

**Estimating causal effects of the French Revolution's
institutions on long-run development in Switzerland at the
district level**

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Abstract

Some of the polities that were to constitute modern Switzerland were subjected to institutional reform in the spirit of the French revolution when they were annexed by France in the Napoleonic era. These institutional reforms can be seen as the direct result from the resolution of social conflict as French society had shifted from the political equilibrium of Feudalism to a more inclusive society. Two dimensions of reform can be distinguished: First, the reform of private law which culminated in comprehensive codification. Second, the reorganization of relations between dependent rural territories (subject districts or *Untertanengebiete*) and the more privileged members of the Swiss Confederation.

This historical contingency can be interpreted as a natural experiment with units of observation at the district level. Because of observed differences in the timing of reforms, it allows estimating the benefits from early institutional reform for economic outcomes in the second half of the 19th century. The main outcome variable is the share of industrial workers in the workforce in 1900. The hypothesis that the emancipation of subject districts drives economic outcomes can be rejected. The hypothesis that reforms of private law drive economic outcomes cannot be rejected. Using annexation as an instrument for early reform, estimates indicate a positive effect of early institutional reform on economic outcomes.

Acemoglu et al. (2009, 2010, 2011) have used a similar instrumental variables research design for the German case of French occupation and institutional reform to explain German within-country variation of economic growth and development. The paper at hand provides a first check of whether their findings can help to explain the observed heterogeneity in 19th century industrialisation levels in Switzerland and, thus, sheds light on the effect of the French Revolution on economic outcomes.