Harvard political scientist Robert Putnam is well known for his contention, first presented in an article entitled “Bowling Alone,” that civic engagement in contemporary America is in decline. The intellectual foundation for his argument was this book, *Making Democracy Work*, based on research done by Putnam and his associates, not in the United States but in Italy, contrasting the social and political structures of the country’s northern and southern regions. An examination of the mechanics of successful democracy, the book has become in the twelve years since its publication a contemporary classic of political science.

Putnam argued that northern Italy had flourishing political institutions because of the complex web of informal and formal organizations that brought people together, fostered communications, and increased involvement in the community. He contrasted this with the comparative paucity of such social organizations in southern Italy, which had much weaker political institutions. Economic development did not explain the strength of political institutions; rather, it was the quality of civic life—voter turnout, newspaper readership, and membership in associations ranging from sports clubs to choral societies—that brought about the strength and efficacy of political institutions.

The book was hailed in the *New York Times Book Review* as a “rare classic in political science,” and in the *Nation* as the modern successor to Tocqueville’s classic *Democracy in America*. The *Economist* described it as a “great work of social science, worthy to rank alongside de Tocqueville, Pareto, and Weber.”
In Making Democracy Work, Robert D. Putnam (1993) argues that (i) northern Italy has developed faster than southern Italy because the former was better endowed with social capital; and (ii) that the endowments of social capital across Italian territories have been highly persistent over centuries. This paper provides an empirical investigation of Putnam's case. Exploiting regional differences in civic involvement in the late twentieth century as an instrument for current social capital, we show that social capital has a large effect on economic activity.

Laitin (1995) attacks the big bang character of Putnam's account while Goldberg (1996) qualifies it as 'teleological'. One crucial implication of Making Democracy Work is that feeble and corrupt government, operating against the background of a weak and uncivic society, tends not to foster the creation of wealth, but rather to renew poverty. Overmighty government may stifle economic initiative. But enfeebled government and unrepresentative government kills it, or diverts it into corruption and criminality. . . . Their findings were surprising: regions that enjoy effective government in the 1990s have inherited a legacy of civic engagement that can be traced back to the early Middle Ages. Just as Tocqueville traveled to America to try to understand democracy, Putnam and his colleagues draw broad lessons for democratic theory from their twenty-year journey through Italy. Making Democracy Work is such a book, one that will no doubt become a classic in the social science literature and should be read by all economists.

In 1970, fifteen new regional governments were created in Italy and were given essentially the same powers and responsibilities. Putnam found that the successful governments were located in areas where he also found a high degree of civic tradition. In areas in the south of Italy a powerful Norman kingdom had appeared around the eleventh century A.D. There a ruling tradition was established that, while enlightened in terms of religious toleration and other matters, had an autocratic, top down structure that promoted state monopolies and other mercantilist sorts of economic arrangements.