

Revolutions of 1848

Defn: A revolution is a period of widespread violence leading to a constitutional change.

Remark: The violence associated with revolution is concentrated in urban areas.

Prop: Increased grain prices lead to decreased disposable income in urban areas which in turn lead to revolution.

Could the revolutions have occurred in 1780?

- No. There was not as much population concentration in urban areas.

Could the revolutions have occurred in 1910?

- There was a more global market for food, so the price shocks could be dissipated.

Sketch of proof:

- 1] Evidence of price shocks in agriculture
 - Compute variance and look for outliers
- 2] Link price shocks in agriculture to decline in manufacture
 - Granger causality test. Feedback from price shocks to manufacturing declines, but not conversely.
- 3] Tie manufacturing declines to revolution
 - proof by ocular logic ◻

Remark: The logit results are not included. Why?

Putnam

Trying to explain industrialization in Northern Italy using the concept of civic structure (social capital.)

History \Rightarrow civic structure \Rightarrow industrialization

What does Putnam test?

- looks at membership in civic institutions in 1890's - 1900's

- time period of persistence is about 70 years

Measure of economic involvement: uses three separate economic variables without aggregating them into an index for a sense of robustness.

Performs a Granger Causality test.

$$C_{1970} = a + b C_{1900} + c E_{1900} + \varepsilon \quad n=20$$

$$E_{1970} = d + e C_{1900} + f E_{1900} + \nu$$

$C_t \equiv$ civic involvement at t
 $E_t \equiv$ economic variable at t .

- finds $c=0$ and $f=0$

- argues that $c=0, f=0$ is a result of a dramatic change in the Italian economy.

Further evidence. Use $E_t =$ per capita income at t .

- slightly different result: $c=0, f \neq 0$

Putnam's new book: Bowling Alone. Social capital is decreasing in the United States now.

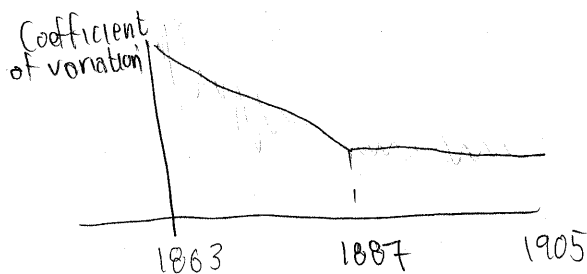
Zonolo, Conte, Vecchi

Mini globalization test.

Look at prices of Italian government bonds

- difficult to organize the data in a consistent manner.

Look at coefficient of variation over time.



- shock in 1887 leads to destruction of local monopolies and dissipation of rents.
- monetary union implemented in 1887