

Natural Experiments in History

Course title – Intitulé du cours	Natural Experiments in History
Level / Semester – Niveau /semestre	DEEQA / S2
School – Composante	Ecole d'Economie de Toulouse
Teacher – Enseignant responsable	GAY Victor SALEH Mohamed
Other teacher(s) – Autre(s) enseignant(s)	
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Other teacher(s) – Autre(s) enseignant(s)	
Lecture Hours – Volume Horaire CM	15
TA Hours – Volume horaire TD	
TP Hours – Volume horaire TP	
Course Language – Langue du cours	English
TA and/or TP Language – Langue des TD et/ou TP	English

Teaching staff contacts:

GAY Victor

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Course Objectives: newly acquired knowledge once the course completed should be well identified

Over the last two decades, historical natural experiments have been increasingly employed by general economists in various fields, and by economic historians. For one, natural experiments in history serve as a laboratory for economists to test various economic theories, and to examine the causal impact of public policy interventions, that cannot be observed otherwise in contemporary contexts. For another, natural experiments in history enable economic historians to use state-of-the-art identification methods that are typically advocated by applied microeconomists, in order to understand historical processes in more depth.

This course aims at introducing TSE doctoral students at the DEEQA level to recent conceptual, methodological, and data advances in the field of economic history. Students will be introduced to a selective range of topics in economic history and general economics that employ natural experiments. After reviewing methodological considerations specific to this approach to economic history, we will focus on three topics: (1) the historical origins and consequences of culture, (2) religion and economic development, and (3) labor coercion. Each class will be a mixture of lecture and open discussion. Students must read the articles before class in order to have stimulating discussions.

The course is taught jointly by Victor Gay (VG) and Mohamed Saleh (MS). Each will teach 7.5 hours (5 lectures).

The course is part of the doctoral field on “Development, History, and Political Economy.” Students are thus expected to have followed the M2 ETE course on “Development Microeconomics,” and the DEEQA course on “Empirical Methods for Policy Evaluation.” However, the course is open to DEEQA students who have not chosen this field.

Prerequisites:

Microeconomic theory and Applied Econometrics.

Practical information about the sessions:

Students are expected to attend all classes and participate in class discussions. Using laptops or tablets is allowed for taking notes only.

Grading system:

The grade of the course will consist of a choice of:

- (1) Literature review on a topic that we discussed in class.
- (2) Proposal of a research topic in economic history.

Students will do an oral presentation of the task that they chose (literature review, proposal).

Bibliography/references:

1. Natural Experiments in History: Methodological Considerations (VG)

Much of the literature leveraging natural experiments in history relate historical variation with contemporaneous outcomes through design-based methods from labor and development economics (DiD, IV, and RDD designs), which some have labelled “historical econometrics”. These methods pose particular challenges regarding the validity of the exclusion restriction and the historical contingencies affecting the relationship of interest along the long-run causal chain—challenges that are exacerbated by the nature of historical data. The first part of the course introduces students to these considerations.

Bisin, A. and Moro, A. 2021. “LATE for History.” In Bisin, A. & Federico, G. (Eds.), *Handbook of*

Historical Economics, forthcoming.

Casey, G. & Klemp, M. 2020. "Historical Instruments and Contemporary Endogenous Regressors." *Journal of Development Economics*, forthcoming.

Giuliano, P. & Matranga, A. 2020. "Historical Data: Where to Find Them, How to Use Them." In Bisin, A. & Federico, G. (Eds.), *Handbook of Historical Economics*, forthcoming.

Schneider, E. B. 2020. "Collider Bias in Economic History Research." *Explorations in Economic History*, forthcoming.

Valencia Caicedo, F. 2020. "Historical Econometrics: Instrumental Variables and Regression Discontinuity Designs." In Bisin, A. & Federico, G. (Eds.), *Handbook of Historical Economics*, forthcoming.

2. The Historical Origins and Consequences of Culture (VG)

Does culture matter for long-run development? How can we explain the wide cultural disparities that characterize the world today? Processes through which culture emerge and change are historical by nature and have deep rooted origins. We will explore three types of explanations that have been highlighted in recent research: the structures of ancestral societies such as the pre-modern division of labor; historical institutions such as the slave trade; and idiosyncratic historical events such as shocks to the sex ratio through wars. We will particularly focus on the empirical strategies that enable to credibly identify cultural effects independent from other factors, especially institutions.

- The Epidemiological Approach to Culture

Fernández, R. 2011. "Does Culture Matter?" In *Handbook of Social Economics*, Volume 1, edited by Benhabib, J., Bisin, A., & Jackson M.O., 481–510. North-Holland.

Fernández, R. & Fogli, A. 2009. "Culture : An Empirical Investigation of Beliefs, Work, and Fertility." *American Economic Journal: Macroeconomics*, 1(1), 146–177.

- Ancestral Roots of Culture

Alesina, A., Giuliano, P., & Nunn, N. 2013. "On the Origins of Gender Roles: Women and the Plough." *The Quarterly Journal of Economics*, 128(2): 469–530.

Michalopoulos, S., Putterman, L., & Weil, D.N. 2019. "The Influence of Ancestral Lifeways on Individual Economic Outcomes in Sub-Saharan Africa." *Journal of the European Economic Association*, 117(4), 1186–1231.

- Historical Experiments of Culture

Gay, V. 2021. "The Legacy of the Missing Men: The Long-Run Impact of World War I on Female

Labor Force Participation." TSE Working Paper 21–1173.

Nunn, N. & Wantchekon, L. 2011. "The Slave Trade and the Origins of Mistrust in Africa." *American Economic Review*, 101(7), 3221–3252.

Teso, E. 2019. "The Long-Term Effect of Demographic Shocks on the Evolution of Gender Roles: Evidence from the Transatlantic Slave Trade." *Journal of the European Economic Association*, 17(2), 497–534.

3. Religion, Social Capital, and Economic Development (MS)

Max Weber's thesis on Protestantism, the secularization hypothesis, and the recent "economics of religion" literature, and social capital. Is there a causal impact of religious beliefs on economic outcomes or do religious beliefs form endogenously, possibly as an outcome of economic factors? The literature discussed here will be primarily from history, given the nature of the state-of-art of the literature, but will also include papers on the contemporary period. Special attention will be given to the methodological aspects of the empirical literature (data collection challenges and identification strategies).

- Secularization, Pluralism, and Competition

Iyer, S. (2016). "The New Economics of Religion." *Journal of Economic Literature*, 54(2), 395-441.

Becker, S. O., & Woessmann, L. (2013). "Not the Opium of the People: Income and Secularization in a Panel of Prussian Counties." *American Economic Review Papers & Proceedings*, 103(3), 539-44.

Cantoni, D., & Yuchtman, N. (2014). "Medieval Universities, Legal Institutions, and the Commercial Revolution." *Quarterly Journal of Economics*, 129(2), 823-887.

Cantoni, D., Dittmar, J., & Yuchtman, N. (2018). "Religious Competition and Reallocation: The Political Economy of Secularization in the Protestant Reformation." *The Quarterly Journal of Economics*, 133(4), 2037–2096.

Meyersson, E. (2014). "Islamic Rule and the Empowerment of the Poor and Pious." *Econometrica*, 82(1), 229-269.

- Religion and Human Capital: A Causal Effect or Self-Selection?

Becker, Sascha O., and Ludger Woessmann. "Was Weber Wrong? A Human Capital Theory of Protestant Economic History." *Quarterly Journal of Economics* 124 (2009), no. 2: 531-596.

Botticini, M., & Eckstein, Z. (2005). "Jewish Occupational Selection: Education, Restrictions, or Minorities?" *Journal of Economic History*, 65(4), 922-948.

Saleh, M. (2018), "On the Road to Heaven: Taxation, Conversions, and the Coptic-Muslim Socioeconomic Gap in Medieval Egypt," *The Journal of Economic History*, 78(2), 394-434.

Saleh, M. and J. Tirole (2019), "Taxing Identity: Theory and Evidence from Early Islam," *Centre for Economic Policy Research (CEPR) Discussion Paper No. 13705*.

- Social Capital and Cultural Beliefs

Greif, Avner. "Contract Enforceability and Economic Institutions in Early Trade: The Maghribi Traders' Coalition." *American Economic Review* 83 (1993), no. 3: 525-548.

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

Costa, Dora L., and Matthew E. Kahn. "Surviving Andersonville: The Benefits of Social Networks in POW Camps." *American Economic Review* 97 (2007), no. 4: 1467-1487.

Costa, Dora L., and Matthew E. Kahn. "Cowards and Heroes: Group Loyalty in the American Civil War." *Quarterly Journal of Economics* 118 (2003), no. 2: 519-548.

4. Labor Coercion (MS)

The Engerman and Sokoloff Hypothesis, the long-term effects of labor coercion, causes of coercion.

Sokoloff, Kenneth L., and Stanley L. Engerman. "History Lessons: Institutions, Factor Endowments, and Paths of Development in the New World." *Journal of Economic Perspectives* 14 (2000): 217–232.

Dell, Melissa. "The Persistent Effects of Peru's Mining Mita." *Econometrica* 78.6 (2010): 1863-1903.

Naidu, S., & Yuchtman, N. (2013). "Coercive Contract Enforcement: Law and the Labor Market in Nineteenth Century Industrial Britain." *American Economic Review*, 103(1), 107-44.

Nunn, Nathan. "The Long-Term Effects of Africa's Slave Trades." *The Quarterly Journal of Economics* 123 (2008), no. 1: 139-176.

Fenoaltea, Stefano. "Slavery and Supervision in Comparative Perspective: A Model." *Journal of Economic History* 44, no. 3 (1984): 635-668.

Fogel, Robert. *Without Consent or Contract: The Rise and Fall of American Slavery* (New York: W. W. Norton, 1989).

Session planning:

See detailed syllabus above.

Distance learning:

Distance learning can be provided when necessary by implementing:

- *Interactive virtual classrooms via Zoom*
- *Recorded lectures (videos)*
- *Chatrooms: Weekly office hours on Zoom upon request*