

## Week 2 Lecture 2 – Institutions, origins and long run effects

Political Economy (YSS3220)

Yale-NUS

January 23, 2020

# Announcements

- Class change
  - Mondays: Classroom 18
  - Thursdays: Classroom 3
- Extra econometrics: Next Monday 12.30
- [Assignments](#)
- Presentations
  - Have a topic? If not, I'll assign
  - Assignment: feedback on one of them (random)
- Extra class: Wednesday Week 5, 7–9pm, **food & drinks provided**

# Today

## First 2 weeks

- Origins of institutions
- Long run effects of institutions
- Why?  $\Rightarrow$  institutions have critical impact...
  - ...short-run and long-run
  - ...on economic outcomes and welfare
- Exogenous shocks & tech. advancements shape institutions
- Focus on gender

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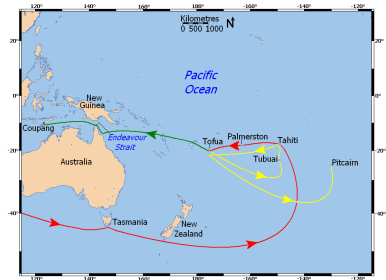
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# Today

- Takeaways from Boix
- Origins of gender inequality (or lack thereof)



# The Mutiny of the Bounty (1789)





# How to conquer the world

- Latitude: Carl Sagan on Eratosthenes' calculation of Earth's Circumference, 240 BC [computational details in this video]
- Longitude: a big problem!
  - John Harrison's "H1" (1735) ▶ H1 (1735) → H4 (1750s)

# How to conquer the world: the Navy

- Navy shaped political order (power) at the international level
- Why Mixed systems succeeded? Likely mechanism:
  - More incentives for proto-industries to profit from Navy
  - Faster tech. development
  - Broader goals  $\Rightarrow$  faster expansion (e.g. looking for breadfruit to increase workers' productivity)

# In a world with horses

- Republics (producers dominate) will remain small. Why?
- If they hire an agent  $\Rightarrow$  Principal - Agent problem
- Opportunity cost of producers is too high
- With proto-industries & aligned interests  $\Rightarrow$  Navy  $\Rightarrow$  and even conquer the world

► Summary: horses vs. Navy

## Boix: other key ideas

- Emergence of political institutions
  - Biased technological change  $\Rightarrow$  Heterogeneous agents & comparative advantage
  - $\Rightarrow$  Looting incentives
  - Stability only through “state” like organization
    - Bandits  $\Rightarrow$  monarchy  $\Rightarrow$  frozen economies
    - Producers  $\Rightarrow$  republic  $\Rightarrow$  dynamic economies
      - Visual differences, apparent today
      - more details
      - Biased technology shocks and political order: the case of Alaska

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    - ▶ Biased technology shocks and political order: the case of Alaska
- Industrial Revolution was *equalizing* [▶ more details](#)
  - From frozen economies governed by monarchs
  - To growing economies governed by the heirs of the proto-industries
  - Key for breakthrough: medieval & modern wars did not completely dissipate the stock of human capital

# Institutions and gender

- Institutions & norms (may) originate with biased technology shocks
  - Example: Plough  $\Rightarrow$  Gender-ed roles  $\Rightarrow$  Persistent through time
- Institutions & norms affect welfare & growth
- What else can explain female position in society? Can technology account for all?

# Institutions and gender

- What can explain female position in society?
  - Technology:
    - Anke Becker ("On the Economic Origins of Constraints on Women's Sexuality.")
  - Exogenous shocks: ▸ War
  - Short term institutional changes: ▸ Changes to existing laws
  - Long run institutional legacies: ▸ Legal origins
- How persistent is the legacy of the plough and pastoralism?

Quite persistent

  - *Acting Wives* ▸ Details here
  - *The Mommy Effect*

# Remarks

- Boix: technology is key to explain growth *and* political institutions / political order
- Focus on gender role in society
  - Economic origins play a key role
  - Other phenomenon may be relevant too (conflict, laws, colonizer...)
  - Effects persist even among most educated, professional women in egalitarian countries



# Next Week

- No class on Monday (only econometrics catch-up)
- Policy making: choice of politicians and choice of policies
- Check [Assignments page](#) for more details

## Why are highly educated women willing to take lower salaries than men?

US MBA study with surveys. 1,600 participants.

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- Are there any differences? Yes for unmarried women
  - Expected annual salary: 18K lower
  - Travel for work: ↓ 7 days/month
- Some women downplay their ambitions
- Unmarried women less likely to negotiate salaries or promotions probably because of a desire to succeed in the dating market

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“Acting Wife”: The Impacts of Gender Norms and Women’s Relationship Status on Career Ambitions in the United States, by Leonardo Bursztyn, Thomas Fujiwara, and Amanda Pallais (2016)

You can listen to NPR’s 3-minute podcast on this research [here](#) (or read the transcript of the podcast)

# Economic origins of women's sexuality

- Hypothesis: Paternal uncertainty due to pastoralism  $\Rightarrow$  social norms restricting women's sexuality
  - Physical (on their bodies)
  - Restricted mobility
  - Attitudes
- Empirical strategy: correlate current attitudes and behavior with...
  - Pre-industrial pastoralism
  - Land suitability for pastoralism (reverse causality)
  - Male dominance *per se* (does the plough affect)?

(very clever methodological replica of the paper on women and the plough)

# Could anything be improved

## ① Adherence to restrictive norms

- DHS survey on attitudes towards virginity/promiscuity & on actual behavior (women only)
- “Married women should be faithful” (Strongly agree – agree – ... )
- “How often have you had sex with a partner other than your spouse during the last 12 months?” [▶ Results](#)
  - Problem 1 SDB (is it really a problem, though?)
  - Solution 1 List

## ② Using HIV as a measure of promiscuity

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## 2 Using HIV as a measure of promiscuity

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[▶ Could this happen nowadays?](#)



# The Missing Men: World War I

- What's the effect of an unexpected imbalance of the gender ration? [▶ data](#) [▶ map](#)
- Women participate more in the labor markets
- What about long run effects?

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- What's the effect of an unexpected imbalance of the gender ration? [▶ data](#) [▶ map](#)
- Women participate more in the labor markets
- What about long run effects?
  - LMP<sup>1</sup> of daughters born to migrant women from deadliest provinces
  - LMP of women married to men born to migrant women from deadliest provinces
- ⇒ Intergenerational transmission ⇒ implies an important role for individuals relative to local institutional structures in generating historical persistence.

Boehnke, Jörn, and Victor Gay. "The Missing Men: World War I and Female Labor Force Participation." Available at SSRN 2931970 (2019).

Gay, Victor. "The legacy of the missing men: The long-run impact of World War I on female labor force participation." Available at SSRN 3069582 (2019).

(1) LMP: Labour Market Participation

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# The Effects of the Law

- Aug. 26, 1965, Executive Order 11241: Married men will no longer be drafted with low priority
- Law passed at 5pm Eastern Time, to have effect after midnight
- Consequences? [Some details here from ABCNews](#)

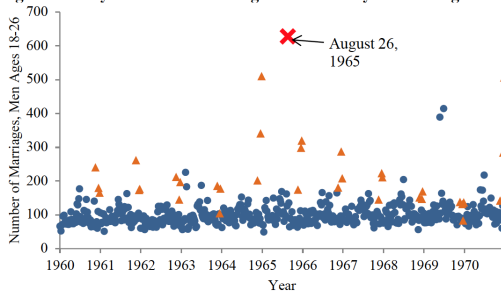
# The Midnight Marriages



**JUST IN TIME:** Couples waiting in line Thursday night outside the Clark County Courthouse in Las Vegas. The President's announcement that men married after midnight of Aug. 26 would be eligible for the draft caused the rush.

# The Midnight Marriages

**Figure 4. Daily Number of Marriages on Thursdays to Men Ages 18-26**



# The Midnight Marriages: what are the effects?

- Average marrying age ↓
- Divorce rates 15 years? *Lower* than similar couples (even if men entering into midnight marriages were equally likely to serve in Vietnam)
- Women education? If anything, more college degrees.

Martha J. Bailey, Emily A. Beam, and Anna Wentz: "Does younger age at marriage affect divorce? Evidence from the "midnight marriages"

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# Gender imbalance, France



Figure 1. Adult Sex Ratio (1900–2012)

*Notes:* This figure displays the adult sex ratio among the French population aged 15 to 50. Data are from the censuses 1901–2012. Vertical lines indicate WWI (1914–1918) and WWII (1939–1945).

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# Death Toll, France

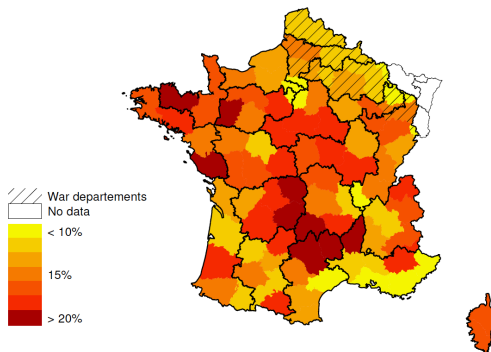


Figure 2. Military Death Rates Across 87 Départements

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# Who monopolizes power?

- Bandits
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- What are the key differences between both types of regimes?

# Who monopolizes power?

- Bandits
- Producers
- What are the key differences between both types of regimes?
  - Horizontal vs. hierarchical
  - Small vs. large territory
  - Small vs. large army
  - (Some) growth vs. Frozen economy (why frozen?)

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# Political order and urban landscape

London



Liverpool



# Political order and urban landscape

Berlin



Hamburg



# Political order and urban landscape

Madrid



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Barcelona



# Military technology and political order

- Obama and the military (short video), Obama and the military (longer video, 4,00" and 5,10" )

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# European economic breakthrough

- 
- 
- $\Rightarrow$  Key: wealth is a function of \_ \_ \_ \_ \_

# European breakthrough

- Urban clusters: proto-industrial districts
- Military technology
- $\Rightarrow$  Key: wealth is a function of economic power (not political power)
- Mixed regime: aristocrats blend in with rising industrial & commercial elite

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# Technology shocks and political order: the case of Alaska

- Sheehan, 1985 (posted)

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## 5. WHALING AS AN ORGANIZING FOCUS

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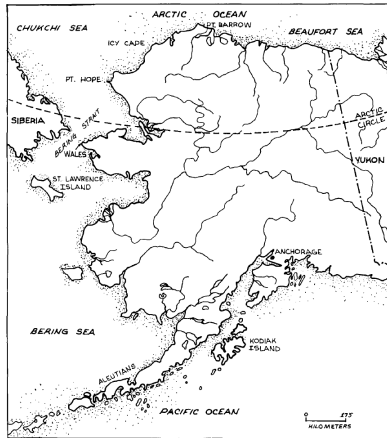
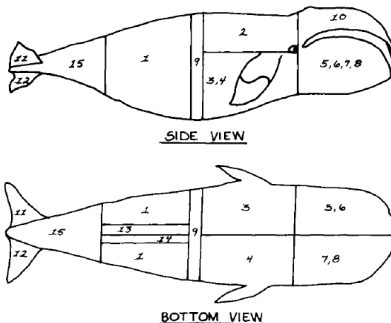


Figure 5.1 Map of Alaska.

# Sheehan, 1985 (posted)

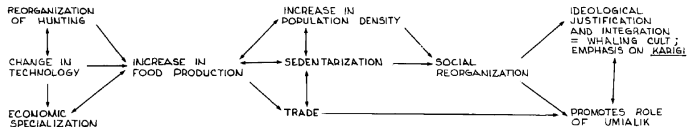
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GLENN W. SHEEHAN



**Figure 5.2** Division of the whale: 1, choice section to the *umialik* whose crew was the first to strike the whale; 2, to his crew; 3–9, to succeeding crews in order of arrival; 10, divided among all boats, including those arriving ninth or later; 11–12, saved for spring whaling feast; 13–14, to the *umialik* (but often passed to the *umialik*'s shaman or harpooner); 15, saved for early spring or fall feasts. (After VanStone 1962.)

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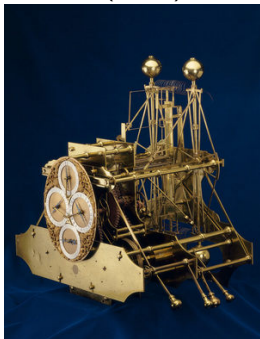


**Figure 5.3** Significant relations in the development of complexity in northwestern Alaska.

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# Harrison's "H1" and "H4" clocks

"H1" clock (1735),  $\sim 30$  kg.



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If you're curious, here's a [BBC documentary](#) on it: "The Clock That Changed the World (BBC History of the World)"

"H4" clock (1750s)



# Legal Origins (very persistent!)

	<b>Common Law</b>	<b>Civil Law</b>
	UK (English code) Broader legal principles, oral arguments Learning-by-doing	France (Roman Law) Legal codes, written records Top-down
	<b>Most likely outcomes</b>	

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	<b>Most likely outcomes</b>	
Military Conscription Media Labor markets Government Organ donations	Less likely Private Less regulated Lenient, smaller Explicit consent	More likely Government ownership Strictly regulated Centralized, activist Presumed consent

# Legal Origins, Sub-Saharan Africa

	<b>Common Law</b>	<b>Civil Law</b>
	<b>Female marital property laws</b>	
Property brought into marriage	Less likely to keep	More likely to keep
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"Traditional civil law far outshines common law"		



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	⇓	⇓
Within household bargaining power	Low	High
	⇓	⇓
Sexual practices with husband	Less safe	Safer
	⇓	⇓
Female HIV rates	Higher	Lower

# How to test the prediction?

- Legal origins are exogenous
- Borders were imposed
- Key: borders separate ethnic groups into different states
- $\Rightarrow \neq$  legal traditions, otherwise all equal

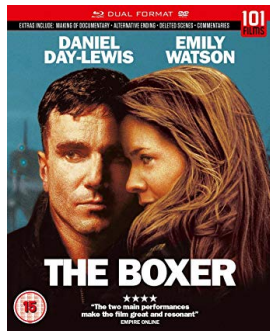
# Implications

- Origins of female inequality (“feminization of AIDS”) explained
- Policy recommendation: Large-scale legal reform, toward improved marital property rights for women
- But “egalitarianism requires egalitarians” (Parashar Kulkarni) & The Cobra Effect

Anderson, Siwan. “Legal origins and female HIV.” American Economic Review 108, no. 6 (2018): 1407-39.

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A side note: these norms also arise in modern days



The Boxer (1997), by Jim Sheridan. With Emily Watson, Daniel Day-Lewis, Brian Cox. [Trailer](#)

# The role of prisoner's wives

- Stay loyal
- Keep the prisoners' morale high
- Norms brutally enforced: “when a young man dances too close to a prisoner's wife, he is taken aside and threatened with kneecapping by IRA men”<sup>1</sup>
- Wives basically forced to live “like nuns”<sup>1</sup>

(1) “The IRA on Film and Television: A History”, by Mark Connelly

[▶ more details here](#)

# The role of prisoner's wives

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## THE IRA ON FILM AND TELEVISION

Maureen, a prisoner's wife, assists the men conducting the mill robbery in *Odd Man Out*. Several scenes in *The Boxer* include prisoners' wives, who are celebrated and cheered in pubs and whose loyalty to their husbands is both honored and enforced.

As Danny Flynn is released from prison, he passes an inmate's wedding. The celibate bride is later feted at a reception. Marriage and family loyalty are Catholic, tribal, and ethnic values that build a sense of community and provide emotional support for the men inside. When a young man dances too closely with a prisoner's wife, he is taken aside and threatened with a kneecapping by IRA men, while the young wife is rebuked by her mother. The prisoner's wife is a symbol of solidarity, sacrifice, and loyalty. The enforced fidelity, monitored by IRA hard men, is presented as a necessity to sustain prisoner morale and social cohesion against a background of unemployment, drug abuse, alcoholism, and emigration.

Maggie Hammil, daughter of an IRA leader, is a prisoner's wife. When Danny emerges from prison after serving fourteen years, she is confronted with the choice of reestablishing a relationship with the man she loved as a girl or continuing her nun-like status as a prisoner's wife. Her father honors the memory of his dead wife, who stood by him while he served time in prison. Maggie, who feels that her marriage ended before her husband was incarcerated, wishes to move on, representing a younger generation of women less willing to be objectified and sacrificed for the Cause.

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# Results

Table 4: Historical Pastoralism and Norms About Faithfulness of Married Women

	<i>Dependent variable:</i>					
	Married Women Should Be Faithful [0/1]			Cheated on Spouse Past 12 Months [0/1]		
	(1)	(2)	(3)	(4)	(5)	(6)
Hist. Dep. on Pastoralism [Std.]	0.0086* (0.005)	0.0086* (0.005)	0.028*** (0.006)	-0.023*** (0.003)	-0.024*** (0.003)	-0.015*** (0.005)
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Ind. & Hist. Controls	No	Yes	Yes	No	Yes	Yes
Endog. Controls	No	No	Yes	No	No	Yes
Observations	59348	59348	51531	476667	476667	397684
Mean of Dep. Var.	0.940	0.940	0.939	0.097	0.097	0.100
# of Clusters	50	50	43	259	259	210
R <sup>2</sup>	0.024	0.024	0.028	0.062	0.082	0.217

Notes. OLS estimates, standard errors are clustered at the ethnicity level. Individual controls are age and year of interview fixed effects. Historical controls are ethnic group's year of observation and historical plow use. Additional controls include (at the individual level) religion fixed effects, a dummy for urban status, marital status fixed effects, educational attainment fixed effects, and at the ethnicity level measures for jurisdictional hierarchy, settlement patterns, polygyny, and kinship structure. \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .

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# Military capacity

## British Navy

- ☞ Commercial, scientific use
- ☞ High technical skills  
(easier command by producers & aristocrats)
- ☞ Few ships needed  
gunpowder equalizes forces

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▶ Obama summarizes the point

## Horses

- ☞ Mostly military
- ☞ Lower investment  
(commanded by “bandits” and “monarchs”)
- ☞ Larger armies needed  
stronger remain stronger