capital; Gender roles

- Alesina, A., Giuliano, P., and Nunn, N. (2013). On the Origins of Gender Roles: Women and the Plough. *Quarterly Journal of Economics*, 128(2):469–530
- Lichter, A., Löffler, M., and Siegloch, S. (2018). The Long-Term Costs of Government Surveillance: Insights from Stasi Spying in East Germany. Unpublished, University of Mannheim

Week 7 (May 22 / May 24): Financial development; Review session

- Guiso, L., Sapienza, P., and Zingales, L. (2004). The Role of Social Capital in Financial Development. *American Economic Review*, 94(3):526–556