The American Origin of the French Revolution

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SUMMARY

- **Can institutions be imported?**
  - French Revolution was more intense in regions of French sailors who were exposed to American culture during American revolutionary War
- **Highlights**
  - Historical quasi-experimental setting
  - Placebo group of sailors who got stuck
  - Micro-geographic historic data
    - Including birthplace of soldiers
  - Transparent discussion of identification challenges
- **Scope for improvement**
  - Do we need to worry about endogenous location choice upon return?
  - Relevance for today? People are more knowledgeable about foreign countries, are there still useful lessons for effects of return migration?

Contributes to literatures on origins of institutional change and the effects of return migration

CAUSALITY I

- **Main estimation equations**

$$y_i = \beta \ln \text{Rochambeau}_i + X'\gamma + \varepsilon_i \qquad y_i = \beta_1 \ln \text{Rochambeau}_i + \beta_2 \ln \text{NotSailed}_i + X'\gamma + \varepsilon_i$$

  - **Where dos this come from?**

Ommitted variable

- Assume DGP

$$y_i = a\ \text{LnRochambeau}_i + b\ X_i + c\ O_i + e_i$$

$$y_i = b\ \text{LnNotSailed}_i + f X_i + g\ O_i + v_i \Rightarrow O_i = \frac{1}{g}\ y_i - \frac{b}{g}\ \text{LnNotSailed}_i - \frac{f}{g} X_i - \frac{1}{g} v_i$$

- Plug *O* into main equation to get rid of the OVB

CAUSALITY II

- **So,** $$y_i = \frac{g\ a}{g\ -\ c}\ln\text{Rochambeau}_i - \frac{cb}{g\ -\ c}\text{LnNotSailed}_i + \frac{bg\ -\ cf}{g\ -\ c}X_i + \underbrace{\frac{g}{g\ -\ c}e_i - \frac{c}{g\ -\ c}v_i}_{\text{error}}$$
- **Gives** $$y_i = \beta_1 \ln \text{Rochambeau}_i + \beta_2 \ln \text{NotSailed}_i + X'\gamma + \varepsilon_i$$
- **With** $$\frac{g\ a}{g\ -\ c} = \beta_1; -\frac{cb}{g\ -\ c} = \beta_2\ \frac{bg\ -\ cf}{g\ -\ c} = \gamma$$
- Causal effect despite omitted variable *O* if it is the same for Rochambeau and NotSailed soldiers!

Paper does a good job developing the narrative, so are we good?

Maybe we are even better…

CAUSALITY III

- **Actually, the DGP is:**

$$y_i = a\ \mathrm{LnTRUERochambeau_i} + b\ X_i + c\ O_i + e_i$$

$$y_i = b\ \mathrm{LnTRUENotsailed_i} + f X_i + g\ O_i + v_i$$

- We can assume that the actual location follows the DGP:

$$\mathrm{LnTRUERochambeau_i} = h\mathrm{LnRochambeau_i} + m\ R_i$$

$$\mathrm{LnTRUENot}Sailed_i = k\mathrm{LnNotSailed_i} + n\ R_i$$

- Where LnRochambeau and LnNotSailed capture **brith places** and L captures **other factors** that determine location choice upon return

CAUSALITY IV

- We would estimate the following equation (with the seemingly perfect data):

$$y_i = \frac{g\ a}{g\ -\ c}\mathrm{lnTRUERochambeau_i} - \frac{cb}{g\ -\ c}\mathrm{LnTRUENotSailed_i} + \frac{bg\ -\ cf}{g\ -\ c}X_i + \frac{g}{g\ -\ c}e_i - \frac{c}{g\ -\ c}v_i$$

- Identification police: cov(R,e)>0 => cov(lnTRUERochambea,e)>0 !!!
  - $\mathrm{lnTRUERochambeau_i}$ contains R, endogeneity problem
  - Upon return, soldier choose regions with revolutionary attitude!
  - Standard remedy is an IV that is uncorrelated with R: **Birthplace**
    - **Authors collected and use it in reduced-form!**

!!! Using the birthplace is a feature not a bug!!!

Can sell empirical strategy as addressing an OV problem!

LOCATION CHOICE IN A RE-MIGRATION MODEL

- **Number of soldiers born in *b* choosing *i***

$$\text{TRUERochambeau}_{ib} = \lambda_{ib}\bar{L} = \frac{R_i^{\epsilon}\exp(-\tau Dist_{ib})}{\sum_i R_i^{\epsilon}\exp(-\tau Dist_{ib})}$$

  - λ_{ib} is the location choice probability and $\bar{L}$ is the soldier endowment
  - **Where ϵ is the variance of Extreme-Value taste shock (see e.g. Ahlfeldt, Bald, Roth, Seidel (2025), among many others**
  - **Avoids MAUP (modifiable areal unit problem)**
- **IV / reduced-form removes trouble-maker R_i from the equation**

$$\text{Rochambeau}IV_i = \sum_b \text{Rochambeau}_b \exp(-\tau Dist_{ib})$$

A full model is not needed, but market access measure as may be more transparent than ad-hoc assumption of soldiers returning to meta-region

THANKS