Fourteen new PhDs in economic history competed for the Gerschenkron Prize this year. Their research spans the globe, from Peru and Bolivia via Benin and Rhodesia to the Yangzi River. Many of them were born in the places that they study, and their innate understanding of local institutions and culture will push ahead the profession and improve all of our work.

Picking three among these dissertations was extremely difficult, and I found myself reminded of the judges at the Crystal Palace Fair. In 1851, industry experts, half of them British, examined exhibits from across the world and awarded prizes to what they thought were the most innovative. Their rankings, however, were shaped by their own distinct experiences, training, and tastes – as are mine. I therefore want to take this opportunity to welcome all of the 14 amazing new economic historians that have submitted their dissertations for the Prize this year. We are fortunate to have you and personally, I very much look forward to learning more from your research.

Now to the panelists. Thomas Henry Huxley a prominent defender of Darwin’s theory of evolution, once explained that “The great tragedy of science — (is) the slaying of a beautiful hypothesis by an ugly fact.” (Huxley 1870). This is a key responsibility of our discipline. Grounded in both history and economics we establish facts, collect data, and combine them in rigorous tests to slay even the most beautiful hypotheses.

The three dissertations on this panel have done a lot of collecting facts, analyzing data, and some slaying. Here they come (in certified random order, according to Ray and Robson (2016), i.e., I rolled a dice).

For his thesis on “Demography and Economic Development in Colonial South Asia” Shameel Ahmad has collected an enormous amount of archival data to investigate the role of demographic changes in the development of late colonial India. In 1826, the Reverend Malthus described the mechanism that kept pre-industrial populations and material resources in equilibrium.

For Malthus, India and China were examples of the evil consequences of early and universal marriage: persistent poverty, famines, and epidemics. In that sense, India and China form a contrast for European exceptionalism, where decisions to delay marriage and have fewer children laid the foundations for economic growth.

Ahmad’s dissertation presents new archival materials to challenge this view. New district-level data on births, deaths, and local monsoon rainfall for southern India between 1871 and 1931 show that fertility and death respond to rainfall shocks. Comparisons with early modern France and England, however, show that differences were much more nuanced than the traditional view suggests. South India was not an outlier in terms of its responsiveness to shocks, but instead was exposed to larger shocks due to its reliance on the monsoon.

1 Born May 4, 1825, died June 29, 1895, grandfather of the author Aldous Huxley.
These findings motivate a careful demographic exercise to correct existing estimates of vital rates over time and across space. Here, Ahmad accounts for under-counted population flows (in the form of births and deaths by age) with population stocks at the decadal census. By this process, Ahmad has created new annual district-level panel data for birth rates and age-specific mortality rates for over 150 districts in the five largest provinces of British India. These data cover a staggering 200 million people between 1881 and 1931.

Ahmad also documents a dramatic response to the arrival of railroad in India: Mortality fell steeply and became less responsive to extreme monsoon shocks, and fertility rose slightly. In the long-run, districts with railways became 6 percent more densely populated. A final chapter introduces new data on fortnightly commodity prices during the 1870s. These data show that grain markets in British India transmitted prices much like those in 18th-century France, again calling into question European exceptionalism.

This is an impressive thesis, and if I had to push harder it would be on the links between demography and economic development. In its current state, Ahmad’s work is very heavy on demography, probably because he (rightly) wants the rest of us to think more carefully about the dynamics of population growth, and push us to incorporate analytic tools of demography in our work. For example, Ahmad tells us that colonial India was in many ways comparable to European countries at a similar stage of development. This begs the question why India did not undergo its own demographic transition under colonial rule, and why living standards continued to stagnate. This research agenda will have even greater impact when Ahmad strengthens its links with economic development.

Réka Juhász’s dissertation on “Temporary Protection, Technology Adoption and Economic Development” addresses a first-order question in the economics of development and international trade: Can temporary protection encourage the development of infant industries?

Empirical evidence on this question is extremely scarce because governments typically grant trade protection in response to lobbying from the industries that benefit from such protection. This makes it nearly impossible to identify the effects of trade protection, so that existing literature has relied primarily on simulations (e.g. Baldwin and Krugman 1986, Irwin 2000).

Juhász addresses the challenge head on. Her thesis uses geographic variation in the effectiveness of Napoleon’s blockade of Britain (1803-1815) as a source of exogenous variation to examine the effects of trade protection on mechanized cotton spinning in France. Napoleon’s blockade was effective in Northern Europe, and imports from Britain fell by a factor of five. Southern Europe, however, was different, as Spain’s insurgency against Napoleon weakened the effectiveness of the blockade.

Juhász uses this variation to investigate the effects of trade protection on mechanized cotton spinning, an industry where France lagged pitifully behind Britain at the beginning of the Napoleonic wars. Yarn spun in France cost twice as much as yarn spun in Britain, and France was a net importer of cotton goods.
To perform the analysis, Juhász used hand-written archival sources to construct panel data on variation in production capacity of cotton spinning and weaving, wool spinning and weaving, and on the leather industry. To quantify changes in trade routes during the blockade, she extracted port level shipping data from Lloyd’s List, one of the oldest newspapers in the world, and used text matching algorithms to track journeys between Britain and Continental Europe.

These data reveal a large increase in production capacity for French départements (regions) that benefitted from additional protection. For example, moving from the 25th to the 75th percentile of the trade shock was associated with an increase in capacity that is comparable to average capacity by the end of the blockade. Placebo tests for wool spinning and leather tanning, industries that were related to cotton spinning but less affected by trade shocks, show no comparable effects. Robustness checks examine the effects of factor prices (as in Allen 2009), and shocks in labor supply (measured by the number of conscripted men).

This work brings urgently needed empirical evidence to a policy debate with enormous welfare implications. It also demonstrates exceptional creativity, courage, and hard work. Two other chapters – on agglomeration externalities and on inter-industry linkages – are not quite there yet, but they also after difficult and important questions and a lot of intellectual honesty rigor. I have no doubt that Juhász will convert these two chapters into similarly outstanding papers.

Johannes Buggle’s buggles dissertation “Essays on Culture, Institutions and Long-Term Development” is a worthy representative for the many dissertations this year that explore the historical origins of culture.

In the interest of time, I will focus on the first chapter, which is particularly Gerschenkronian, and joint work with Steve Nafziger, the 2007 winner of the Gerschenkron Prize. In this chapter Buggle asks whether exposure to serfdom in the 18th and 19th century may be the cause of persistent under-development in Russia today.

To measure variation in the intensity of serfdom, the paper uses micro-level data for nearly 500 municipalities in 1861, immediately before the emancipation of peasants.

The authors use Catherine the Great’s 1764 Decree on Serfs as a source of exogenous variation in the intensity of exposure to serfdom. The Decree expropriated most monasteries and transferred almost 2 million serfs from private to state control, which, at the time, was a milder form of labor coercion. IV estimates use the pre-Decree locations of monasteries as an instrument for serfdom. These estimates show that locations that were more exposed to serfdom in the 19th century, are significantly poorer today, measured by household expenditures and wealth.

To help us understand the mechanisms of persistence, the paper also examines what happened in the 150-year gap between 1861 and today. For example, the paper shows that cities with higher historical levels of serfdom had fewer people and grew less throughout the 20th century. Serf-cities also have higher levels of historical inequality and they are less likely to invest in public goods, primarily education.
Exposure to serfdom was also associated with lower degrees of industrial development throughout the Soviet period. These findings indicate that – contrary to the prevailing view – the roots of underdevelopment in the former Soviet Union extend far beyond Communism.

Three other essays in Buggle’s dissertation are equally impressive. *Law and Social Capital* examines the long-run effects of exposure to the Napoleonic code civil on modern levels of trust in Germany. Buggle shows that German regions that were exposed to the code for a longer period of time have higher levels of social trust today, as measured by survey data in the Socio-Economic Panel. Interestingly, there is no clear effects of the code on economic development, or inequality. Exposure to the code was, however, negatively correlated with political fraud in elections between 1871 to 1900, which suggests that the code affected social norms if not economic development.

A third chapter on *Irrigation and the Origins of Collectivism*, examines the link between ancient modes of economic production and the formation of cultural beliefs, in the spirit of Boyd and Richerson (2004). A fourth chapter (co-authored with Ruben Durante) studies the potential effects of climatic variability between 1500 and 1750 on social trust and on the quality of political institutions today. A particular strength of that paper is that it examines the interactions between culture and institutions.

This dissertation includes four strong essays, which together form an outstanding body of work. Yet, some of the essays need a deeper analyses of historical mechanisms of persistence and cultural transmission, as well as alternative mechanisms. The thesis already takes steps in this direction, and finishing the job will require little more than a final push.

Let me conclude by congratulating the finalists on a job well-done and please join me in welcoming them and all other new PhDs to our profession.

References


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