

January 16, 2011

Introduction to Economic History

Economics 210A
Spring 2011
Department of Economics
Wednesday 12:00-2:00 p.m.

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(with help from Jan deVries and Christina Romer)
University of California, Berkeley
608-7 Evans Hall

Syllabus and Reading List

Economics 210a is required of Ph.D. students in Economics in the first year of the graduate program. The course is designed to introduce a selection of themes from the contemporary economic history literature, not to present a narrative account of world economic history. Emphasis is placed on the uses of economic theory and quantitative methods in history and on the insights a knowledge of history can give to the practicing economist.

Requirements include doing the reading and attending lecture. Class meetings will consist of a mixture of lecture and discussion. When the course goes well, it is primarily discussion; when the course goes badly, it is primarily lecture. Because discussion will focus on the issues raised, resolved, and left unanswered by the assigned readings, readings should be completed before class.

Your grade will be based 50 percent on two-page memos due at the beginning of each class meeting (other than the first, when you will take the pop quiz instead), and 50 percent on the research paper. Extra credit will be given for informed, constructive classroom discussion.

Weekly Memos

A memo on each week's readings is due at the beginning of the class in which those readings are discussed. You will find the memo questions on Professor DeLong and Eichengreen's websites (typically the week's question will be posted on the Thursday six days before the class meeting at the start of which your memo is due). You are to write a memo of no more than 2 (12-pitch) pages on each question. To repeat: that memo is due at the beginning of the corresponding class meeting. Two-page memos cannot be exhaustive, nor can they provide definitive answers. But they can explain why the question is important, summarize how the articles assigned for the upcoming lecture approach it, and provide a provisional assessment of their conclusions. Your instructors will not read late memos.

Research Paper

Your research paper is due on Wednesday, May 4th (that is, one week after the last class meeting). The paper should provide new information or evidence on a topic in economic history. It should not simply summarize an existing literature. The writing and submission process requires that you meet two benchmarks. You should discuss your

paper topic during office hours with one of your instructors during the first half of the semester, and then submit a brief paper prospectus prior to the commencement of spring break. Your prospectus should motivate the topic (explain why it is important), state your hypothesis, and describe the historical materials that you will use to analyze it. The grade you receive on your paper will depend also on the quality of the prospectus and on your meeting these two benchmarks. The final paper should not exceed 25 pages. Your instructors will not read late papers.

This paper should go beyond summarizing or synthesizing a literature: students should use the tools of economic theory and empirical analysis to pose and answer an historical question. The paper must have historical substance. This is not a requirement in applied economics or econometrics that can be satisfied by relabeling the variables in theoretical models taught elsewhere or by mechanically applying modern statistical techniques to old data.

Topic

The paper may cover almost any topic in economic history. You are not limited to the material covered in 210a. The only requirement is that the topic must genuinely involve the past. Comparisons of past and current events are certainly fine, but studies of developments solely after, say, 1973 are not.

Evidence

Historical evidence comes in a wide range of form and styles. It is often empirical, but not always. Sometimes the key evidence is just a list of goods traded or what policymakers said they were trying to accomplish. With empirical evidence, tables and graphs of important variables are often enough to make a compelling argument.

Successful Paper Topics from Previous Years

Coming up with a promising paper topic is arguably the most useful part of this exercise. Your entire graduate career (indeed, for most of you, your entire career) will center around identifying interesting questions to be answered. For this reason we will not give you a list of topics (though we often toss them out in the course of class discussion). Instead, we will describe the type of topics that have been successful in the past and suggest ways of finding similarly successful topics.

- A comment on an interesting paper. Perhaps the easiest type of paper to write is a comment on an existing paper. Such comments often turn out to be more important than the original work. Think about flaws in some paper that you read. Is there selection bias? Has the author left out a potentially crucial variable? One year a student noticed a footnote in a paper that said one observation had been left out of the figure because it was so large relative to the others. This same extreme observation was included in the empirical analysis. The student got the data and showed that his results depended crucially on this one observation.
- A comparison of past events with present events. Few economic events have no historical antecedents. If there is a modern development you are interested in, you could look for its historical roots or counterparts. For example, so much has been

written about the rise of the Internet and the revolution in communication in the 1990s. How do these developments compare to the rise of the telegraph and the telephone? The rise of TV and radio? Did investment and financial markets respond in similar ways?

- An analysis of an interesting source. While it is not a good idea to let data availability drive your topic, it is perfectly reasonable to let serendipity play a role. Have you come across an unusual source in the library or during your undergraduate years? Is there an interesting question that this source could be used to answer? One year a student came across the catalogs for the 1851 World's Fair. She had the idea that these descriptions of what each country exhibited could be used as a measure of innovation. She wrote a paper looking at the industrial composition of innovation across countries. Another student was looking through newspapers from San Francisco in the 1870s. He found many classified ads that read something like: "Wanted—man to work in store and loan store \$1000." This student wondered why companies would tie employment and loans. He wrote a paper investigating whether ads such as these were a sign of credit market imperfections or a way of ensuring worker loyalty and honesty. (Both of these papers have since been published in top economics journals.)
- A new test of an old debate. Take some interesting debate in economic history and come up with a new way of testing it. For example, if everyone has been using quantities, think about a way to use prices. An example of this type of paper involves the debate over how business cycles have changed over time. One researcher suggested that instead of fighting over very imperfect estimates of real GDP, one could look at stock prices as an indicator of the volatility of the macroeconomy.
- A natural experiment. Just as one should be on the lookout for interesting sources, one should also be thinking about interesting events. History is full of natural experiments--a weird tax is imposed, a war is fought, a new regulation is imposed. Often such experiments can be used to answer crucial questions in economics--for example, what the changing speed with which liberty ships were built during World War II tells us about the size of learning-by-doing effects.

Readings

Readings are either available on the web or on reserve at Graduate Services at 208 Doe Library. Access to readings available through Jstor and other proprietary sources may require you to log on through a university-recognized computer and/or enter your Calnet ID. Note that there can be high demand for the readings at peak times, and the library can make available only limited numbers of copies. In past years, students have found it useful to purchase some of the books from which material is assigned through their favorite online book seller and to assemble the materials for reproduction at a local copy shop. (Note that about half the reading materials are new; readers produced for previous versions of this course will contain only a subset of the material.)

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January 19. Introduction, and the Malthusian Economy (DeLong)

R.G. Hawtrey (1925), "Public Expenditure and the Demand for Labour," *Economica* 13 (March), pp. 36-48. <http://www.jstor.org/stable/2548008>

John Hicks (1937), "Mr. Keynes and the 'Classics': A Suggested Interpretation," *Econometrica* 5:2 (April), pp. 147-159. <http://www.jstor.org/stable/1907242>

Eugene Fama (2009), "Bailouts and Stimulus Plans" (January 13). <http://www.dimensions.com/famafrench/2009/01/bailouts-and-stimulus-plans.html>

Jared Diamond (1987), "The Invention of Agriculture: The Worst Mistake in the History of the Human Race," *Discover*. <http://jeffweintraub.blogspot.com/2005/09/jared-diamond-on-why-invention-of.html>

Gregory Clark (2005) on the Malthusian Economy, draft chapters 2 and 3 of *A Farewell to Alms* (published version: Princeton University Press, 2007). <http://tinyurl.com/dl20090112e> and <http://tinyurl.com/dl20090112j>

M. I. Finley (1965), "Technical Innovation and Economic Progress in the Ancient World," *Economic History Review*, New Series, 18:1, pp. 29-45. <http://tinyurl.com/dl20090112f>

January 26. The Commercial Revolution (deVries)

Daron Acemoglu, Simon Johnson, and James Robinson (2005), "The Rise of Europe: Atlantic Trade, Institutional Change, and Economic Growth," *American Economic Review* 95, pp. 546-79. <http://links.jstor.org/sici?sici=0002-8282%28200506%2995%3A3%3C546%3ATROEAT%3E2.0.CO%3B2-C>

Karl Marx (1867), "The So-called Primitive Capital Accumulation," *Capital*, Vol. 1, Part VIII, Primitive Accumulation, chapters 26-32. <http://tinyurl.com/dl20090112k>

Jan de Vries, "The Limits to Globalization in the Early Modern World," *Economic History Review* 63 (2010), pp. 710-33. <http://onlinelibrary.wiley.com/doi/10.1111/j.1468-0289.2009.00497.x/pdf>

Jeffrey Williamson and Kevin O'Rourke (2002), "After Columbus: Explaining the Global Trade Boom 1500-1800," *Journal of Economic History* 62:2, pp. 417-56. <http://www.jstor.org/stable/2698186>

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Ralph Austen and Woodruff Smith (1990), "Private Tooth Decay as Public Economic Virtue: The Slave-Sugar Triangle, Consumerism, and European Industrialization," *Social Science History* 14:1, pp. 95-115. <http://www.jstor.org/stable/1171366>

February 2. Slavery, Serfdom and Agriculture (DeLong)

Evsey Domar (1970), "The Causes of Slavery or Serfdom: A Hypothesis," *Journal of Economic History*, pp. 18-32. <http://www.jstor.org/pss/2116721>

Stanley Engerman and Kenneth Sokoloff (1994), "Factor Endowments, Institutions and Differential Paths of Development Among New World Economies: A View from Economic Historians of the United States," NBER Working Paper no. 10066. <http://papers.nber.org/papers/h0066.pdf>

Karl Marx (1847), *Wage Labour and Capital*. <http://www.marxists.org/archive/marx/works/1847/wage-labour/index.htm>

Karl Marx and Friedrich Engels (1848), *Manifesto of the Communist Party*. <http://www.marxists.org/archive/marx/works/1848/communist-manifesto/>

Donald McCloskey (1972), "The Enclosure of Open Fields," *Journal of Economic History* 32, pp.15-35. <http://www.jstor.org/stable/2117175>

Robert Allen (2008), "The Nitrogen Hypothesis and the English Agricultural Revolution: A Biological Analysis," *Journal of Economic History* 68, pp.182-210. <http://journals.cambridge.org/action/displayIssue?jid=JEH&volumeId=68&issueId=01&id=1740956>

February 9. The Industrial Revolution (deVries)

Nicholas Crafts (2002), "The Solow Productivity Paradox in Historical Perspective," CEPR Discussion Paper no.3142. http://www.j-bradford-delong.net/articles_of_the_month/pdf/Newsolow.pdf

Joel Mokyr, "Accounting for the Industrial Revolution," and Pat Hudson, "Industrial Organization and Structure," in Roderick Floud and Paul Johnson, eds., *The Cambridge Economic History of Modern Britain*, vol. I (Cambridge University Press, 2004), pp. 1-56. On reserve at Graduate Services, 208 Doe Library.

Jeffrey Williamson (1984), "Why Was British Economic Growth So Slow During the Industrial Revolution?" *Journal of Economic History* 44:3, pp. 687-712. <http://www.jstor.org/stable/2124148>

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February 16. American Exceptionalism (Eichengreen)

Peter Temin (1966), "Labor Scarcity and the Problem of American Industrial Efficiency in the 1850s," *Journal of Economic History* 26, pp. 277-298.

<http://www.jstor.org/stable/2115648>

Kenneth Sokoloff (1984), "Was the Transition from the Artisanal Shop to the Non-Mechanized Factory Associated with Gains in Efficiency?" *Explorations in Economic History* 21, pp. 351-382. <http://www.nber.org/papers/w1386>

Joshua Rosenbloom (1993), "Anglo-American Productivity Differences in Small-Arms Manufacturing," *Journal of Interdisciplinary History* 23:4, pp. 683-698.

<http://www.jstor.org/stable/206279>

Alfred Chandler (1990), *Scale and Scope: The Dynamics of Industrial Capitalism*, Cambridge: Harvard University Press, chapter 3, pp. 47-89. On reserve at Graduate Services, 208 Doe Library.

Leslie Hannah (2008), "Logistics, Market Size, and Giant Plants in the Early Twentieth Century: A Global View," *Journal of Economic History* 68, pp.46-79.

<http://journals.cambridge.org/action/displayIssue?jid=JEH&volumeId=68&issueId=01&id=1740956>

February 23. The Spread of Modern Economic Growth (DeLong)

W. Arthur Lewis (1978), *Evolution of the International Economic Order* (Princeton, Princeton Univ. Press), pp. 2-25, 38-57. http://j-bradford-delong.net/2008_pdf/Lewis_Evolution_A.pdf

Jeffrey G. Williamson (1996), "Globalization, Convergence, and History," *Journal of Economic History* 56:2, pp. 227-306. <http://www.jstor.org/stable/2123967>

Douglas Irwin (1998), "Did Late Nineteen Century U.S. Tariffs Promote Infant Industries? Evidence from the Tinsplate Industry," NBER Working paper no. 6835 (December). <http://www.nber.org/papers/w6835>

March 2. 19th Century Capital Markets (Eichengreen)

Naomi Lamoreaux (1986), "Banks, Kinship, and Economic Development: The New England Case," *Journal of Economic History* 46, pp.647-667.

<http://www.jstor.org/stable/2121478>

Hugh Rockoff (1974), "The Free Banking Era: A Reexamination," *Journal of Money, Credit and Banking* 6, pp. 141-167. <http://www.jstor.org/stable/1991023>

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Lance Davis (1965), "The Investment Market, 1870-1914: The Evolution of a National Market," *Journal of Economic History* 25, pp. 355-393.
<http://www.jstor.org/stable/2116175>

Kenneth A. Snowden (1995), "The Evolution of Interregional Mortgage Lending Channels, 1870-1914: The Life Insurance-Mortgage Company Connection," in Naomi R. Lamoreaux and Daniel M.G. Raff (eds.), *Coordination and Information: Historical Perspectives on the Organization of Enterprise*, Chicago: University of Chicago Press, pp. 209-256. On reserve at Graduate Services, 208 Doe Library.

Caroline Fohlin (1999), "Universal Banking in Pre-World War I Germany: Model or Myth?" *Explorations in Economic History* 36, pp.305-343.
http://www.sciencedirect.com/science?_ob=PublicationURL&_cdi=6796&_pubType=J&_acct=C000059607&_version=1&_urlVersion=0&_userid=4420&md5=993c9a8ceb7eea409609eccce5b92bb7&jchunk=36#36

March 9. 19th Century Labor Markets (Eichengreen)

Sanford Jacoby (1984), "The Development of Internal Labor Markets in American Manufacturing Firms," in Paul Osterman (ed.), *Internal Labor Markets* (Cambridge, MA. MIT Press), pp. 23-69. On reserve at Graduate Services, 208 Doe Library.

Susan Carter and Elizabeth Savoca (1990), "Labor Mobility and Lengthy Jobs in 19th Century America," *Journal of Economic History* 50, pp. 1-16.
<http://www.jstor.org/stable/2123435>

John James (1994), "Job Tenure in the Gilded Age," in George Grantham and Mary McKinnon, eds., *Labour Market Evolution The Economic History of market Integration, Wage Flexibility, and the Employment Relation*, London: Routledge, pp.185-204. On reserve at Graduate Services, 208 Doe Library.

Joshua Rosenbloom (1990), "One Market or Many? Labor Market Integration in the Late-19th Century United States," *Journal of Economic History* 50, pp. 87-107.
<http://www.jstor.org/stable/2123439>

Joshua Rosenbloom (2002), "Employment Agencies and Labor Exchanges: The Impact of Intermediaries in the Market for Labor," in Joshua Rosenbloom, *Looking for Work, Searching for Workers: American Labor Markets during Industrialization* (Cambridge, MA: Cambridge University Press), chapter 3, pp. 46-79. On reserve at Graduate Services, 208 Doe Library.

March 16. 19th Century Globalization and Financial Crises (DeLong)

Richard Baldwin and Philippe Martin (1999), "Two Waves of Globalization: Superficial Similarities, Fundamental Differences," NBER Working Paper no.6904 (January).
<http://www.nber.org/papers/w6904>

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Barry Eichengreen and Michael Bordo (2002), "Crises Now and Then: What Lessons from the Last Era of Financial Globalization?" NBER Working Paper no. 8716 (January). <http://www.nber.org/papers/w8716>

Walter Bagehot (1873), *Lombard Street: A Description of the Money Market*. <http://www.econlib.org/library/Bagehot/bagLom.html>

March 30. 19th Century International Money and Finance (Eichengreen)

Arthur Bloomfield (1959), *Monetary Policy Under the International Gold Standard*, New York, Federal Reserve Bank of New York. On reserve at Graduate Services, 208 Doe Library.

Barry Eichengreen, *Golden Fetters: The Gold Standard and the Great Depression, 1919-1939*, New York: Oxford University Press, chapter 2, pp. 29-66. On reserve at Graduate Services, 208 Doe Library.

Albert Fishlow (1985), "Lessons from the Past: Capital Markets during the 19th Century and the Interwar Period," *International Organization* 39:3, pp. 383-439. <http://journals.cambridge.org/action/displayAbstract?fromPage=online&aid=4281900>

Michael D. Bordo and Hugh Rockoff, "The Gold Standard as a 'Good Housekeeping Seal of Approval'" *Journal of Economic History* 56 (1996): 389-428. <http://tinyurl.com/dl20090112ah>

Juan-Huitzi Flores (2007), "Lending Booms, Underwriting and Competition: The Baring Crisis Revisited," *Working Paper in Economic History* 07/01, Department of Economic History and Institutions, Universidad Carlos III (January). <http://docubib.uc3m.es/WORKINGPAPERS/WH/wp07-01.pdf>

April 6. Origins of the Great Depression (Eichengreen)

Milton Friedman and Anna Schwartz (1963), *A Monetary History of the United States, 1867-1960*, Princeton: Princeton University Press, chapter 13, pp. 676-700. On reserve at Graduate Services, 208 Doe Library.

Christina Romer (1990), "The Great Crash and the Onset of the Great Depression," *Quarterly Journal of Economics* 105:3, pp. 719-736. <http://www.jstor.org/stable/2937892?origin=JSTOR-pdf>

Ben Bernanke (1983), "Nonmonetary Effects of the Financial Crisis in the Propagation of the Great Depression," *American Economic Review* 73, pp. 257-276. <http://www.jstor.org/stable/1808111>

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April 13. Recovery from the Great Depression (Eichengreen)

Barry Eichengreen (1992), *Golden Fetters: The Gold Standard and the Great Depression 1919-1939*, New York: Oxford University Press, Chapter 1, pp. 3-28. On reserve at Graduate Services, 208 Doe Library.

Christina Romer (1992), "What Ended the Great Depression?" *Journal of Economic History* 52, pp.757-784. <http://www.jstor.org/stable/2123226>

Price Fishback, William H. Hutt and Shawn Kantor (2005), "Did New Deal Grant Programs Stimulate Local Economies?" *Journal of Economic History* 65, pp.36-71. <http://journals.cambridge.org/action/displayIssue?jid=JEH&volumeId=65&issueId=01&id=282961#>

David Wheelock (2008), "Government Response to Home Mortgage Distress: Lessons from the Great Depression," Federal Reserve Bank of St. Louis Working Paper no. 2008-36A (October). <http://research.stlouisfed.org/wp/2008/2008-038.pdf>

April 20. World War II, the Mixed Economy and Actual Existing Socialism (DeLong)

Paul Krugman (2006), "Introduction" to John Maynard Keynes, *The General Theory of Employment, Interest and Money*. <http://tinyurl.com/dl20090112z>

John Maynard Keynes (1926), "The End of Laissez Faire." <http://tinyurl.com/dl20090112ad>

Mancur Olson (1996), "The Varieties of Eurosclerosis: The Rise and Decline of Nations Since 1982," in Nicholas Crafts and Gianni Toniolo (eds), *Economic Growth in Europe Since 1945*, (Cambridge, Cambridge University Press), pp.73-94. <http://tinyurl.com/dl20090112x>

Barry Eichengreen (1996), "Institutions and Economic Growth: Europe Since 1945," in Nicholas Crafts and Gianni Toniolo (eds), *Economic Growth in Europe Since 1945* (Cambridge University Press), pp. 38-72. On reserve at Graduate Services, 208 Doe Library.

April 27. The Crisis of the Mixed Economy and the Great Divergence (DeLong)

J. Bradford DeLong (1995), "America's Only Peacetime Inflation: The 1970s," in Christina Romer and David Romer, eds., *Reducing Inflation: Motivation and Strategy* (University of Chicago Press), pp. 247-280. <http://tinyurl.com/dl20090112v>

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Karl Marx (1853), "The Future Results of British Rule in India," *New York Daily Tribune* (August 8). <http://tinyurl.com/dl200901121>

Lant Pritchett (1997), "Divergence, Big Time," *Journal of Economic Perspectives* (Summer), pp. 3-17. <http://www.jstor.org/stable/2138181>

Dani Rodrik (1995), "Getting Interventions Right: How South Korea and Taiwan Grew Rich," *Economic Policy* 20, pp. 55-107.
<http://www.jstor.org/stable/1344538?origin=JSTOR-pdf>