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**Fall term 2016 (Specialization Political Economy)
Long-term Development –
Institutions, Geography, Culture and Growth**

Dr. Kai Gehring

Office hour: please arrange per e-mail

Email: mail@kai-gehring.net

Time of Lecture: We 10:15-12:00, ab 28.09. (AND-3-44), weekly.

Date of presentations: 07.12.2016 and 14.12.2016

Mode of examination:

20% active participation

55% written assignments

- 20% (max) for handing in ten summaries (0/1/2 points each)
- 20% Expose – Outline of own project
- 15% GIS assignment (mid of semester)

25% presentation in the last two lectures of the semester

Notes:

Teaching will be in English. This Syllabus is may be subject to change and updates.

Content:

The seminar examines the historical origins of differences in the economic and social development of societies. Participants discuss recent research in the field and present their own work in progress. The aim is to introduce students to the historical background and facts, as well as to state of the art econometric techniques and methods used to analyze current and historical data empirically. A guest lecture and an assignment with ArcGIS will take place in the first half of the semester, which will teach the necessary skills to use geographical data. It will also provide an introduction to independent empirical working, and to the statistical software Stata, which we will use for the replication of papers.

This course uses a historical and comparative political economy approach to understand the evolution and development of societies. In particular, we will examine research that asks whether differences in economic development today have historical roots. In addition, we will study and discuss different mechanisms and channels through which history matters. Particular attention will be paid to the role of domestic institutions and culture in explaining historical persistence. After completing the course, students will be able to understand and evaluate complex research papers, and to assess the advantages and disadvantages of different empirical approaches for causal identification. They will also develop and discuss their own research idea and discuss it with peers as well as present it in class.

Compulsory reading, helpful books and materials:

The required literature regarding the methods is:

- *“Mastering ‘Metrics:” The Path from Cause to Effect*, Joshua D. Angrist & Jörn-Steffen Pischke.

Every student should buy this book and if possible read it prior to the lecture. It will greatly ease your access to the material we cover.

More in depth and practical coverage of methods is well accessible in

- A. Colin Cameron, Pravin K. Trivedi. *Microeconometrics: Methods and Applications*
- A. Colin Cameron, Pravin K. Trivedi. *Microeconometrics Using Stata*,

Both books are available in the library, students should try to get one of the two.

There is no lecture in the first week. All students are required to read the summary paper:

1. Nunn, Nathan. 2009. The importance of history for economic development. *National Bureau of Economic Research No. w14899*.

Students should get a version of the statistical software Stata. We will need it for the replication packages of the papers we discuss, which are provided in Stata only. The program is available at

<http://www.scientific-solutions.ch/de/product/stata/articles>

You need to buy the version “Subscription Stata/IC” or better SE, for at least a year as we will need it in both semesters. It is likely that you will can make use of the program in your Master as well. If you do not want to buy the software, it should be available on computers in the library computer rooms.

Preparation and active participation:

Students will choose one paper per week on OLAT, which they read and summarize on two pages. The choice is made by signing in to the weekly group that responds to the number associated with the reading for the respective lecture. **Papers are assigned on a first-come-first-serve basis if there is a choice.** These summaries contribute to the grade for the course. All papers are available on OLAT or via google scholar.

The summaries should include:

- The research question
- The theory, channels and hypothesis. Which factor (treatment) is supposed to have an impact on what outcome?
- The identification strategy (more on that in the first lecture).
- The data: Time period, unit of observation, Operationalization (proxy variable used for the treatment and outcome variable), variation in the data
- The results
- Potential problems (For discussion in class)

A detailed instruction and explanation how to read and summarize a paper is provided on OLAT.

Upload your summaries on OLAT not after Tuesday 23.59 prior to the lecture! The OLAT system will not allow a later point and you lose out on the points. It is also advisable to bring a copy to class. Every lecture which features at least two papers will start with a peer discussion, where you explain the paper you read to one of your fellow students. In addition, starting with lecture 2, I will pick students to explain their paper to the whole class. Everyone will have this opportunity 1-2 times to collect points for **active participation**.

Time Structure

The number before the paper refers to the number students choose in the OLAT system for their weekly reading. Other readings provide additional material that can be helpful or a starting point for the students do develop their own research idea.

28.09.2016 1 Introduction and Econometric methods

1. Acemoglu, Daron, Simon Johnson, James A. Robinson. 2001. "The Colonial Origins of Comparative Development: An Empirical Investigation," *American Economic Review*, 91: 1369-1401.

Other readings:

Henrich, Joseph, Robert Boyd, Sam Bowles, Colin Camerer, Herbert Gintis, Richard McElreath and Ernst Fehr. 2001. "In search of Homo Economicus: Experiments in 15 Small-Scale Societies," *American Economic Review*, 91(2):73-79.

Methodological Learning: Fixed Effects, IV and Statistical Inference

05.10.2016 2 Persistence of Institutions and Atlantic Trade

1. Acemoglu, Daron, Simon Johnson, and James A. Robinson. 2005. "The Rise of Europe: Atlantic Trade, Institutional Change and Economic Growth," *American Economic Review*, 95: 546-579.
2. Dell, Melissa. 2010. "The Persistent Effects of Peru's Mining Mita," *Econometrica*, 78 (6): 1863-1903.

Other readings:

Bosker, Maarten, Eltjo Buringh and Jan Luiten van Zanden. 2012. "The Rise and Decline of European Parliaments, 1188-1789," *Economic History Review*, 69(3), 835-861.

Greif, Avner. 1994. "Cultural Beliefs and the Organization of Society: A Historical and Theoretical Reflection on Collectivist and Individualist Societies," *Journal of Political Economy*, 102 (5): 912-950.

Murat Iyigun, 2008. "Luther and Suleyman," *Quarterly Journal of Economics*, 123 (4): 1465-1494.

Jha, Saumitra. 2012. "Financial Innovations and Political Development: Evidence from Revolutionary England," Mimeo, Stanford University.

Methodological Learnings: RDD and Differences in Differences, GIS application

12.10.2016 3 The Rise of Europe: Innovation, Technology and Knowledge

1. Dittmar, Jeremiah. 2011. "Information Technology and Economic Change: The Impact of the Printing Press," *Quarterly Journal of Economics*, 126 (3): 1133-1172.
2. Hornung, Erik (2014). "Immigration and the diffusion of technology: The Huguenot diaspora in Prussia," *American Economic Review*, 104(1), 84-122.

3. Nunn, Nathan and Nancy Qian. 2011. "The Potato's Contribution to Population and Urbanization: Evidence from a Historical Experiment," *Quarterly Journal of Economics*, 126 (2): 593-650.
4. Jia, Ruixue. 2014. "Weather Shocks, Sweet Potatoes and Peasant Revolts in Historical China," *Economic Journal*, 124 (575): 92-118.

Other readings:

Nunn, Nathan and Nancy Qian. 2010. "The Columbian Exchange: A History of Disease, Food, and Ideas," *Journal of Economic Perspectives*, 24 (2): 163-188.

Methodological Learnings: IV, Diff-in-Diff, Fixed Effects

19.10.2016 4 Impact of Conflict, Culture, Trust, and Income

1. Acemoglu, Daron, Davide Cantoni, Simon Johnson, and James A. Robinson. 2011. "The Consequences of Radical Reform: The French Revolution," *American Economic Review*, 101 (7): 3286-3307.
2. Acemoglu, Daron, Tarek A. Hassan, and James A. Robinson. 2011. "Social Structure and Development: A Legacy of the Holocaust in Russia," *Quarterly Journal of Economics*, 126 (2): 895-946.
3. Tabellini, Guido. 2010. "Culture and Institutions: Economic Development in the Regions of Europe", *Journal of the European Economic Association*, 8 (4): 677-716.

Other readings:

Dell Melissa. 2016. „Trafficking Networks and the Mexican Drug War," *American Economic Review* (forthcoming)

Becker, Sascha O., et al. 2014. "The Empire Is Dead, Long Live the Empire! Long-Run Persistence of Trust and Corruption in the Bureaucracy." *The Economic Journal*.

Tabellini, Guido. 2008. "The Scope of Cooperation: Values and Incentives," *Quarterly Journal of Economics*, 123 (3): 905-950.

Greif, Avner and Guido Tabellini. 2012. "The Clan and the City: Sustaining Cooperation in China and Europe," Mimeo, Stanford University.

Methodological Learnings: IV, Diff-in-Diff, Fixed Effects

26.10.2016 V. Role of the state (This is the week of the GIS assignment, no summary and reading necessary); 30-45 Minutes, Guest lecture on GIS from Geography department

1. Acemoglu, Daron, Camilo Garcia-Jimeno, James A. Robinson. 2016. "State Capacity and Economic Development: A Network Approach," *American Economic Review* (forthcoming).
2. Fenske, James. 2014. "Ecology, Trade and States in Pre-Colonial Africa," *Journal of the European Economic Association*, 12(3), 612-640.

3. Bockstette, Valerie, Areendam Chanda and Louis Putterman. 2002. "States and Markets: The Advantage of an Early Start," *Journal of Economic Growth*, 7: 347-69.
4. Tilly, Charles. 1985. "War Making and State Making as Organized Crime," in *Bringing the State Back* eds. Peter Evans, Dietrich Rueschemeyer, and Theda Skocpol. Cambridge: Cambridge University Press.

Methodological Learnings: GIS application, Data exploration and search

02.11.2016 VI. Drivers of Change I - Democracy, Education.

1. Acemoglu, D., Naidu, S., Restrepo, P., & Robinson, J. A. 2014. "Democracy does cause growth. *National Bureau of Economic Research*, No. w20004.
2. Aidt, Toke S., and Raphaël Franck. 2016. "Democratization under the threat of Revolution: evidence from the great reform act of 1832." *Econometrica* 83.2: 505-547.

Other readings:

Acemoglu, Daron and James A. Robinson. 2008. "Persistence of Power, Elites and Institutions," *American Economic Review*, 98: 267-293.

Demsetz, Harold. 1967. "Toward a Theory of Property Rights," *American Economic Review*, 57(2), 347-359.

White, Lynn. 1966. "Stirrup, Mounted Shock Combat, Feudalism and Chivalry," *Medieval Technology and Social Change*, Chapter 1. New York: Oxford University Press.

Roberts, Michael. 1956. "The Military Revolution, 1560-1660," reprinted with some amendments in his *Essays in Swedish History* (London, 1967).

Methodological Learnings: Fixed Effects, IV, Diff-in-Diff, GIS application

09.11.2016 VII. Drivers of Change II: Geography, Climate, Military

1. Alsan, Marcella. 2013. "The Effect of the Tsetse Fly on African Development," *American Economic Review*.
2. David Clingingsmith, David, Asim Ijaz Khwaja and Michael Kremer. 2009. "Estimating the Impact of the Hajj: Religion and Tolerance in Islam's Global Gathering," *Quarterly Journal of Economics*, 124 (3): 1133-1170.
3. Jha, Saumitra and Steven Wilkinson. 2012. "Does Combat Experience Foster Organizational Skill: Evidence from Ethnic Cleansing During the Partition of South Asia," *American Political Science Review*, 106 (4): 883-907.

Other readings:

Chaney, Eric. 2013. "Revolt on the Nile: Economic Shocks, Religion, and Political Power," *Econometrica*, 81(5): 2033-2053.

Hruschka, Daniel J. and Joseph Henrich. 2013. "Institutions, Parasites and the Persistence of In-Group Preferences," *PLOS ONE*, 8 (5).

Olsson, Ola and Christopher Paik. 2012. "A Western Reversal since the Neolithic? The Long-Run Impact of Early Agriculture," Mimeo.

Diamond, Jared. 1997. *Guns, Germs and Steel*. New York: WW Norton.

Methodological Learnings: Fixed Effects, IV, Natural Experiment, GIS application

16.11.2016 VIII. Africa I: Slave Trade

1. Nunn, Nathan. 2008. "The Long Term Effects of Africa's Slave Trades," *Quarterly Journal of Economics*, 123 (1): 139{176.
2. Nunn, Nathan and Leonard Wantchekon. 2011. "The Slave Trade and the Origins of Mistrust in Africa," *American Economic Review*, 101 (7): 3221-3252.
3. Nunn, Nathan and Diego Puga. 2012. "Ruggedness: The Blessing of Bad Geography in Africa," *Review of Economics and Statistics*, 94 (1): 20-36.

Methodological Learnings: Fixed Effects, IV, Diff-in-Diff, Natural Experiment, GIS application

23.11.2016 IX. Africa II: Colonial Rule in Africa: Ethnicities and National Borders

1. Michalopoulos, Stelios and Elias Pappaioannou. 2013. "Pre-colonial Ethnic Institutions and Contemporary African Development," *Econometrica*, 81 (1): 113{152.
2. Michalopoulos, Stelios and Elias Pappaioannou. 2014. "National Insitutions and Subnational Development in Africa," *Quarterly Journal of Economics*, 129 (1): 151{213.

Other readings:

Michalopoulos, Stelios and Elias Pappaioannou. 2016. The Long-Run Effects of the Scramble for Africa," *American Economic Review*, forthcoming

Wantchekon, Leonard, Marko Klašnja, and Natalija Novta. 2016. "Education and Human Capital Externalities: Evidence from Colonial Benin." *Quarterly Journal of Economics* 130.2: 703-757.

Wantchekon, Leonard and Omar Garcia-Ponce. 2012. The Institutional Legacy of African Independence Movements.

30.11.2016 X. Social Institutions and Religion

1. Dippel, Christian. 2014. "Forced Coexistence and Economic Development: Evidence from Native American Reservations," *Econometrica*.
2. Grosjean, Pauline. 2011. "A History of Violence: The Culture of Honor as a Determinant of Homicide in the US South," *Journal of the European Economic Association*, 12(5), pp.1285-1316.

3. Cantoni, Davide. "The economic effects of the Protestant Reformation: Testing the Weber hypothesis in the German Lands." *Journal of the European Economic Association* (2014).

Other readings: on social and cultural factors:

Gneezy, Uri, Kenneth L. Leonard, and John A. List. "Gender Differences in Competition: Evidence from a Matrilineal and a Patriarchal Society" *Econometrica* 77.5 (2009): 1637-1664.

Alesina, Alberto, Paola Giuliano, and Nathan Nunn. "On the Origins of Gender Roles: Women and the Plough." *Quarterly Journal of Economics* 128.2 (2013): 469-530.

Becker, Sascha and Ludger Woessman. 2009. "Was Weber Wrong? A Human Capital Theory of Protestant Economic History," *Quarterly Journal of Economics*, 124(2): 531-596.

07.12.2016 12 Student Presentations I.

14.12.2016 13 Student Presentations II.

Additional literature

India

1. Gaikwad, Nikhar. 2016. "East India Companies and Long-Term Economic Change in India." Working Paper
2. Iyer, Lakshmi. 2010. "Direct versus Indirect Colonial Rule in India: Long-term Consequences," *Review of Economics and Statistics*, 92 (4): 693-713.

Other readings:

Banerjee, Abhijit and Lakshmi Iyer. 2005. "History, Institutions and Economic Performance: The Legacy of Colonial Land Tenure Systems in India," *American Economic Review*, 95: 1190-1213.

Jha, Saumtria. 2013. Trade, Institutions and Religious Tolerance: Evidence from India," *American Political Science Review*, 107 (4): forthcoming

Latin America:

Feir, Donna. 2013. The Long-Term Effects of Forcible Assimilation Policy: The Case of Indian Boarding Schools," Mimeo, University of Victoria.

Nunn, Nathan. 2008. Slavery, Inequality, and Economic Development in the Americas: An Examination of the Engerman-Sokoloff Hypothesis," E. Helpman (ed.), *Institutions and Economic Performance*. Harvard University Press, pp. 148-180.

Africa:

Gneezy, Uri, Kenneth L. Leonard and John A. List. 2009. Gender Differences in Competition: Evidence from a Matrilineal and a Patrilineal Society," *Econometrica*, 77(5), 1637-166.

Middle East:

Blaydes, Lisa and Eric Chaney. 2013. The Feudal Revolution and Europe's Rise: Political Divergence of the Christian West and Muslim World before 1500 CE," *American Political Science Review*, 107(1): 16-34.

Michalopoulos, Stelios, Alireza Naghavi and Giovanni Prarolo. 2010. Trade and Geography in the Origins and Spread of Islam," NBER working paper 18438.

Timur Kuran. 2011. *The Long Divergence: How Islamic Law held back the Middle East*. Princeton: Princeton University Press.

Data sources:

Maps

http://www.aag.org/cs/projects_and_programs/historical_gis_clearinghouse/hgis_projects_programs

<http://www.icr.ethz.ch/data>

Africa

<http://worldmap.harvard.edu/africamap/>

General

<http://www.gistory.de/category/links/historisches/online-hgis-systeme/>

http://www.aag.org/cs/projects_and_programs/historical_gis_clearinghouse/hgis_projects_programs

World

<http://worldmap.harvard.edu/>

US

<https://www.nhgis.org/>

China

<http://www.fas.harvard.edu/~chgis/>

Roman empire:

<http://darmc.harvard.edu/icb/icb.do>

Surveys:

Microdata

Demographic and Health Surveys (DHS): Developing countries, often geocoded

Afrobarometer : Africa, 6 rounds, partly geocoded

Collections of data, ordered by source, time, topic:

University of Michigan ICPSR: Amazing collection sorted by country, topic, both current and historical!

<http://www.icpsr.umich.edu/index.html>

University of Groningen: All kinds of data, also many historical !

<http://www.rug.nl/research/ggdc/>

Overview of many great data sources worldwide, also historical

<http://www.iisg.nl/hpw/link.php#world>

GESIS:

<http://www.gesis.org/das-institut/kompetenzzentren/european-data-laboratory/data-resources/data-for-comparative-research/>

<http://www.gesis.org/en/services/data-analysis/survey-data/european-values-study/>

iPEHD – the ifo Prussian Economic History Database (Digitized data with many variables on Prussia 1816-1901)

<http://www.cesifo-group.de/ifoHome/facts/iPEHD-Ifo-Prussian-Economic-History-Database.html>

Europe: Official data

<http://cessda.net/eng/Data-Catalogue>

Africa, sorted by type of data:

<http://africa.gov.harvard.edu/links/politlnk.htm>

Institutional comparisons within Europe:

<http://www.cesifo-group.de/ifoHome/facts/DICE.html>

World Value Surveys

Country level variables:

World Development Indicators | Data - The World Bank (country- year level, very wide availability).

<http://data.worldbank.org/data-catalog/world-development-indicators>

City and country-time level (available on request , I have this da).