

Malthus Meets Luther: the Economics Behind the German Reformation

By Malik Curuk and Sjak Smulders

This paper investigates the determinants of the one of the most influential institutional changes in European history: the Reformation. Using exogenous measures of agricultural potential, we show that relatively poorer regions with relatively higher agricultural potential were more likely to adopt Protestantism in the 16th century Holy Roman Empire. In a simple model of princely Reformation, we show that these empirical findings are in line with the argument that low appropriateness of prevailing (Catholic) institutions provides the rulers of the regions with incentives to adopt the Reformation. This finding points to an economic rationale of the adoption of Protestantism as a vehicle of institutional change, which is absent in the literature.