Did colonialism and related practices do permanent harm to economic development? Should we not expect the affected countries to ‘catch up’?

# Baumol (1986). “Productivity Growth, Convergence, and Welfare: What the Long-Run Data Show” American Economic Review 76(5): 1072-1085

Maddison's 1870-1979 data are analyzed, showing the historically unprecedented growth in productivity, gross domestic product per capita and exports and the remarkable convergence of productivities of industrialized market economies, with convergence apparently shared by planned economies but not less developed countries. Productivity lag's relation to "deindustrialization," unemployment, and balance of payments is examined. The data are shown to suggest a tempered view of the slowdown in U.S. productivity growth and its lag behind other countries.

Pre-industrial revolution tech doesn’t bring about a productivity change.

Nonhistorians do not usually recognize that initially the Industrial Revolution was a fairly minor affair for the economy as a whole. At first, much of the new equipment was confined to textile production (though some progress in fields such as iron making had also occurred). And, as David Landes (1969) indicates,2 an entrepreneur could undertake the new types of textile operations with little capital, perhaps only a few hundred pounds, which (using the Phelps Brown-Hopkins data) translates into some 100,000 1980 dollars. P1074

手机屏幕截图

描述已自动生成

图片包含 图表

描述已自动生成

***Implications of the inverse correlation: public goods property of productivity policy***

only one variable, a country's 1870 GDP per workhour, or its relation to that of the productivity leader, matters to any substantial degree, and that other variables have only a peripheral in- fluence. It seems not to have mattered much whether or not a particular country had free markets, a high propensity to invest, or used policy to stimulate growth. Whatever its behaviour, that nation was apparently fated to land close to its predestined position in Figure 2

However, a plausible alternative interpretation is that while national policies and behaviour patterns do substantially affect productivity growth, the spillovers from leader economies to followers are large-at least among the group of industrial nations

* Innovation sharing process. Benefits from innovations would lead to other countries produce competing goods. Industrialised countries whose products are similar will run the race, whereas less developed countries with no goods competition do not want to.
* The process that has just been described, then, provides mutual benefits, but it inherently **helps productivity laggards more than leaders. For the laggards have more to learn from the leaders**, and that is why the process makes for convergence
* The means required for successful imitations have improved and expanded enormously. **There’s productivity spillover to countries that produce and trade in a similar array of goods.** Suppose two industrialized countries, A and B, each pro- duce two traded products: say automobiles and shoes, with the former more capital in- tensive. If A's investment rate is greater than B's then, with time, A's output mix will shift toward the cars while B's will move toward shoes. The increased demand for auto workers in A will raise their real wages, while A's increased demand for imports of B's shoes will raise real wages in B, and will raise the value of gross domestic product per labor hour in that country.
* high investment rate may fail to bring a relative wage ad- vantage to the investing country.

All this raises an obvious policy issue. If productivity growth does indeed have such public good properties, what will induce each country to invest the socially optimal effort and other resources in productivity growth, when it can instead hope to be a free rider?

***Is convergence ubiquitous***

This suggests that there is more than one convergence club. Rather, there are perhaps three, with the centrally planned and the intermediate groups somewhat inferior in performance to that of the free-market industrialized countries. It is also clear that the poorer less developed countries are still largely barred from the homogenization processes

A less developed country that produces no cars cannot benefit from the invention and adoption of a better car-producing robot in Japan (though it does benefit to a lesser degree from new textile and rice-growing technology), nor can it benefit from the factor-price equalization effect of the accompanying Japanese investments, since it cannot shift labor force out of its (nonexistent) auto industry as the theorem's logic requires.

Instead, the exchange rate and the standard of living of the country with lagging productivity will bear the brunt of the burden as it is forced, increasingly, to compete by means of relatively low wages.

# Productivity Growth, Convergence, and Welfare: Comment. J. Bradford De Long

William Baumol (1986) argues that con- vergence has shown itself strongly in the growth of industrial nations since 1870.' According to Baumol, those nations positioned to industrialize are much closer together in productivity now than a century ago. He bases this conclusion on a regression of growth since 1870 on 1870 productivity for sixteen countries covered by Angus Maddison (1982).

The regression choice is wrong.

But when properly interpreted Baumol's finding is less informative than one might think. For Baumol's regression uses an **ex post sample of countries that are now rich and have successfully developed**. Convergence is thus all but guaranteed in Baumol's regression, which tells us little about the strength of the forces making for convergence among nations that in 1870 belonged to what Baumol calls the "convergence club."

A fair test of convergence requires not an ex post sample of countries that have con- verged but an **ex ante sample of countries that in 1870 looked likely to converge**. More- over, least squares is not a satisfactory es- timation technique because of errors in measuring 1870 incomes.

Per capita income in 1870 is an obvious measure of whether a nation was sufficiently technologically literate and integrated into world trade in 1870 to be counted among the potential convergers. Nations with high in- comes in 1870 were nations with the material and human resources to industrialize.

图片包含 图示

描述已自动生成

The failure of convergence to emerge for nations rich in 1870 is due to the nations -Chile, Argentina, Spain, and Portugal-in the bottom left corner of Figures 2 through 4. In the early 1970s none of these was a democracy. Perhaps only **industrial nations with democratic political systems converge**.

**But whether a nation is a democracy over 1950-80 is not exogenous but is partly determined by growth over the preceding century.** As of 1870 it was not at all clear which nations would become stable democracies. Of the once-rich twenty-two, France, Austria (including Czechoslovakia), and Germany were empires; Britain had a restricted franchise; Spain and Portugal were semiconstitutional monarchies; the United States had just undergone a civil war; and Ireland was under foreign occupation

**There is one striking ex ante association between growth over 1870-1979 and a pre- determined variable: a nation's dominant religious establishment.** As Table 8 shows, a religious establishment variable that is one for Protestant, one-half for mixed, and zero for Catholic nations is significantly correlated with growth as long as measurement error variance is not too high.

The forces making for "convergence" even among industrial nations appear little stronger than the forces making for "divergence." The absence of convergence pushes us away from a belief that in the long-run technology transfer both is inevitable and is the key factor in economic growth. It pushes us away from the belief that even the nations of the now industrial West will have roughly equal standards of living in 2090 or 2190. And the absence of convergence even among nations relatively rich in 1870 forces us to take seriously arguments like Romer's (1986) that the relative income gap between rich and poor may tend to widen.

# Baumol, W. J. and E. N. Wolff (1988). "Productivity growth, convergence, and welfare: Reply." American Eocnomic Review 78 (5): 1155-1159

图表, 折线图

描述已自动生成

The graph is an automatic ex ante stratification, since poorer countries in 1950 must lie to the left, while initially wealthier countries lie to the right. Our hypothesis amounts to the conjecture that the moving average graph would be roughly positively sloping toward the left (poorer countries growing more slowly), and distinctly negatively sloping toward the right, meaning that per capita incomes among LDCs, selected ex ante, had diverged, while the opposite had been true among initially "industrialized" countries. P1157

They indicate that for per- haps the top 15 countries convergence has been marked and unambiguous, with a mild recent retreat. All countries together, excluding LDCs, have also shown some convergence. Yet, larger samples do not display convergence, in part because of the heterogeneous performance of the LDCs and failure of South American countries to live up to their growth promise.

# Pritchett (1997). “Divergence, Big Time” The Journal of Economic Perspective 11(3), pp. 3-17

Three facts jump out from Table 1. First, there is strong convergence in per capita incomes within this set of countries. Second, even though the poorer countries grew faster than the richer countries did, the narrow range of the growth rates over the 1870-1960 period is striking. Third, while the long run hides substantial variations, at least since 1870 there has been no obvious acceleration of overall growth rates over time.

表格

描述已自动生成

Column 2 has been tested – cannot reject hypothesis that the growth rate in 1870-1960 are different

Before delving into these comparisons and calculations, it is important to stress that using the purchasing power adjustments for exchange rates has an especially important effect in poor countries. While tradable goods will have generally the same prices across countries because of arbitrage, nontradable goods are typically much cheaper in poorer countries because of their lower income levels.

Even if we take a look at China and India, their incomes diverged significantly relative to the leaders between 1870 and 1960.

**The idea that there is some lower bound to GDP per capita and that the lower bound has implications for long-run growth rates (and hence divergence) will not come as news either to economic historians or to recent thinkers in the area of economic growth** (Lucas, 1996). Kuznets (1966, 1971) pointed out that since the now-industrialized countries have risen from very low levels of output to their presently high levels, and that their previously very low levels of output were only consistent with a very slow rate of growth historically, growth rates obviously accelerated at some point. Moreover, one suspects that many of the estimates of income into the far distant past cited above rely on exactly this kind of counterfactual logic.

The data on growth in less developed countries show a variety of experiences, but divergence is not a thing of the past. Some countries are "catching up" with very explosive but sustained bursts of growth, some countries continue to experience slower growth than the richest countries, and others have recently taken nosedives.

These facts about growth in less developed countries highlight its enormous variability and volatility. The range of annual growth rates in per capita GDP across less developed economies from 1960 to 1990 is from 2.7 percent to positive 6.9 percent. Taken together, these findings imply that almost nothing that is true about the growth rates of advanced countries is true of the developing countries, either individually or on average. The growth rates for developed economies show convergence, but the growth rates between developed and developing economies show considerable divergence.

But this challenge is almost certainly not the same as deriving a single "growth theory." Any theory that seeks to unify the world's experience with economic growth and development must address at least four distinct questions: What accounts for continued per capita growth and technological progress of those leading countries at the frontier? What accounts for the few countries that are able to initiate and sustain periods of rapid growth in which they gain significantly on the leaders? What accounts for why some countries fade and lose the momentum of rapid growth? What accounts for why some countries remain in low growth for very long periods?

# Was the Wealth of Nations Determined in 1000 bc? By Diego Comin, William Easterly, and Erick Gong

We assemble a dataset on technology adoption in 1000 bc, 0 ad, and 1500 AD for the predecessors to today’s nation states. Technological differences are surprisingly persistent over long periods of time. Our most interesting, strong, and robust results are for the association of 1500 AD technology with per capita income and technology adoption today. We also find robust and significant technological persistence from 1000 BC to 0 AD, and from 0 AD to 1500 AD. The evidence is consistent with a model where the cost of adopting new technologies declines sufficiently with the current level of adoption.

Our principal finding is that the 1500 AD measure is a statistically significant predictor of the pattern of per capita incomes and technology adoption across nations that we observe today.

Archeological findings – if a country was under war for the whole time we know nothing. Plus you need money for this.

First, what mechanisms propagated historical shocks that affect the history of technology adoption into the present? Second, what do our findings teach us about existing growth models?

To illuminate these questions, we present a very simple framework in which the **new technology adoption is a function of some combination of the strength of complementarity to old technology and the return to adopting new technology.** Depending on the strength of this complementarity, historical technology adoption will or will not have a significant effect on the adoption of technologies that have come along since the industrial revolution and hence on current development. However, the alternative hypothesis is that the return to new technology adoption has been systematically and persistently higher in some places than in others.

文本

描述已自动生成

The historical datasets presented in this paper measure the cross-country level of technology adoption for over 100 countries in three periods: 1000 BC, 0 AD, and the pre-colonial period in 1500 AD. Each dataset acts as a “snap shot” in time, capturing the levels of technology adoption by country throughout the world. The earliest measures will obviously be crude, while 1500 AD will be based on a wider set of information.

A country’s level of technology adoption in transportation is then determined by whether vehicles and/or draft animals were used in the country at the time.

F**inally, there are further potential concerns in interpreting our data that we want to address directly. The first is that countries that were more advanced at the time were more likely to leave records. The second is that currently rich countries may be more likely to find remains that document the existence of technologies in the past.** Both of these concerns are serious, but, in the end, we believe they do not invalidate our data. This conclusion is based on three reasons. First, we use direct evidence of the absence of the technologies to code that the technology was not present in a country. That is, lack of evidence on the presence of the technology is not sufficient to code its absence. Second, modern day archeologists arguably dig wherever they believe they can find remains regardless of the origin of the archeologists. Indeed, most of the main archeological discoveries are in developing countries and have been found by archeologists from developed economies. Finally, as we show in Section IIIC, our findings about the persistence of technology adoption hold even when we include country (fixed and/or time varying) effects and exploit the crosssectoral variation in technology adoption. That addresses country-level bias including biases in the reporting or collection of data

图片包含 表格

描述已自动生成

Regress with contemporaneous urbanisation rate

We do not automatically infer that past technology CAUSES present income and technology. Although past technology history appears to matter for later income and technology, it may reflect an omitted third factor rather than a causal effect. We will not be able to decisively resolve which it is, although we will do two illustrative exercises at the end: one that tests the role of population size, and another that will show old technology still matters after controlling for fixed country-time factors. To summarize, once we correct for post-1500 AD migration, the persistence of technology is a robust fact across each of our time periods up to the present: from 1000 BC to 0 AD, from 0 to 1500 AD, and from 1500 AD to the present. Our key result remains that development today is significantly related to technology differences in 1500 AD.

Framework to think about the evolution of technology

文本

描述已自动生成

Omitted variable bias

文本

描述已自动生成

Inclined to interpret findings as supporting a direct effect of old technology on new technology, even though there may also be some indirect effect through the population channel.

# The European origins of economic development Easterly and Levine 2016

Although a large literature argues that European settlement outside of Europe during colonization had an enduring effect on economic development, researchers have been unable to assess these predictions directly because of an absence of data on colonial European settlement. We construct a new database on the European share of the population during colonization and examine its association with economic development today. We find a strong, positive relation between current income per capita and colonial European settlement that is robust to controlling for the current proportion of the population of European descent, as well as many other country characteristics. The results suggest that any adverse effects of extractive institutions associated with small European settlements were, even at low levels of colonial European settlement, more than offset by other things that Europeans brought, such as human capital and technology.

Comin’s argument has nothing to do with ancestry, as long as some people lived on the same piece of land where thing A was being used, they should be able to come up with a complementary thing B that’s then useful for them.

# Acemoglu, D., S. Johnson and J. A. Robinson (2001). "The Colonial Origins of Comparative Development: An Empirical Investigation." The American Economic Review 91 (5): 1369-1401; <http://www.jstor.org/stable/2677930>

# Acemoglu, D., S. Johnson and J. A. Robinson (2002). "Reversal of fortune: Geography and institutions in the making of the modern world income distribution." Quarterly Journal of Economics 117 (4): 1231-1294

Both see week 3 notes!

# History, Institutions, and Economic Performance: The Legacy of Colonial Land Tenure Systems in India Author(s): Abhijit Banerjee and Lakshmi Iyer 2005

We analyze the colonial land revenue institutions set up by the British in India, and show that differences in **historical property rights** institutions lead to **sustained differences in economic outcomes**. Areas in which proprietary rights in land were historically given to landlords have significantly lower agricultural investments and productivity in the post-independence period than areas in which these rights were given to the cultivators. These areas also have significantly lower investments in health and education. These differences are not driven by omitted variables or endogeneity problems; they probably arise because **differences in historical insti- tutions lead to very different policy choice**

**Literature Review**

The role of history in determining the shape of present-day institutions is also at the heart of two recent sets of papers, one by Daron Acemoglu et al. (2001, 2002) and the other by Stanley Engerman and Kenneth Sokoloff (1997, 2000, 2002). Acemoglu et al. show that mortality rates among early European settlers is a strong predictor of whether these countries end up with what economists today call "good" institutions (which protect private property rights) and whether their economies are doing well today. Engerman and Sokoloff argue that the reason why Brazil is where it is today, and the United States is where it is, has a lot to do with the fact that in the early years after European conquest Brazil was deemed to be suitable for growing sugar and the United States was not. Brazil had a larger slave population than America, thus divergence in institutions.

We compare the **present-day economic performance of different districts of India**, which were placed under **different land revenue systems by British colonial rulers** as a result of certain historical accidents. We show that districts in India where the collection of land revenue from the cultivators was assigned to a class of landlords systematically underperform the districts where this type of intermediation was avoided, after controlling for a wide range of geographical differences. The differences show up in agricultural investment and yields, in various measures of public investment in education and health, as well as in health and educational outcomes

Land-revenue extraction was most likely in places that Britain took over between 1820 and 1856. So use whether taken over as an IV.

How does long-run continuity come about?

Where there was land revenue collection, a local elite that had a great deal of economic and political power remained.

Class-based antagonism, divergence with non-landlord districts in 1965-1980 extensive public investment in rural areas.

By the constitution of independent India, the states can enact land reforms.

***Why should the Historical Land System Matter?***

**Differences in the Distribution of Wealth**

Landlords set terms for the tenants, can appropriate most of the gains in productivity

Moreover, landlord areas were also the only areas subject to the **Permanent Settlement of 1793 (which fixed the land- lord's dues permanently in nominal terms)**, and even where the settlement was not permanent, the political power of the landlord class made it less likely that their rates would be raised when their surplus grew. In the 19th century, as productivity grew, the landlord class grew richer.

Individual cultivator areas had the British extract as much as possible from the tenant

Distribution of wealth important

* determines the size of the group within the peasantry that has enough land and other wealth to make investments that increases productivity
* those who cultivate other people’s land have less incentive
* political interests of the rural mass diverge from that of the elite

**Differences in the Political Environment**

The right to set the land revenue rates and to penalize those who did not pay gave the land- lords a substantial degree of political power over the rest of the population in their domain.

* peasant property insecure
* investments that made land more productive discouraged because of the risk of expropriation by the landlord

**Differences in the relationship with the colonial state**

Britain had more incentive to put public goods in non-landlorded areas.

Tragedy of the Commons

文本

描述已自动生成

Landlorded areas are more fertile

Results Using Instrumental Variables As discussed above, our results might also be biased if the British decision regarding which land tenure system to adopt depended on other characteristics of the area in systematic ways. OVB!

* land tenure system not very highly correlated with local district characteristics
* places that were conquered earlier tended to have landlord-based systems

# The Slave Trade and the Origins of Mistrust in Africa† By Nathan Nunn and Leonard Wantchekon 2011

We show that current differences in trust levels within Africa can be traced back to the transatlantic and Indian Ocean slave trades. Combining contemporary individual-level survey data with historical data on slave shipments by ethnic group, we find that individuals whose ancestors were heavily raided during the slave trade are less trusting today. Evidence from a variety of identification strategies suggests that the relationship is causal. Examining causal mechanisms, we show that most of the impact of the slave trade is through factors that are internal to the individual, such as cultural norms, beliefs, and values.

Combining contemporary individual-level survey data with historical data on slave shipments by ethnic group, we ask whether the slave trade caused a culture of mistrust to develop within Africa. Initially, slaves were captured primarily through state organized raids and warfare, but as the trade progressed, the environment of ubiquitous insecurity caused individuals to turn on others—including friends and family members—and to kidnap, trick, and sell each other into slavery.

Our hypothesis builds on the well-established insight from cultural anthropology that in environments where information acquisition is either costly or imperfect, the use of **heuristic decision-making strategies**, or “rules-of-thumb,” can be optimal

Control for European influence, calculate how much greater the influence of unobservable factors would need to be, relative to observable factors, to completely explain away the negative relationship between the slave trade and trust, uses the distance of ethnic groups from the coast at the time of the slave trade as an instrument for the number of slaves taken

One **mechanism**, which is the article’s focus, is that the slave trade altered the cultural norms of the ethnic groups exposed to it, making them less trusting of others. However, there is also a second potential channel. Because the slave trade resulted in a long-term deterioration of legal and political institutions, the residents of heavily affected regions may now be able to cheat others more easily. Individuals may be less trusting today because those around them are less trustworthy

**The Afrobarometer asks respondents how much they trust their relatives**, neighbors, and their locally elected government council. It also asks about trust of those in the same country from other ethnic groups, and those from the same ethnic group. The respondents choose between four possible answers: not at all, just a little, somewhat, or a lot.

文本, 信件

描述已自动生成

Causal Relationships

Authors answer OVB

For example, if ethnic groups that were inherently less trusting were more likely to be taken during the slave trades, and if these groups continue to be less trusting today, then this could generate a negative relationship between the slave trade and trust.

First, we control for observable characteristics of ethnic groups that may be correlated with the slave trade and subsequent trust. Second, we use selection on observable variables to assess the likelihood that our estimates are being driven by unobserved heterogeneity across ethnic groups. Finally, we use the historical distance from the coast of an individual’s ethnic group as an instrument for slave exports.

Given these shortcomings, we also construct additional measures of precolonial prosperity. The first exploits information on the locations and sizes of urban centers.

Using distance as an instrumental variable

Close to coast- more likely to be slave traded, therefore more shitty colonial institutions that play one group off the other, therefore sucks

Despite this fact, there remain a number of other reasons why the exclusion restriction may not be satisfied. First, distance from the coast may be correlated with other forms of European contact, like colonial rule, which followed the slave trade. For this reason, we only report IV estimates after controlling for our full set of ethnicity-level colonial control variables. Second, locations closer to the coast were more likely to rely on fishing as a form of subsistence. Although it is not obvious how this may affect future trust, to be as thorough as possible we control for ethnicities’ historical reliance on fishing. Third, for some parts of Africa, proximity to the coast implies greater distance from the ancient trade networks across the Sahara Desert. Because long-term trust may have been affected by a group’s involvement in this inland trade, we also control for the average distance to the closest city in the Saharan trade, as well as the average distance to the closest route of the Saharan trade. P3239

First, we controlled for initial ethnicity characteristics and for the potential impact of colonial rule. Second, using recently developed techniques from Altonji, Elder, and Taber (2005), we showed that on average selection based on unobservables would have to be four times greater than selection on observables in order for the negative effect of the slave trade on trust to be completely spurious. Finally, we reported IV estimates that use the historical distance from the coast of an individual’s ethnic group as an instrument for slave exports. The IV estimates also show a negative effect of the slave trade on trust.

Need to check out this paper that tests spuriousness lol

# The Long-Run Effects of the Scramble for Africa† By Stelios Michalopoulos and Elias Papaioannou

We explore the consequences of ethnic partitioning, a neglected aspect of the Scramble for Africa, and uncover the following. First, apart from the land mass and water bodies, split and non-split groups are similar across several dimensions. Second, the incidence, severity, and duration of political violence are all higher for partitioned homelands which also experience frequent military interventions from neighboring countries. Third, split groups are often entangled in a vicious circle of government-led discrimination and ethnic wars. Fourth, respondents from survey data identifying with split ethnicities are economically disadvantaged. The evidence highlights the detrimental repercussions of the colonial border design.

***Ethnic partitioning and border artificiality***

We identify partitioned groups projecting contemporary country borders, as portrayed in the 2000 Digital Chart of the World.

The African historiography provides ample evidence arguing that, in the majority of cases, Europeans did not consider ethnic features and local geography in the design of colonial borders.

Geography, Ecology, Natural Resources, and Ethnic Partitioning.—In Table 1, panel A, we examine the impact of geography, ecology, and natural resources. The positive and highly significant estimate of (log) land area in column 1 suggests that ethnic groups spanning large territories were more likely to be partitioned. In column 2 we augment the specification with two dummy variables that identify ethnic homelands with a large lake and a main river, respectively. The coefficient on the lake dummy is positive and significant at the 10 percent level, while the river indicator enters with a small and statistically insignificant coefficient.

Precolonial Features and Ethnic Partitioning.—While at the time of the colonial border design Europeans had limited understanding of local political geography, it is useful to examine the association between ethnic partitioning and precolonial conflict, as recent cross-country works (Fearon and Laitin 2012) and cross-regional studies reveal a legacy of conflict from the precolonial times to the present (Besley and Reynal-Querol 2014; Nunn and Wantchekon 2011; Depetris Chauvin 2014).

报纸上的文字

描述已自动生成

# THE PERSISTENT EFFECTS OF PERU’S MINING MITA BY MELISSA DELL 2010

Specifically, I examine the long-run impacts of the mining mita, a forced labor system instituted by the Spanish government in Peru and Bolivia in 1573 and abolished in 1812. The mita required over 200 indigenous communities to send one-seventh of their adult male population to work in the Potosí silver and Huancavelica mercury mines (Figure 1). The contribution of mita conscripts changed discretely at the boundary of the subjected region: on one side, all communities sent the same percentage of their population, while on the other side, all communities were exempt.

sing the RD approach and household survey data, I estimate that a long run mita effect lowers equivalent household consumption by around 25% in subjected districts today.

Reverse rationale than Banerjee!!!

Based on the quantitative and historical evidence, **I hypothesize that the long-term presence of large landowners in non-mita districts provided a stable land tenure system that encouraged public goods provision.** The property rights of large landowners remained secure from the 17th century onward. **In contrast, the Peruvian government abolished the communal land tenure that had predominated in mita districts soon after the mita ended, but did not replace it with a system of enforceable peasant titling** (Jacobsen (1993), Dancuart and Rodriguez (1902, Vol. 2, p. 136)). As a result, **extensive confiscation of peasant lands, numerous responding peasant rebellions as well as banditry and livestock rustling were concentrated in mita districts during the late 19th and 20th centuries** (Jacobsen (1993), Bustamante Otero (1987, pp. 126– 130), Flores Galindo (1987, p. 240), Ramos Zambrano (1984, pp. 29–34)). Because established landowners in non-mita districts enjoyed more secure title to their property, it is probable that they received higher returns from investing in public goods. Moreover, historical evidence indicates that well established landowners possessed the political connections required to secure public goods (Stein (1980)). F**or example, the hacienda elite lobbied successfully for roads, obtaining government funds for engineering expertise and equipment, and organizing labor provided by local citizens and hacienda peons (Stein (1980, p. 59))**. These roads remain and allow small-scale agricultural producers to access markets today, although haciendas were subdivided in the 1970s.

I measure living standards using two independent data sets, both georeferenced to the district. Household consumption data are taken from the 2001 Peruvian National Household Survey (Encuesta Nacional de Hogares (ENAHO)) collected by the National Institute of Statistics (INEI).

报纸上的文字

描述已自动生成

RD identifying assumptions

all relevant factors besides treatment must vary smoothly at the mita boundary. That is, letting c1 and c0 denote potential outcomes under treatment and control, x denote longitude, and y denote latitude, identification requires that E[c1|x, y] and E[c0|x, y] are continuous at the discontinuity threshold. This assumption is needed for individuals located just outside the mita catchment to be an appropriate counterfactual.

There’s a break between the mita and non mita places in terms of land tenure and labour systems.

表格

描述已自动生成

Mita places suck at public good provision

表格

描述已自动生成

Determinants of household consumption – now that’s new!

Could residents in mita districts have less desire to participate in the market economy, rather than being constrained by poor road infrastructure? While Shining Path, a **Maoist guerilla movement, gained a strong foothold in the region during the 1980s, this hypothesis seems unlikely**. Shining Path’s rise to power occurred against a backdrop of limited support for Maoist ideology, and the movement’s attempts to reduce participation in markets were unpopular and unsuccessful where attempted

Recent qualitative evidence also underscores roads and market access.

When discussing the factors leading to the observed income differences, a common theme was that it is difficult to transport crops to markets. Thus, most residents in mita districts are engaged in subsistence farming. Agrarian scientist Gonzales Castro (2006) argued, “Some provinces have been favored, with the government—particularly during the large road building campaign in the early 1950s—choosing to construct roads in some provinces and completely ignore others.” At the forefront of the local government’s mission in the (primarily mita) province of Espinar is “to advocate effectively for a system of modern roads to regional markets”

s. Large landowners—while they did not aim to promote economic prosperity for the masses—did shield individuals from exploitation by a highly extractive state and did ensure public goods. This evidence suggests that exploring constraints on how the state can be used to shape economic interactions—for example, the extent to which elites can employ state machinery to coerce labor or citizens can use state guarantees to protect their property—is a more useful starting point than land inequality for modeling Latin America’s long-run growth trajectory. The development of general models of institutional evolution and empirical investigation of how these constraints are influenced by forces promoting change are particularly central areas for future research.

# Long term p ersistence Guiso Spienza and Zingales

Wooo these people don’t like Acemoglu’s 2001 settlement paper

This influential explanation faces three objections. First, how can we differentiate the role of legal institutions from that of the culture and the human capital that the colonizers brought to the colonies (Glaeser et al. 2004)? Second, if persistence depends on legal institutions, why should these be so persistent themselves? After all, they are designed to be changeable. Even constitutions, the least flexible of legal institutions, are often changed: Argentina, which has had four different constitutions in the last 60 years, is a case in point. Finally, can we completely reject the hypothesis that persistence depends on geographical factors?

Putnam attributes the persistence of economic development to culture, it has no explicit mechanisms for amendment

Measuring civic capital: number of nonprofits, donation of blood and organs, frequency of cheating in a national exam taken by children

Consistent with Putnam’s conjecture, we find that **Northern cities that experienced a period of independence in the Middle Ages have significantly higher levels of civic capital today as measured by all three indicators.**

History causes a feeling of self-efficacy – the belief a person holds regarding their power to affect situations positively.

8th graders in northern cities that did have the free city-state historical experience display a higher degree of self-efficacy than their peers living in Northern cities that were not communes. Controlled for geography here.

Self-efficacy beliefs and civic capital

Individuals with stronger self-efficacy beliefs expect their own effort to have higher chances of paying off (both directly and indirectly) **increasing their willingness to contribute**. Hence, cooperative behavior is more likely to occur among people with a higher self-efficacy, whereas societies in which lack of self-efficacy is pervasive will tend to have lower levels of civic capital. What about having a large sense of self-efficacy but not being altruistic at all?

Nunn and Wantchenkon (2011), for instance, show the long-term persistence of the effects of the slave trade on Africa’s level of trust today. All these papers present evidence of a negative shock, which persisted through centuries. By contrast, we provide evidence of a positive lasting shock, which provides some hints on how civic capital can be enhanced.

Tabellini (2010) and Gorodnichenko and Roland (2014) stress the importance of individualism for promoting private innovation and growth. Our paper shows that shared beliefs of individual self-determination can promote civic engagement and cooperation.

Empirical analysis

The effect of being a historical free city state on civic capital, here proxied by the number of nonprofit organisations

Other determinants of civic capital: income inequality. Adds Gini measures of inequality

Control for population and population squared

文本

描述已自动生成

Effect on civic capital very small

表格

描述已自动生成

Transmission Mechanism

Informal institutions: artisan’s guilds and associations survived the disappearance of free city-states

Historical experience affected the attitude of the local population and this attitude survived to this day

Educational transmissions of beliefs – even if kids get raised the same way they will be socialised into a cultural norm as well

图形用户界面, 文本, 应用程序, 电子邮件

描述已自动生成

文本

描述已自动生成

# Why not a political Coase theorem? Social conflict, commitment, and politics Daron Acemoglu 2003

The first category in this taxonomy is designated as “**the political Coase theorem**” (PCT). The Coase theorem maintains that, if property rights are well-defined and there are no transaction costs, economic agents will contract to achieve an efficient outcome, irrespective of who holds the property rights on particular assets (Coase, 1960; Stigler, 1966). Irrespective of who’s in power, the best outcome shouldn’t differ. According to this approach, policy and institutional differences are not the major determinant of the differences in economic outcomes, because societies choose, at least approximately, the appropriate policies and institutions for their conditions.

The second category is designated **“theories of belief differences”** (or a modified political Coase theorem). According to this view, societies may choose different policies, with very different implications, because they or their leaders disagree about what would be good for the society.

The third category is “**theories of social conflict**.” According to this perspective, societies choose different policies, some of which are disastrous for their citizens, because those decisions are made by politicians or politically powerful social groups that are interested in maximizing their own payoffs, not aggregate output or social welfare. This category includes both theories for which internal conflict within the society leads to inefficient choices and those for which inefficient institutions and policies are imposed on societies from the outside, e.g., by colonial powers.

PCT sucks.

* No enforceable contract

Underlying the Coase theorem is the ability to write enforceable contracts. Therefore, any enforcement problem potentially limits the applicability of the Coase theorem.4 In the context of the PCT, widespread enforcement problems arise because most contracts are enforced by the state. Contracts that the state, or social groups controlling the state, would like to write with others, e.g., the citizens, will be non-enforceable by definition because groups controlling the state cannot commit to not using their power to renege on their promises or to not changing the terms of the contract. Hence, the allocation of political power creates an inherent commitment problem that undermines the potential to reach efficient outcomes

Two part commitment problem

* + Those in power cannot commit to not using their power as long as they do not relinquish it in ways that benefit them in the future
  + If relinquish, citizens cannot commit to making side payments to them in the future

To focus on commitment problems inherent in political situations, the theoretical analysis in this paper allows unrestricted transfers and taxes, including non-distortionary lump-sum taxes. The inefficiencies arise not because of any restrictions on the technology of taxation but because of the political-economic interactions between different groups and agents. Despite the availability of non-distortionary taxes, the model suggests that, in this type of repeated game environment, the equilibrium may involve distortionary taxes.

By providing a rationale for inefficient methods of taxation, this paper also relates to a few studies that investigate the reasons why societies choose inefficient redistributive policies rather than lump-sum taxation and transfers.

文本

描述已自动生成

Beta: intertemporal discounting

图片包含 表格

描述已自动生成

First, if the PCT does not apply, the distribution of political power between the ruler and the citizens matters for the equilibrium outcome. More interesting, the decision-making horizon of the ruler matters.

Let us now assume that the citizens can attempt to replace the politician, although such replacement is costly. Regarding the timing of events the replacement decision occurs after the ruler sets taxes. Let us also assume that the cost of replacement, denoted c, is incurred by all citizens irrespective of whether they support the replacement of the ruler, i.e., there is no free-rider problem.27 If citizens attempt to replace the ruler, we assume that they succeed with probability p.

表格

中度可信度描述已自动生成

Free-riding

# History Never Really Says Goodbye: A Critical Review of the Persistence Literature Leticia Arroyo Abad1 and Noel Maurer 2021

We argue, however, that some of the persistence literature has overcorrected for past oversights. We select canonical persistence studies to illustrate some common pitfalls in the literature and discuss potential ways around them. These include the failure to recognize institutional change (“anti-persistence”), vague mechanisms, the insufficient use (or misuse) of historical sources and narratives, the compression of history, and a failure to account for the effects of geography. We suggest that the current enthusiasm for persistence studies risks pushing out other valuable work in economic history and historical political economy.

Social science assumes the persistence of human institutions. Rules that can change suddenly and randomly are no rules at all. For example, a constitution cannot shape political behavior if politicians can change the procedures that govern lawmaking at their whim. Studying institutions, therefore, means studying the conditions under which institutions are stable and the conditions under which they change. This realization, of course, dates back at least to classical Marxism in which history is seen as a progression from one equilibrium to another, with persistence within the stages.

Persistence studies have investigated an extraordinarily broad range of topics. Joachim Voth incisively divided persistence studies into two categories: (1) “Apples to oranges” studies that use economic variables on the left-hand side and regress them on non-economic historical “treatment” variables on the right-hand side; and (2) “Apples to apples” studies which use non-economic treatments in the past to explain non-economic (e.g., political or cultural) variables today (Voth, 2021).

Apples to oranges: mechanisms are ill-defined or ad-hoc. As a practical matter it is extremely difficult to publish a paper that finds that a major historical event had no effect decades or centuries later.

“Apples to apples” studies, meanwhile, are subject to two additional pitfalls. First, it is not always clear that non-economic treatment and outcome variables are any more closely related than economic and non-economic variables. To give a heuristic example is the time that a Polish village spent under Russian rule more related to voting preferences or is it more related to per capita income? Second, as Voth makes clear, some of the causal chains are complex and mediated by other variables. Does the history of Russian rule in Polish villages influence voting patterns through per capita income? The results of such studies can be hard to interpret unless the mechanisms are extremely well-specified.

Anti-persistence

If the goal is to establish a general theory of persistence, then ideally, we would want a large sample of long-ago institutional changes against which we could assess which have long-lasting effects and which ones do not. If colonial origins determined future economic growth, then the implication is that the effect of precolonial institutions did not persist.

An example of a persistence study that provides strong evidence that interventions can change society is Alesina and Fuchs-Schündeln’s (2007) paper on the political impact of German reunification. They show that people who grew up under Communist rule favor state intervention more than West Germans. Attitudes are converging, they found, but remarkably slowly.

Soviet repression appears to have changed cultural attitudes towards Russia. Lupu and Peisakhin (2017) found that the descendants of individual Crimean Tatars who experienced more brutality when Stalin deported the community are much more likely to identify as Tatar, celebrate Tatar holidays, support Tatar politicians, oppose annexation by Russia, and vote in elections. On the other hand, they are not more likely to practice Islam or support Islamist movements: their attitudes are strictly anti-Russian and passed on through family ties.

P36

Random drawing of African borders

The random borders drawn by the European colonizers of Africa provide another (marginally less murderous) set of natural experiments to test whether different policies and new institutions can produce long-lasting changes. For example, Cogneau and Moradi (2014) used the post-WW1 division of Togoland to test whether different British and French educational policies made a lasting impact. They found that literacy began to diverge within a decade and that the divergence persisted into the 21st century.

**Persistence studies of Africa have relied on the precolonial geographic distribution of ethnic groups in order to analyze the impact of arbitrary colonial boundaries and the slave trade on later political and economic developments.**

Beware for the **Michalopoulos and Papaioannou** paper!

The problem with Murdock (1959) is not that the data were later superseded. Rather, the problem is that his data were recognized as unreliable (to be charitable) at the time they were produced. The volume was described as “courageous”, “bold”, “influential”, “tour de force”, “provocative” but also “a special menace,” “dogmatic,” and “factually wrong.” The volume was criticized widely and harshly by linguists, historians, and anthropologists in terms that make an economics seminar seem warm and welcoming.14 Murdock cherry picked work by botanists, creatively massaged demographic evidence, ignored historical work, disregarded post-war censuses, and contradicted anthropological findings. Nor did he make it easy to dispel doubts about factual errors, generalizations, and selective use of sources as his book did not provide a comprehensive discussion of his sources — or even any footnotes at all.

***Show me your mechanism***

Persistence studies need a convincing mechanism to explain what stops the effects of past events from dissipating. After all, people move, institutions change, and borders shift. Without mechanisms what you have is quantum persistence: spooky effects at a (temporal) distance

The first category relies on theoretical models to describe hypothetical mechanisms without historical evidence that they indeed operated. A second set confuses alternative outcome measures with evidence of historical mechanisms. A third category presents plausible mechanisms but tortures history in the process.

**AT: Comin et al.**

Comin et al. (2010) start their analysis a little bit later, in an article entitled “Was the Wealth of Nations Determined in 1000 B.C.?” They use of the Atlas of Cultural Evolution to code whether a region used certain technologies in 1000 B.C., around 1 A.D., and in 1500 A.D. The mechanism through which past technology adoption determines later technological development is simple path dependence deriving from complementarities between old and new technologies, adoption costs, and feedback effects that make further technological advance easier once past technologies have been mastered.

* Mechanism works through populations, not geographies, attempt to account for this by using data from Putterman and Weil about the origin of populations of modern-day countries. One problem, however, comes from the fact that Putterman and Weil measure only post-1500 migrations. It is unclear, then, why the level of technology used in (say) Iberia in 1000 B.C. should determine technology use in 1500, given that few of the inhabitants of Iberia in 1500 descended from people who were there 2,500 years earlier. P45
* There is evidence of societies adopting innovations developed elsewhere.
* Sources weighted towards tech used in western Europe.

***Dell on the mita:***

The proposed mechanisms were the system of land tenure, the provision of public goods, and market participation. The paper is meticulous and very well done, but the proposed mechanisms are somewhat questionable, historically speaking.

* It is not clear that the mita in its classic form persisted for very long. Historians have shown that the mita obligation changed over time. Indigenous populations challenged the institution by buying-out the obligation, baptizing children as females, and mass outmigration. As a result, the mita in 1700s was a very distant cousin to its form in 1578 (Abad and Maurer, 2019).

Dell says Haciendas were good for economic development: protect peasants against colonial exploitation, haciendas still had productivity growth because better property rights

There is some evidence that haciendas provided labor to the mines, particularly since mines and haciendas were often owned by the same people (Favre, 1966). The paper also provides evidence that haciendas tried to expand into the former mita area after independence but were violently resisted by the peasantry. If haciendas fomented economic growth, however, then the implication is that the peasants shot their descendants in the foot by resisting: they would have been better off without access to their own lands but with the opportunity to work on more prosperous plantations and enjoy the benefits of more roads and schools. Is haciendas just another form of exploitation?

Implicitly, Dell (2010) recognizes this contradiction, and the paper focuses on the mechanisms through which haciendas may have promoted development after independence. She provides evidence that schooling and roads are more plentiful outside her identified mita boundary, but the connection with haciendas is not conclusively demonstrated, either historically or econometrically. P48

Banerjee and Iyer (2005) investigate a similar question — do extractive colonial institutions have long-term effects? — but over a much shorter time frame. They ask whether the colonial landlord system in British India had long-term effects. Under the landlord system, the British placed the local tax liability for a village or group of villages with a single person. The landlord, in turn, received the right to collect taxes from the occupants under his jurisdiction, subject to some legal protections. Independent India abolished the system in short order, unsurprisingly. After demonstrating a causal relationship between being under a landlord and outcomes over the next few decades, they proceed a bit like Sherlock Holmes, eliminating plausible mechanisms until one is left: a polarized and conflictual political environment created by peasant “memories of an oppressive and often absentee landlord class” (Banerjee and Iyer, 2005, p. 1210).

At Nunn: mechanism of lower trust, tested for in Nunn and Wantchenkon 2011

Nunn’s classic 2008 study of the slave trade is tour de force in data collection and analysis and it is deservedly lauded, but it does suffer from the compression of history.

First, it is far from clear that slave exports destabilized precolonial African states.38 Second, the unconstrained relationship between the slave trade and income only emerges after independence and grows stronger across time. We therefore re-ran the regressions from Table III of Nunn (2008) using new GDP per capita data from the latest release of the Maddison Project (2020) for every year between 1950 and 2018.

图表, 折线图

描述已自动生成

Nunn is aware that the relationship between **slave exports and GDP per capita** grew stronger after independence. He speculates that precolonial structures “suddenly increased in importance, as they became central determinants of the success of the newly formed state” (Nunn, 2008, p. 167) That, however, is a hypothesis rather than a mechanism. The European colonial empires were in general ramshackle affairs, with only limited control over the territory they ostensibly claimed, and European governments often ruled Africa “indirectly” through rulers at least notionally linked to precolonial traditions. Moreover, if the results using the new Maddison Project estimates are accurate, then any mechanism would have to explain not only why the relationship did not emerge until the Europeans withdrew but also why it faded over the first two decades of the 21st century. P54

# Kelly, Morgan. “The Standard Errors of Persistence” (April, 2019).

A large literature on persistence finds that many modern outcomes strongly reflect characteristics of the same places in the distant past. However, alongside unusually high t statistics, these regressions display severe spatial autocorrelation in residuals, and the purpose of this paper is to examine whether these two properties might be connected. We start by running artificial regressions where both variables are spatial noise and find that, even for modest ranges of spatial correlation between points, t statistics become severely inflated leading to significance levels that are in error by several orders of magnitude. We analyse 27 persistence studies in leading journals and find that in most cases if we replace the main explanatory variable with spatial noise the fit of the regression commonly improves; and if we replace the dependent variable with spatial noise, the persistence variable can still explain it at high significance levels. We can predict in advance which persistence results might be the outcome of fitting spatial noise from the degree of spatial autocorrelation in their residuals measured by a standard Moran statistic. Our findings suggest that the results of persistence studies, and of spatial regressions more generally, might be treated with some caution in the absence of reported Moran statistics and noise simulations.

Several papers considered below make a Conley (1999) adjustment to their standard errors to control for spatial correlation. This adjustment, analogous to an adjustment for heteroskedasticity and autocorrelation, consists of calculating a covariance matrix with spatial weights chosen from some kernel, typically a uniform kernel where points within a given distance are assigned a weight of unity, and zero otherwise. The fact that adjusted standard errors are largely unchanged is a consequence of setting an extremely low cutoff radius beyond which observations are given a weight of zero. For example Nunn and Wantchenkon (2011) set a radius of three degrees for Africa, which spans about 70 degrees each way

图表

描述已自动生成

We first report Moran statistics to test for the presence of spatial autocorrelation in regression residuals. For large samples the Moran statistic follows a normal distribution, and the associated z scores for each regression are graphed in Figure 7. The diagram shows how only about one quarter of studies return a Moran statistic below two (remember this cutoff is not intended to be an arbitrary “significant/insignificant” one but only suggestive), and in most cases the degree of autocorrelation is severe: a Z score of 13 corresponds to a p value of order 10^−41

图片包含 图形用户界面

描述已自动生成

图表

描述已自动生成

Applying this procedure to 27 studies in leading journals we found that in about three quarters of cases, corresponding to large Moran statistics, the persistence variable had strong ability to predict noise, and frequently had lower predictive as an explanatory variable than did spatial noise. Our findings suggest that the results of persistence studies, and of spatial regressions more generally, might be treated with some caution in the absence of reported Moran statistics and noise simulations.