



INDIANA UNIVERSITY BLOOMINGTON
OSTROM WORKSHOP

COLLOQUIUM SERIES

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Monday, September 28, 2020: 12:00 – 1:00 pm EST

Virtual via Zoom: [Click here for link to Zoom meeting](#)



Heterogeneous Effects of Liberal Institutions on Economic Development: The Role of Cultural Coherence with Formal Institutions

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This article explores the heterogeneous effects of liberal institutions on economic performance depending on the existence of coherent cultural traits. The matching between cultural traits and institutions is what we refer to as cultural-institutional coherence. We study the role played by cultural-institutional coherence on the paths followed by Spanish regions after the country's liberal reforms in the 19th century. Specifically, we show that liberal reforms induced major changes in Spanish institutions and triggered a significant rearrangement in the distribution of economic development across regions, favoring those regions with cultural traits more coherent with liberal institutions. Endogeneity issues are solved resorting to the different political paths that the regions experienced in their distant past. Political paths are assessed in terms of municipal autonomy in the Middle Ages and constraints on the executive in the early modern age which, we argue, are good instruments for culture.

David Soto-Oñate is a postdoctoral researcher at the University of Vigo and visiting scholar at the Ostrom Workshop from December 2018. Among his fields of interest are Institutional Economics and Ecological Economics. He has published on a variety of topics, ranging from the role of culture in economic development to environmental externalities. His current project investigates the cultural features that are coherent with the formal institutions of the western liberal democracies.

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