Why did modern economic growth emerge in Europe first and not in China or Africa? What were the roles of economic and political institutions, geography, and culture? Why did modern economic growth spread to some places but not others and what accounts for the different paths that countries took into the modern world? This course gives an overview and analysis of comparative economic development during the last half millennia and examines the emergence of modern economic growth in Europe after 1500 as well as the forces that led to the great divergence in prosperity in the nineteenth and twentieth centuries. Also considered are colonialism, communism, fascism, and revolution.

It does so in the context of a book that Daron Acemoglu and I are writing on comparative development from a historical perspective tentatively called Why Nations Fail. The course is structured around the chapters of the book.

The aim of this course, and the book, is to get you to think about the big historical processes that have shaped the modern world. This means we have to read quite a bit of history and there are fewer models and regressions than in a normal graduate economics class. However, thinking and theorizing about these topics is more and more on the agenda of economists and so far we have barely scratched the surface of possibilities for using social science methods to study these issues. The mounting interest in these topics comes, I think, from the recognition that if we want to understand, for instance, how Haiti went from being the richest country in the Americas (and maybe the World) in 1790, to the poorest today, we won’t make much progress using the Heston-Summers dataset or the World Bank governance indicators. The current poverty and dysfunctional nature of Haitian society is the outcome of a long historical process whose nature we’d like to understand and conceptualize. If we could do this properly, perhaps we’d be able to change it.

For those of you with little background in the history of the world economy you may find useful the overview provided by:


Wonderfully erudite, full of information and thought provoking is:

Mokyr in particular emphasizes the evolution of technology which is a key part of the discussion in the class. I refer to specific chapters from this book as Mokyr (1990). The book is available for purchase at the Harvard Co-op.

A fascinating book in progress which covers the same scope as this course is

*Why the West is Ahead – For now* (2008) by Ian Morris

I refer to specific chapters from this book (which are on the class web site) as Morris (2008). An important and very interesting (if a little disorganized) book which is well worth reading is:


Another very influential book which is very much worth reading is:


Particularly significant is part 3 of the book which proposes an institutional explanation of economic divergence in early modern Europe. This book is also available from the Harvard Co-op and I refer to specific chapters as North and Thomas (1973).

Another little book which broaches many of the themes of this course and which you can read in two hours is:


Just as concise and well written is


This book is useful for covering a lot of the important new research on Chinese and Asian economic growth which has recently had a large impact on thinking in the field.

For those interested in economic history you’ll find a huge amount of interesting stuff on Bob Allen’s web page at Oxford: [http://www.nuff.ox.ac.uk/General/Members/homepage.aspx?nuffid=ALLERC00](http://www.nuff.ox.ac.uk/General/Members/homepage.aspx?nuffid=ALLERC00)

This includes his lectures and many fascinating papers.

For Harvard FAS students the course will be graded on the basis of a research paper which you have to hand in/send to me January 31, 2010. Prior to this you have to write a 5 page paper proposal and make an appointment with me to discuss it. The remaining 10% of the grade is allocated on the basis of class attendance.
For Harvard extension students the evaluation will be focused on comprehension of the lectures and reading materials. This will be tested by four short (5 page) review essays the deadlines for which are embedded in the syllabus below.

September 2: Introduction and overview of the course. I discuss some basic facts about long-run economic development over the past few millennia and some of the stylized facts and puzzles that we are interested in explaining.


September 7 is Labor Day – No Class.

September 9: Success and Failure of Nations: Fundamental Explanations – Institutions. In the course I shall be arguing that it is variation in the institutions of societies which explains their economic success or failure and the dynamics and evolution of institutions largely explains the stylized facts described in Lecture 1. Here I introduce this approach and some basic evidence which supports it.

North and Thomas (1973) Chapter 1.

September 14: Success and Failure of Nations: Fundamental Explanations – Geography. Obvious alternative hypotheses for success and failure are culture and geography. I discuss these and explain why they are not the focus of the course.


September 16: No Lecture.

http://didattica.unibocconi.it/mypage/upload/48805_20090114_033257_REGIONS_JUN_E08_B.PDF
Guiso, Luigi, Paola Sapienza and Luigi Zingales (2008) “Long-Term Persistence,”

September 23: The Neolithic Revolution and emergence of states. It has become
c conventional to trace the roots of economic growth to the Neolithic Revolution – the
transition between hunting/gathering and farming. I discuss what we know about this and
how to interpret it. What caused this transition?

Acemoglu and Robinson (2009) Chapter 4 “Neolithic Institutional Change”
Douglas, Mary (1962) “Lele Economy compared to the Bushong,” in Paul Bohannan and
Vansina, Jan (1978) The Children of Woot: A History of the Kuba People, Madison: University of

Barker (2006) is an excellent overview of the state of knowledge on this topic by a
distinguished archaeologist. See also the perspective in Chapter 2 of Morris (2008). Diamond
(1997) links the Neolithic Revolution to the modern distribution of income.
Douglas (1962) made a brilliant comparison between two African societies in the Congo and
Vansina (1978) explained the difference in ways which are related to the ideas of this course.

September 28: Stagnation and Success in the Pre-Modern World. Economic historians have
long portrayed the economic history of the world prior to the industrial revolution as a long
Malthusian stasis. I shall argue, on the contrary, that the most significant pattern is of ‘rise
and decline’ whereby institutional and political innovation created economic growth, which
was subsequently undermine by institutional or political collapse.

Extension Students: This is the date for the submission of the first review essay.

Acemoglu and Robinson (2008) Chapter 5 “The Limits of Early Growth”
Martin, Simon and Nikolai Grube (2000) Chronicle of the Maya Kings and Queens: Deciphering
the Dynasties of the Ancient Maya, New York: Thames and Hudson, Introduction pp. 6-23,
Tikal pp. 24-53, Palenque pp. 154-175, Copan, pp. 190-213.
Mokyr (1990) Chapters 2,3,4 and 8.
North and Thomas (1973) Part Two, Chapters 3-7.


Morris (2004) is a seminal overview of the economic history of Ancient Greece. I discuss this example and also the example of the rise and decline of the Mayan city states. Martin, and Grube (2000) provide a beautiful overview of the chronology of the Mayan states and Webster (2002) provides and authoritative discussion of various hypotheses what we know about the dynamics of the Mayan states.

The classic detailed study of a society caught in Malthusian stasis, or what he calls the (p. 4) “immense respiration of a social structure” is: Le Roy Ladurie, Emmanuel (1974) *The Peasants of Languedoc*, Urbana; University of Illinois Press.

**September 30:** The Rise of Capitalism, particularly the British path. I shall emphasize that the first nation which made the break from the pre-modern pattern of “rise and fall” was Britain, an event closely associated with the industrial revolution. I focus on what happened and why Britain diverged from historical development paths.


North and Thomas (1973) Chapters 8 and 12.


**October 5:** The Diffusion of Prosperity #1: Europe. Responses to British industrialization and economic growth varied dramatically. As we saw already, in some parts of the world British and subsequently European economic expansion interacted with initial institutions to create severe underdevelopment. However, societies in different circumstances were able to
take advantage of the new technologies innovated in Britain and in consequence experienced rapid economic growth too. This was true in large parts of Western Europe which had experienced many of the same forces which had shaped British institutions.

Acemoglu and Robinson (2009) Chapter 9 “The Diffusion of Prosperity”
North and Thomas (1973) Chapters 10 and 11.

October 7: Not on Our Turf #1: Sub-Saharan Africa. Why did other parts of the world follow different paths than Britain? I begin with Sub-Saharan Africa. The case of Aksum and Ethiopia is particularly interesting and relatively well documented. My focus here is on why institutional dynamics were different.

Acemoglu and Robinson (2009) Chapter 7 “Not on our Turf”.

For further discussion of some of the distinct technological puzzles in African history see

October 12 is Columbus Day Holiday – No class.

October 14: Not on Our Turf #2: Southeast Asia.

Acemoglu and Robinson (2009) Chapter 7 “Not on our Turf”

October 19: Not on Our Turf #3: Latin America

Acemoglu and Robinson (2009) Chapter 7 “Not on our Turf”

October 21: Not on Our Turf #4: China and India

Acemoglu and Robinson (2009) Chapter 7 “Not on Our Turf”

October 26: Underdevelopment #1: Africa. Out of institutional differences at the time of the economic take-off of Britain very different development paths emerged. One created the countries which we refer to today as underdeveloped. I begin again with Africa.

Extension Students: This is the date for the submission of the second review essay.

FAS and Non-Extension Students: This day is the deadline to hand in a 5 page proposal for a research paper.

Acemoglu and Robinson (2009) Chapter 8 “Underdevelopment”

This week you have to schedule an appointment with me to discuss your proposal. It is also good to discuss your proposal with Camilo.

October 28: Why it Continued – Virtuous and Vicious Circles. What forces allowed the economic growth which began in Britain in the late 18th century to be sustained over time? Why as there positive feedback? (In contrast to the negative feedback we have seen in large parts of the rest of the World).


November 2: Vicious Circles #1: The US South. In this course I emphasize a lot some very enduring patterns of relative prosperity. Once created, systems of institutions appear to be very inertial. But change can happen, institutions can be reformed an economic development move onto different paths (for instance I emphasized earlier in the course that historical inequalities between states and areas of the World thousands of years ago are not good predictors of modern national inequalities). The changing institutional and economic dynamics of the US South are an interesting example of stasis followed by change.

Acemoglu and Robinson (2009) Chapter 12 “History Isn’t Everything”

The Diffusion of Prosperity #2: Colonies of Settlement. The institutional dynamics in certain types of colonies were also propitious for the industrial revolution to diffuse.

November 4: Vicious Circles #2: Latin America and the Iron Law of Oligarchy

Acemoglu and Robinson (2009) Chapter 8 “Underdevelopment”

November 9: History Isn’t Everything #1: Defensive Modernization

Acemoglu and Robinson (2009) Chapter 9 “The Diffusion of Prosperity”

Extension Students: This is the date for the submission of the third review essay.

November 11: Veterans Day No Class

November 16: History Isn’t Everything #2: Chile, China, Botswana. There are also other important examples of changes in development paths. We already discussed examples of this when I talked about defensive modernization.

Acemoglu and Robinson (2009) Chapter 12 “History Isn’t Everything”

November 18: Why Countries Fail Today: 100 Years of Colombian History and some Comparisons Too.

Something on Afghanistan…

November 23 and 25 Thanksgiving Break No Class

November 30: Why Countries Fail Today: Africa.
Extension Students: This is the date for the submission of the final review essay.


December 2: What did we learn?