

Analytic Narratives

Provisional syllabus
January 2011

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This course is an advanced graduate course in economics. This course is designed to help students to carry out research in economic history, new institutional economics, development economics and political economy.

This course examines topics where a combination of economic theory and traditional narration has been shown to have been useful in generating economic insights. For example: how can trade take place in the absence of the state or a functioning legal system? How did states emerge? How do religious or cultural values interact with economic incentives? We will combine insights from theoretical models with empirical and historical case studies. The aim of the course is to try to write papers in the analytical narrative tradition. Those who are still unsure of what an analytical narrative can refer to:

- Avner Greif, Cliometrics after 40 years, *The American Economic Review* 87, Nr. 2 1997;
- Robert H. Bates et al., editors, *Analytic Narratives* Princeton, New Jersey: Princeton University Press, 1998;
- R.H. Bates et al., The Analytical Narrative Project 2000.¹

This is a provisional syllabus. It lists likely topics. However, I am open to suggestions for readings from students.

Although I assume a background knowledge of economic history, this is not a history class *per se*. Students without a background in economic history should be able to catch-up relatively quickly. There are numerous general introductions to European economic history.²

There will be some game theory in this course. All important concepts will be introduced and discussed in class. Useful primers and textbooks include:

- Martin J. Osborne, *An Introduction to Game Theory* Oxford: Oxford University Press, 2003;

¹Also see reviews of this volume J. Elster, Rational choice history: A case of excessive ambition 2000 and Peter Boettke, Review of Analytical Narratives, *Constitutional Political Economy* 11 2001

²For example Gregory Clark, *Farewell to Alms* Princeton, New Jersey: Princeton University Press, 2007; Rondo Cameron and Larry Neal, *A Concise Economic History of the World from Paleolithic Times to the Present*, 4th edition New York: Oxford University Press, 2002; Nathan Rosenberg and Jr. L.E. Birdzell, *How the West Grew Rich, the economic transformation of the industrial world* New York, U.S.A: Basic Books, 1986; Douglass C. North and Robert Paul Thomas, *The Rise of the Western World* Cambridge, U.K.: Cambridge University Press, 1973.

- Jean Tirole and Drew Fudenberg, *Game Theory* Cambridge, MA.: MIT Press, 1991;

The basics are spelt out in Avner Greif, *Institutions and the Path to the Modern Economy* Cambridge, U.K.: Cambridge University Press, 2006 Appendix A.

Readings

Each week there will be several required readings. There will be an essential set of readings which I expect you all to complete *before* each seminar and a set of additional readings. You are encouraged to try to read at least one of the additional readings each week. The main purpose of the additional readings is to provide you with additional references that will be discussed in the seminars and will be useful when it comes to writing your papers.

- Students are expected to read and be able to discuss all of the required readings during class. This combined with a class room presentation of a paper determines 50 % of the grade.
- Each student will produce a 15-20 page paper by the end of the semester. This determines the remaining 50 % of the grade.

The course is reading intensive. However, many of these papers will be familiar to you from other courses either in development, economic history or institutional analysis.

Trade without Law

Required papers:

- Paul R. Milgrom, Douglass C. North and Barry R. Weingast, The Role of Institutions in the Revival of Trade: The Law Merchant, Private Judges, and the Champagne Fairs, *Economics & Politics* 2, Nr. 1 1990
- Michihiro Kandori, Social Norms and Community Enforcement, *Review of Economic Studies* 59, Nr. 1 January 1992
- Avner Greif, *Institutions and the Path to the Modern Economy* Cambridge, U.K.: Cambridge University Press, 2006 Chapter 3
- Avinash Dixit, Trade Expansion and Contract Enforcement, *Journal of Political Economy* 111, Nr. 6 December 2003

Recommended papers:

- B.L. Benson, The spontaneous evolution of commercial law, *Southern Economic Journal* 1989
- Avner Greif, Reputation and coalitions in medieval trade: evidence on the Maghribi traders, *Journal of Economic History* 49, Nr. 4 1989

- Avinash Dixit, *Lawlessness and Economics* Oxford: Princeton University Press, 2004
- Avner Greif, *Institutions and the Path to the Modern Economy* Cambridge, U.K.: Cambridge University Press, 2006 Chapter 10
- Lisa Bernstein, Opting Out of the Legal System: Extralegal Contractual Relations in the Diamond Industry, *The Journal of Legal Studies* 21, Nr. 1 January 1992
- Peter T. Leeson, Trading with Bandits, *Journal of Law & Economics* 50 2007
- Peter T. Leeson, Social Distance and Self-Enforcing Exchange, *Journal of Legal Studies* 37, Nr. 1 01 2008

Can trade take place in the absence of the state? Historical evidence demonstrates that trade relationships can be enforced through a variety of different mechanisms. This literature draws heavily on insights from game theory. Kandori's paper on community enforcement is an important theoretical reference. There are also many case studies that have shed important light on mechanisms that would otherwise have been overlooked by economists. Benson (1989), Milgrom, North, and Weingast (1990) and Dixit (2004) point out examples of private third party enforcement mechanisms. Greif argues that the Maghribi traders employed multilateral punishment for deviators. Leeson's paper emphasizes the idea that social distance is itself partly endogenous.

There are several important questions raised by this literature. Once we have identified a mechanism that *could* have supported trade how do we demonstrate that it actually *did* perform in the way specified by the theory? What kind of evidence do we need to muster? Is narrative evidence sufficient or should it be supported by quantifiable data or econometric analysis. Finally what do mathematical models add to the narrative history offered by Benson? In this class we will go over some of the core game theoretic concepts in detail.

Origins and Rise of the State

Required papers:

- Douglass C. North, *Structure and Change in Economic History* New York, U.S.A: Norton, 1981 Chapter 3
- Robert Bates, Avner Greif and Smita Singh, Organizing Violence, *Journal of Conflict Resolution* 46 2002
- Meir Kohn, The impact of government on economic development and growth in pre-industrial Europe 2005
- Richard H. Steckel and John Wallis, Steel, Bones, and States: : A New Approach to the Neolithic Revolution 2007
- Joram Mayshar, Omer Moav and Zvika Neeman, Transparency, Appropriability and the Early State, CEPR Discussion Papers 8548 C.E.P.R. Discussion Papers, August 2011

Recommended papers:

- Douglass C. North, Government and the Cost of Exchange in History, *The Journal of Economic History* 44, Nr. 02 1984
- Mancur Olsen, Dictatorship, Democracy, and Development, *American Political Science Review* 87 1993
- Herschel I. Grossman, The state: Agent or proprietor?, *Economics of Governance* 1, Nr. 1 03 2000
- Herschel I. Grossman, 'Make us a king': anarchy, predation, and the state, *European Journal of Political Economy* 18, Nr. 1 March 2002
- Avner Greif, *Institutions and the Path to the Modern Economy* Cambridge, U.K.: Cambridge University Press, 2006 Chapter 8

Normative welfare economics treats the state as exogenous. Work in the tradition of public choice and modern political economy make the state endogenous. This week's seminar asks: how did the state emerge? How should the state be analyzed? What role does the state play in enforcing contracts and providing law and order? Under what conditions will the state be predatory and under what conditions will it provide public goods? Under what situations can democracy arise? How does this research link in with the economics of anarchy? How does it relate to work in public choice?

Violence and the Natural State

Required papers:

- Charles Tilly, *Wormaking and Statemaking as Organized Crime*, in: Peter Evans, Dietrich Rueschemeyer and Theda Skocpol, editors, *Bringing the State Back In* Cambridge, UK: Cambridge University Press, 1985
- Stergios Skaperdas, Contest Success Functions, *Economic Theory* 7, Nr. 2 February 1996
- Daron Acemoglu, Why Not a Political Coase Theorem? Social Conflict, Commitment and Politics, *Journal of Comparative Economics* 31, Nr. 4 2003
- Timothy Besley and Torsten Persson, The Logic of Political Violence, *The Quarterly Journal of Economics* 126, Nr. 3 2011
- Douglass C. North, John Joseph Wallis and Barry R. Weingast, *Violence and Social Orders: a conceptual framework for interpreting recorded human history* Cambridge: Cambridge University Press, 2009 Chapters 1 and 2

Recommended papers:

- Michael McBride, Gary Milante and Stergios Skaperdas, Peace and War With Endogenous State Capacity, *Journal of Conflict Resolution* 55, Nr. 3 June 2011

- Christopher Blattman and Edward Miguel, Civil War, *Journal of Economic Literature* 48, Nr. 1 March 2010
- Bruce Bueno de Mesquita et al., *The Logic of Political Survival* Cambridge, MA: MIT Press, 2003
- Daron Acemoglu, Why Not a Political Coase Theorem? Social Conflict, Commitment and Politics, *Journal of Comparative Economics* 31, Nr. 4 2003
- John V.C. Nye, *Thinking about the State: Property Rights, Trade, and Changing Contractual Arrangements in a World with Coercion*, in: John V.C. Nye and John Drobak, editors, *The Frontiers of the New Institutional Economics* San Diego, California: Academic Press, 1997
- Robert H. Bates et al., editors, *Analytic Narratives* Princeton, New Jersey: Princeton University Press, 1998 Chapter 2
- Roger B. Myerson, The Autocrat's Credibility Problem and Foundations of the Constitutional State, *American Political Science Review* 102 2008

The implicit threat of coercion or violence underpins government institutions. How has war and violence shaped the development of the state through history? In terms of analytical framework we study contest success functions which are widely used in the literature on conflict and civil war.

We go on to assess whether or not North, Wallis and Weingast(NWW) provide a richer theory of the state than the authors considered last week. How can the NWW framework be taken up by other economists and economic historians? This literature also raises some wider questions. Is it useful to consider the state as a unitary actor? Or should the state be viewed as a coalition of interests as de Mesquite et al argue?

Finally, we briefly touch on the subject of revolutions and civil wars.

Governance with and without the state

Required papers:

- Avinash Dixit, *Lawlessness and Economics* Oxford: Princeton University Press, 2004
- Avinash Dixit, On Modes of Economic Governance, *Econometrica* 71, Nr. 2 March 2003

Recommended papers:

- David Skarbeck, Governance and Prison Gangs, *American Political Science Review* 105, Nr. 4 2011
- Mark Koyama, Prosecution Associations in Industrial Revolution England: Private Providers of Public Goods?, *Journal of Legal Studies* Forthcoming 2012
- Edward Stringham, The Emergence of the London Stock Exchange as a Self-Policing Club, *Journal of Private Enterprise* 17 2002

- Larry Neal, *The Evolution of Self-and State Regulation of the London Stock Exchange, 1688–1878*, in: Debin Ma and Jan Luiten van Zanden, editors, *Law and Long-Term Economic Change* Stanford: Stanford University Press, 2011
- Bruce L Benson, An Economic Theory of the Evolution of Governance and the Emergence of the State, *The Review of Austrian Economics* 12, Nr. 2 November 1999
- Daniel B Klein, The Voluntary Provision of Public Goods? The Turnpike Companies of Early America, *Economic Inquiry* 28, Nr. 4 October 1990

How can there be governance in the absence of a ‘state’ traditionally understood? How are property rights enforced? Are other public goods provided by ‘governance’ institutions? Is there competition or a tendency towards monopolization? What are the limits of scalability? The aim for this class is to explore the question of how to conduct research on governance institutions. What kinds of questions should we explore? Where can we find data/case-studies? What empirical benchmarks should we use?

Labour Markets 1: Serfdom

Required papers:

- Evsey D. Domar, The Causes of Slavery or Serfdom: A Hypothesis, *The Journal of Economic History* 30, Nr. 1 1970
- Robert Brenner, Agrarian class structure and economic development in pre-industrial Europe, *Past and Present* 70, Nr. 1 1976
- Jonathan Conning, The Causes of Slavery or Serfdom and the Roads to Agrarian Capitalism: Domar’s Hypothesis Revisited, Hunter college department of economics working papers Hunter College: Department of Economics, 2004
- Nils-Petter Lagerlöf, Slavery and Other Property Rights, *Review of Economic Studies* 76, Nr. 1 01 2009
- Alexander Wolitzky and Daron Acemoglu, The Economics of Labor Coercion, *Econometrica* 79, Nr. 2 2011
- James A. Robinson and Ragnar Torvik, Institutional Comparative Statics 2011

Recommended papers:

- Douglass C North and Robert P. Thomas, The rise and fall of the manorial system: A theoretical model, *The Journal of Economic History* 31, Nr. 4 1971
- E.L.R. Ladurie, A reply to Professor Brenner, *Past and Present* 1978
- Sheilagh Ogilvie, Communities and the ‘Second Serfdom’ in Early Modern Bohemia, *Past & present* 187, Nr. 1 2005

How did factor markets, particularly labour markets, develop in pre-industrial times? Why did slavery and serfdom develop in some areas whereas free labour markets developed in other areas? Why have labour markets historically often been characterized by coercion?

We consider a couple of open debates in economic history: the rise of serfdom in western European in the middle ages and the second serfdom in Eastern Europe in the early modern period.

The paper by Domar is a classic analytical narrative—combining economic theory with a historical case study. Brenner’s article is a famous Marxian response to it. Conning’s recent paper is an attempt to theoretically model Domar’s story. Acemoglu and Wolitzky provide a general model of labor coercion. How does this literature relate to the literature on slavery in American economic history?

Labour Markets 2: Guilds

Required papers:

- Avner Greif, Paul Milgrom and Barry R. Weingast, Coordination, Commitment, and Enforcement: The Case of the Merchant Guild, *Journal of Political Economy* 102, Nr. 4 August 1994
- Jeremy Edwards and Sheilagh Ogilvie, What Lessons for Economic Development Can We Draw from the Champagne Fairs? 2011
- Sheilagh Ogilvie, *Institutions and European Trade: Merchant Guilds, 1000-1800* Cambridge: Cambridge University Press, 2011

Recommended papers:

- Charles R. Hickson and Earl A. Thompson, A new theory of guilds and European economic development, *Explorations in Economic History* 28, Nr. 2 1991
- Sheilagh Ogilvie, Guilds, efficiency, and social capital: evidence from German proto-industry, *Economic History Review* 57, Nr. 2 05 2004
- Gary Richardson, The Prudent Village: Risk Pooling Institutions in Medieval English Agriculture, *The Journal of Economic History* 65, Nr. 2 2005
- Gary Richardson, Brand Names Before the Industrial Revolution, Working Paper 13930 National Bureau of Economic Research, April 2008, (URL: <http://www.nber.org/papers/w13930>)
- S. R. Epstein, Craft Guilds, Apprenticeship, and Technological Change in Preindustrial Europe, *The Journal of Economic History* 58, Nr. 3 1998*

Most commercial activities in pre-industrial Europe was controlled by merchant or trade guilds. Traditional historians viewed institutions like guilds as repressing economic development. More recently some economists have reinterpreted guilds as ‘efficient institutions’. Ogilvie critiques this argument in the context of guilds in early modern Germany. How should we interpret guilds? Guilds were not a unitary

institution. They performed different functions at different times and in different places. What evidence do we require to discriminate between the different accounts offered by economic historians?

Commitment and the Growth of Capital Markets

Required papers:

- Douglass C. North and Barry Weingast, Constitutions and Commitment: the evolution of institutions governing public choice in seventeenth century England, *Journal of Economic History* 49 1989
- Gregory Clark, The Political Foundations of Modern Economic Growth, 1540–1800, *Journal of Interdisciplinary History* 26 1996
- James A. Robinson, Debt Repudiation and Risk Premia: The North-Weingast Thesis Revisited 1998
- S. R. Epstein, *Freedom and Growth, the rise of states and markets in Europe, 1300–1700* London: Routledge, 2000
- Mauricio Drelichman and Hans-Joachim Voth, Risk Sharing with the Monarch: Contingent Debt and Excusable Defaults in the Age of Phillip II, 1556-1598, *Working Paper* 2011
- David Stasavage, Credible Commitment in Early Modern Europe: North and Weingast Revisited, *Journal of Law, Economics, and Organization* 18, Nr. 1 2002
- David Stasavage, When Distance Mattered: Geographic Scale and the Development of European Representative Assemblies, *American Political Science Review* 104, Nr. 4 2010

Recommended papers:

- Hilton Root, Tying the King's Hands: Credible Commitments and Royal Fiscal Policy During the Old Regime, *Rationality and Society* 1, Nr. 2 1989
- Meir Kohn, Government Finance in Pre-Industrial Europe 2005
- Mark Koyama, The political economy of expulsion: the regulation of Jewish moneylending in medieval England, *Constitutional Political Economy* 21, Nr. 4 December 2010
- Avner Greif, Institutions and Impersonal Exchange: From Communal to Individual Responsibility, *Journal of Institutional and Theoretical Economics (JITE)* 127, Nr. 1 March 2002
- Philip T. Hoffman, Gilles Postel-Vinay and Jean-Laurent Rosenthal, What do Notaries do?. Overcoming Asymmetric Information in Financial Markets: The Case of Paris, 1751, *Journal of Institutional and Theoretical Economics* 154, Nr. 3 September 1998

- Marcel Fafchamps, Risk sharing and quasi-credit, *The Journal of International Trade & Economic Development* 8, Nr. 3 1999
- Nathan Sussman and Yishay Yafeh, Institutional Reforms, Financial Development and Sovereign Debt: Britain 1690–1790, *The Journal of Economic History* 66, Nr. 04 December 2006
- James A. Robinson, Debt Repudiation and Risk Premia: The North-Weingast Thesis Revisited 1998
- Gary W Cox, War, Moral Hazard, and Ministerial Responsibility: England After the Glorious Revolution, *The Journal of Economic History* 71, Nr. 01 March 2011

Did the Glorious Revolution led to a reconfiguration of British capital markets? In a highly influential paper North and Weingast argue that institutional improvements led to the state being able to borrow on better terms and to an improvement in private capital markets. Evaluate this argument. The additional readings consist of some criticisms of North’s reading of the historical evidence. The unpublished paper by James Robinson is a partial defense.

Property Rights

Required papers:

- Jean-Laurent Rosenthal, The Development of Irrigation in Provence, 1700-1860: The French Revolution and Economic Growth, *The Journal of Economic History* 50, Nr. 3 1990
- Dan Bogart and Gary Richardson, Making property productive: reorganizing rights to real and equitable estates in Britain, 1660–1830, *European Review of Economic History* 13, Nr. 01 April 2009
- Daniel Bogart and Gary Richardson, Property Rights and Parliament in Industrializing Britain, NBER Working Papers 15697 National Bureau of Economic Research, Inc, January 2010
- Naomi R. Lamoreaux, The Mystery of Property Rights: A U.S. Perspective, *The Journal of Economic History* 71, Nr. 02 2011

Recommended papers:

- Joel Mokyr and John V. C. Nye, Distribution Coalitions, the Industrial Revolution, and the Origins of Economics Growth in Britain, *Southern Economic Journal* 74, Nr. 1 July 2007
- Daniel Bogart and Gary Richardson, Property Rights and Parliament in Industrializing Britain, *Journal of Law & Economics* Forthcoming

Stable and codified property rights are widely seen as an important prerequisite for economic growth. The conventional historical narrative holds that property rights were unstable in absolutist regime such as France and well-protected in parliamentary regimes like England. Is this conventional wisdom true? Recent work suggests that parliament was a forum in which property rights could be renegotiated and that this allowed England to avoid hold-up problems that beset France. What institutions enabled Coasian bargains to take place in England that did not take place elsewhere in Europe?

State Capacity

Required papers:

- Douglass C. North, John Joseph Wallis and Barry R. Weingast, *Violence and Social Orders: a conceptual framework for interpreting recorded human history* Cambridge: Cambridge University Press, 2009
- Timothy Besley and Torsten Persson, The Origins of State Capacity: Property Rights, Taxation, and Politics, *American Economic Review* 99, Nr. 4 September 2009
- Daron Acemoglu, Institutions, Factor Prices, and Taxation: Virtues of Strong States?, *American Economic Review* 100, Nr. 2 May 2010
- Patrick K. O'Brien, The nature and historical evolution of an exceptional fiscal state and its possible significance for the precocious commercialization and industrialization of the British economy from Cromwell to Nelson, *The Economic History Review* 2011
- Noel D. Johnson and Mark Koyama, Taxes, Lawyers, and the Decline of Witchcraft October 2011
- Nicola Gennaioli and Hans-Joachim Voth, State Capacity and Military Conflict November 2011

Recommended papers:

- John Brewer, *The Sinews of Power* Cambridge, M.A.: Harvard University Press, 1988
- Hilton L. Root, The Redistributive Role of Government: Economic Regulation in Old Régime France and England, *Comparative Studies in Society and History* 33, Nr. 02 1991
- Bradford DeLong, Overstrong Against Thyself: War, the State, and Growth in Europe on the Eve of the Industrial Revolution, in: *A Not-So-Dismal Science* Oxford, U.K.: OUP, 2000
- Timothy Besley and Torsten Persson, Property rights, taxation, and policy, *American Economic Review* 2009

- Yoram Barzel and Edgar Kiser, Taxation and Voting Rights in Medieval England and France, *Rationality and Society* 14 2002
- Nicola Gennaioli and Ilia Rainer, The modern impact of precolonial centralization in Africa, *Journal of Economic Growth* 12, Nr. 3 September 2007
- Daron Acemoglu, A Simple Model of Inefficient Institutions, *Scandinavian Journal of Economics* 108 2006
- Eliana Balla and Noel D. Johnson, Fiscal Crisis and Institutional Change in the Ottoman Empire and France, *The Journal of Economic History* 69, Nr. 03 September 2009
- Joel Mokyr and John V. C. Nye, Distribution Coalitions, the Industrial Revolution, and the Origins of Economic Growth in Britain, *Southern Economic Journal* 74, Nr. 1 July 2007

The work of North and Weingast suggests that the state needed to be constrained in order for economic growth to get started. Recent work in economic history and political economy has modified this argument. How do Besley and Persson explain the origin of state capacity? What role does war play in their account? What is the relationship between legal and fiscal capacity.

Democracy and Political Institutions

Required papers:

- Daron Acemoglu and James A. Robinson, Persistence of Power, Elites, and Institutions, *American Economic Review* 98, Nr. 1 March 2008
- Daron Acemoglu, Oligarchic Versus Democratic Societies, *Journal of the European Economic Association* 6, Nr. 1 03 2008
- Daron Acemoglu et al., Reevaluating the modernization hypothesis, *Journal of Monetary Economics* 56, Nr. 8 November 2009
- Barry R. Weingast, The Economic Role of Political Institutions: Market-Preserving Federalism and Economic Development, *Journal of Law, Economics, and Organization* 11, Nr. 1 April 1995

Recommended papers:

- Barry R. Weingast, The Political Foundations of Limited Government, in: John B. Drobak and John V.C. Nye, editors, *The Frontiers of the New Institutional Economics* San Diego, California: Academic Press, 1997
- Roger Congleton, On the Durability of King and Council: The Continuum Between Dictatorship and Democracy, *Constitutional Political Economy* 12, Nr. 3 September 2001

- Roger D. Congleton, From royal to parliamentary rule without revolution: The economics of constitutional exchange within divided governments, *European Journal of Political Economy* 23, Nr. 2 June 2007
- Robert K Fleck and F Andrew Hanssen, The Origins of Democracy: A Model with Application to Ancient Greece, *Journal of Law & Economics* 49, Nr. 1 April 2006

Efficient or Inefficient Institutions

Required papers:

- Avner Greif, *Institutions and the Path to the Modern Economy* Cambridge, U.K.: Cambridge University Press, 2006 pp. 153-186
- Gregory Clark, *Farewell to Alms* Princeton, New Jersey: Princeton University Press, 2007 Chapter 7
- Mauricio Drelichman, License to till: The privileges of the Spanish Mesta as a case of second-best institutions, *Explorations in Economic History* 46, Nr. 2 April 2009
- Mark Koyama, Evading the ‘Taint of Usury’: The usury prohibition as a barrier to entry, *Explorations in Economic History* 47, Nr. 4 2010
- Sheilagh Ogilvie, ‘Whatever Is, Is Right’? Economic Institutions in Pre-Industrial Europe (Tawney Lecture 2006), *Economic History Review* 60, Nr. 4 2007

Recommended papers:

- Douglass C. North and Robert Paul Thomas, *The Rise of the Western World* Cambridge, U.K.: Cambridge University Press, 1973
- Douglass C. North, *Structure and Change in Economic History* New York, U.S.A.: Norton, 1981
- Clyde G. Reed and Cliff T. Bekar, Religious prohibitions against usury, *Explorations in Economic History* 40, Nr. 4 October 2003
- Nils-Petter Lagerlöf, Pacifying monogamy, *Journal of Economic Growth* 15, Nr. 3 September 2010
- Sheilagh Ogilvie, ‘Whatever Is, Is Right’? Economic Institutions in Pre-Industrial Europe (Tawney Lecture 2006), *Economic History Review* 60, Nr. 4 2007
- Matthias Doepke and Michèle Tertilt, Women’s Liberation: What’s in It for Men?, *The Quarterly Journal of Economics* 124, Nr. 4 November 2009
- Dani Rodrik, Second-Best Institutions, *American Economic Review* 98, Nr. 2 May 2008

Do institutions evolve towards efficiency as North and Thomas (1973) and Clark (2007) suggest? This efficient institutions hypothesis has been influential in rationalizing many existing or historical institutions (e.g. Reed and Bekar, 2003). Or can inefficient institutions persist over time as Ogilvie (2007) argues. What does Drelichman mean by ‘seemingly inefficient institutions’? We will also look at some models with multiple equilibria and see how this effects efficiency/welfare analysis.

Religion, Culture and Economic Institutions

Required papers:

- Laurence R Iannaccone, Sacrifice and Stigma: Reducing Free-Riding in Cults, Communes, and Other Collectives, *Journal of Political Economy* 100, Nr. 2 April 1992
- Jean-Paul Carvalho and Mark Koyama, Development and Religious Polarization: The Emergence of Reform and Ultra-Orthodox Judaism, Economics Series Working Papers 560 University of Oxford, Department of Economics, 2011
- Matthias Doepke and Fabrizio Zilibotti, Occupational Choice and the Spirit of Capitalism, *The Quarterly Journal of Economics* 123, Nr. 2 05 2008
- Guido Tabellini, The Scope of Cooperation: Values and Incentives, *The Quarterly Journal of Economics* 123, Nr. 3 August 2008*

Recommended papers:

- Avner Greif, Cultural Beliefs and the Organization of Society: A Historical and Theoretical Reflection on Collectivist and Individualist Societies, *Journal of Political Economy* 102, Nr. 5 October 1994
- Jared Rubin, Social Insurance, Commitment, and the Origin of Law: Interest Bans in Early Christianity, *Journal of Law & Economics* 52, Nr. 4 2009
- Jared Rubin, Institutions, the Rise of Commerce, and the Persistence of Laws: Interest Restrictions in Islam Christianity, *Economic Journal* Forthcoming 2012
- Gary Richardson and Michael McBride, Religion, Longevity, and Cooperation: The Case of the Craft Guild., *Journal of Economic Behavior and Organization* 71, Nr. 2 2009
- Michael McBride, Church Club Mormon: Free-Riders, Monitoring, and Exclusion in the LDS, *Rationality and Society* 19 2007
- Maristella Botticini and Zvi Eckstein, Jewish Occupational Selection: Education, Restrictions, or Minorities, *Journal of Economic History* 65 2005
- Maristella Botticini and Zvi Eckstein, From Farmers to Merchants, Conversions and Diaspora: Human Capital and Jewish History, *Journal of the European Economic Association* 5, Nr. 5 2007

- Ran Abramitzky, The Limits of Equality: Insights from the Israeli Kibbutz, *The Quarterly Journal of Economics* 123, Nr. 3 August 2008

Culture has entered the discourse of mainstream economics. How do cultural beliefs and religious shape economic outcomes? Are cultural factors responsible for the onset of sustained economic growth? How do economic outcomes shape cultural beliefs? What factors generate religious/cultural polarization?

References

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- Acemoglu, Daron: A Simple Model of Inefficient Institutions, *Scandinavian Journal of Economics* 108 2006, 515–546
- Acemoglu, Daron: Oligarchic Versus Democratic Societies, *Journal of the European Economic Association* 6, Nr. 1 03 2008, 1–44
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- Acemoglu, Daron et al.: Reevaluating the modernization hypothesis, *Journal of Monetary Economics* 56, Nr. 8 November 2009, 1043–1058
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- Balla, Eliana and Johnson, Noel D.: Fiscal Crisis and Institutional Change in the Ottoman Empire and France, *The Journal of Economic History* 69, Nr. 03 September 2009, 809–845
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- Bates, R.H. et al.: The Analytical Narrative Project 2000
- Bates, Robert, Greif, Avner and Singh, Smita: Organizing Violence, *Journal of Conflict Resolution* 46 2002, 599–628
- Bates, Robert H. et al., editors: *Analytic Narratives* Princeton, New Jersey: Princeton University Press, 1998
- Benson, B.L.: The spontaneous evolution of commercial law, *Southern Economic Journal* 1989, 644–661
- Benson, Bruce L: An Economic Theory of the Evolution of Governance and the Emergence of the State, *The Review of Austrian Economics* 12, Nr. 2 November 1999, 131–60
- Bernstein, Lisa: Opting Out of the Legal System: Extralegal Contractual Relations in the Diamond Industry, *The Journal of Legal Studies* 21, Nr. 1 January 1992, 115–57
- Besley, Timothy and Persson, Torsten: The Origins of State Capacity: Property Rights, Taxation, and Politics, *American Economic Review* 99, Nr. 4 September 2009a, 1218–44
- Besley, Timothy and Persson, Torsten: Property rights, taxation, and policy, *American Economic Review* 2009b, Forthcoming
- Besley, Timothy and Persson, Torsten: The Logic of Political Violence, *The Quarterly Journal of Economics* 126, Nr. 3 2011, 1411–1445
- Blattman, Christopher and Miguel, Edward: Civil War, *Journal of Economic Literature* 48, Nr. 1 March 2010, 3–57
- Boettke, Peter: Review of Analytical Narratives, *Constitutional Political Economy* 11 2001, 377–379
- Bogart, Dan and Richardson, Gary: Making property productive: reorganizing rights to real and equitable estates in Britain, 1660–1830, *European Review of Economic History* 13, Nr. 01 April 2009, 3–30
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