Determinants of Growth in Economic History
Summer Term 2019
Specialization: Topics in Growth, Labor and Inequality in the Global Economy

Lecture: Mo. 16:00-17:30, Lecture hall XIa, starting April 1
Tutorial: Mo. 17:45-19:15, Lecture hall XIa, starting April 8

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Office Hours: By appointment

Content of the course:

This course aims to explain the very long run trends of growth in economic history. The two main questions that underlie the lecture and classes will be:

1. why are our societies so much more productive / rich than our ancestors’ ones?
2. why are there such large differences in income levels across societies today?

To answer these questions, the course focuses on approaches that identify fundamental determinants of growth: the geographic approach (e.g. climate and soils), the institutional approach (e.g. property rights and democracy), and the cultural approach (e.g. religion and social capital). In particular, this course aims to explain how differences in geographic endowments, institutions, and in cultural factors can help understanding diverging patterns of economic development across the world. Discussing these three approaches and their ability to explain differential development among economies will be a major theme of this course.

The course is especially designed to introduce students to the historical background and facts, as well as to state of the art econometric techniques and methods used to analyze current and historical data empirically. By doing so, students have the opportunity to get acquainted with recent empirical research on the determinants of long-term growth. Discussing empirical questions and methodological aspects that allow for causal inferences will be an important part of the course. Students will be trained for working with economic models and interpreting statistical (econometric) evidence.

The lectures will introduce students to the seminal scholarly papers for each of the three approaches. These will be based on simple econometric analysis that allow students to get acquainted with the methodology. Lectures will be supported by the tutorial for which students are required to read and prepare one recent paper in the field for class discussion each week. These papers are chosen to deepen the acquired knowledge in both historical background and econometric methods.
The course will discuss applications of econometric methods for causal identification such as instrumental variable approaches, panel analysis using fixed effects, difference-in-differences models and regression discontinuity designs. After completing the course, students will be able to understand and evaluate recent research papers in the field of long-run development, to communicate and discuss the advantages and disadvantages of different empirical methods for causal identification.

Textbooks:

The lecture is based on scholarly papers. Students can familiarize themselves with the topics through popular science readings such as:


Prerequisites:

Basic knowledge of econometrics at the level of BM Econometrics is highly advantageous. If students feel uncomfortable with their existing econometric knowledge, I recommend consulting Joshua Angrist’s and Jörn-Steffen Pischke’s book ‘Mostly Harmless Econometrics.’
(Tentative) Course Outline:

Session 01 .......................... Introduction


Session 02 .......................... Geography I: Very long-run growth


Tutorial: Review of basic econometrics needed for the course

Session 03 .......................... Geography II: The Neolithic Revolution


Session 04 .......................... Geography III: Exit from the Malthusian Trap


Session 05 .......................... Institutions I: Medieval Autocracy


Session 06 .......................... Institutions II: Trade and Institutions


Session 07 .................................................. Institutions III: Colonial Institutions I


Session 08 .................................................. Institutions IV: Colonial Institutions II


Session 09 .................................................. Culture I: Religion


Session 10 ................................. Culture II: Social Capital


Session 11 ................................. Culture III: The Epidemiological Approach


Session 12 ................................. Culture IV: Origins of Trust


Session 13 ................................. Recap and Q&A

**Mandatory reading for the tutorial:** Spolaore, E. and Wacziarg, R. (2013). How deep are the roots of economic development?. *Journal of Economic Literature*, 51(2): 325–69. [link]