

Economics 210A: Introduction to Economic History

Spring 2012
Wednesday 12:00-2:00 p.m.
597 Evans Hall

J. Bradford DeLong and Barry Eichengreen
University of California, Berkeley

Syllabus and Reading List

Economics 210a is required of Ph.D. students 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 on the uses of economic theory and quantitative methods and on the insights that knowledge of history can provide to the practicing economist.

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 issues raised by the assigned readings, readings should be completed before class.

Your grade will be based 50 percent on one-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 (where the latter 50 percent will be based both on the synopsis you submit prior to spring break and the paper you submit at the end of instruction). 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 during which those readings are discussed. You will find the memo questions on Professor DeLong's (<http://econ161.berkeley.edu>) and Professor Eichengreen's (<http://www.econ.berkeley.edu/~eichengr/index.html>) websites. Typically the week's question will be posted on the Thursday six days before the class meeting when your memo is due. The memo is due at the start of the class meeting; your instructors will not read late memos.

You are to write a memo of no more than two pages (in 12-point type) on each question. Two-page memos cannot be exhaustive, nor can they provide definitive answers. But they can explain why a question is important, summarize how one or more articles assigned for the upcoming lecture approach it, and provide a provisional assessment of their conclusions.

Research Paper

Your research paper is due on Wednesday, May 2nd (one week after the last class meeting). Please put one copy in Professor DeLong's and Professor Eichengreen's mail boxes in the Economics Department main office in 530 Evans Hall. The office is open 9:00-4:00. Please provide hard copies; papers submitted as email attachments will not be accepted. The paper should not exceed 25 pages. Your instructors will not read late papers.

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 before spring break. That prospectus should motivate the topic (explain why it is important), state your hypothesis, and describe the materials and approach that you will use to analyze it. Your paper grade will depend in part on the quality of your prospectus.

The paper should provide new evidence and analysis of a topic in economic history. It should not simply summarize an existing literature. You should use the tools of economics to pose and answer, to the best of your ability, 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 simply applying new statistical techniques to old data.

Topic

The paper can cover almost any topic in economic history. The only requirement is that the topic must genuinely involve the past. Comparisons of past and current events are fine, but a focus on developments solely after, say, 1973 are likely to be problematic.

Evidence

Historical evidence comes in many forms. The key evidence could be a list of goods traded or statements by government officials of what they were trying to accomplish. While economic historians sometimes use econometrics, tables and graphs displaying important variables can be enough to make a compelling argument.

Successful Paper Topics from Previous Years

Identifying a promising paper topic is arguably the most difficult part of this requirement. Your entire graduate career (indeed your entire career) will center on identifying interesting questions. For this reason we will not give you a list of topics (although we will toss some out in class discussions). Instead, we describe here some topics that have been successful in the past and suggest ways of finding similarly successful topics.

- The easiest type of paper to write is probably a comment on an existing paper. Such comments often turn out to be as important as the original work. Think about flaws in some paper that you read. Is there selection bias? Has the author left out a 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 large relative to the others. This same extreme observation was included in the empirical analysis. The student got the data and showed that the published results depended crucially on this one observation.
- Few 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, 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 response similarly?

- While it is not a good idea to let data availability drive your topic, it is 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. (She is now a professor at Stanford.) 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. (He is now a prominent economist at the World Bank.) Both of these papers went on to be published in top highly respected journals.
- You might take an interesting debate in economic history and come up with a new way of testing it. 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.
- 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 extent of learning by doing effect.

Readings

Readings are available either on the web or, where there exists no web-based copy, at [Graduate Services](http://www.lib.berkeley.edu/doemoff/grad/index.html) (<http://www.lib.berkeley.edu/doemoff/grad/index.html>) 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. There can be high demand for the readings on reserve 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 readers produced for earlier versions of this course will contain only a subset of this year's material.)

January 18. The Malthusian Economy (Eichengreen)

Thomas Malthus (1798), *An Essay on the Principle of Population*, Chapters 1-2, pp.1-11, Electronic Scholarly Publishing Project, 1998.
<http://www.esp.org/books/malthus/population/malthus.pdf>

E. Anthony Wrigley (1992), "Why Poverty Was Inevitable in Traditional Societies," in Ernest Gellner, John Hall and I.C. Jarvie (eds.), *Transition to Modernity*, pp. 71-110. Cambridge: Cambridge University Press. On reserve at Graduate Services.

Gregory Clark (2007), *A Farewell to Alms: A Brief Economic History of the World*, Chapter 2, "The Logic of the Malthusian Economy," pp. 19-39 and Chapter 3, "Living Standards," pp. 40-70. Princeton: Princeton University Press. On reserve at Graduate Services. An earlier draft (not preferred) is available at <http://tinyurl.com/dl20090112e> (chapter 2) and <http://tinyurl.com/dl20090112j> (chapter 3).

January 25. The Commercial Revolution (DeLong)

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

Daron Acemoglu, Simon Johnson, and James Robinson (2005), "The Rise of Europe: Atlantic Trade, Institutional Change, and Economic Growth," *American Economic Review* 95:3, pp. 546-79. <http://www.jstor.org/stable/i387682>

Jan de Vries (2010) "The Limits to Globalization in the Early Modern World," *Economic History Review* 63:3, pp. 710-33.
http://www.j-bradford-delong.net/2008_pdf/devries_limits_of_globalization.pdf

Jeffrey Williamson and Kevin O'Rourke (2002), "After Columbus: Explaining Europe's Overseas Trade Boom, 1500-1800," *Journal of Economic History* 62, pp. 417-56.
<http://www.nber.org/papers/w8186>

February 1. The Agricultural Revolution (DeLong)

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&iid=1740956>

Robert C. Allen (1999), "Tracking the Agricultural Revolution in England,"
Economic History Review, New Series 52:2 (May), pp. 209-235
<http://www.jstor.org/stable/2599937>

February 8. 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/stable/i310677>

Stefano Fenoaltea (1984), "Slavery and Supervision in Comparative Perspective: A Model,"
Journal of Economic History 44:3, pp. 635-668. <http://www.jstor.org/stable/2124146>

Ralph Austen and Woodruff Smith (1992), "Private Tooth Decay as Public Economic Virtue: The Slave-Sugar Triangle, Consumerism, and European Industrialization," in Joseph Inkori and Stanley Engerman (eds.), *The Atlantic Slave Trade: Effects on Economies, Societies, and Peoples in Africa, the Americas, and Europe*, pp. 183-203. Durham, NC: Duke University Press.
<http://www.jstor.org/stable/1171366>

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>

February 15. The Industrial Revolution (DeLong)

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

Robert C. Allen (2011), "Why the Industrial Revolution Was British: Commerce, Induced Invention and the Scientific Revolution," *Economic History Review* 64, pp. 357-384.
<http://onlinelibrary.wiley.com/doi/10.1111/j.1468-0289.2010.00532.x/pdf>

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>

February 22. 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>

Robert Fogel (1964), *Railroads and American Economic Growth: Essays in Econometric History*, Chapters 1 and 6, pp. 1-6 and 207-249. Baltimore MD: Johns Hopkins University Press. On reserve at Graduate Services.

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

February 29. The Uneven Spread of Industrialization (DeLong)

Tom Nicholas (2011), "The Origins of Japanese Technological Modernization," *Explorations in Economic History* 48:2, pp. 272-291. <http://www.sciencedirect.com/science/journal/00144983/48/2>

Justin Lin (1995), "The Needham Puzzle: Why the Industrial Revolution Did Not Originate in China," *Economic Development and Cultural Change* 43:2, pp. 269-292. <http://www.jstor.org/stable/i248445>

Carol Schiue and Wolfgang Keller (2004), "Markets in China and Europe on the Eve of the Industrial Revolution," NBER Working Paper no.10778. <http://www.nber.org/papers/w10778>

Indrajit Ray (2009), "Identifying the Woes of the Cotton Textile Industry in Bengal: Tales of the 19th Century," *Economic History Review* 62:4, pp. 857-892. <http://onlinelibrary.wiley.com/doi/10.1111/j.1468-0289.2009.00444.x/pdf>

March 7. 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>

Lance E. 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>

Gareth Campbell and John D. Turner (2011), "Substitutes for Legal Protection: Corporate Governance and Dividends in Victorian Britain," *Economic History Review* 64:2, pp. 571-597. <http://onlinelibrary.wiley.com/doi/10.1111/j.1468-0289.2010.00545.x/abstract>

Jeremy Edwards and Sheilagh Ogilvie (1996), "Universal Banks and German Industrialization: A Reappraisal," *Economic History Review* 49:3, pp. 427-446.
<http://onlinelibrary.wiley.com/doi/10.1111/j.1468-0289.1996.tb00576.x/abstract>

March 14. Labor Markets (Eichengreen)

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

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*, pp. 185-204. London: Routledge. On reserve at Graduate Services.

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*, Chapter 3, pp. 46-79. Cambridge, MA: Cambridge University Press. On reserve at Graduate Services.

March 21. Globalization and Crisis (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>

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

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>

March 28: No class

April 4. International Money and Finance (Eichengreen)

Arthur Bloomfield (1959), *Monetary Policy under the International Gold Standard*, pp. 1-62. New York, Federal Reserve Bank of New York. On reserve at Graduate Services.

Barry Eichengreen (1992), *Golden Fetters: The Gold Standard and the Great Depression, 1919-1939*, Chapter 2, pp. 29-66. New York: Oxford University Press. On reserve at Graduate Services.

Hugh Rockoff (1984), "Some Evidence on the Real Price of Gold, Its Costs of Production and Commodity Prices," in Michael Bordo and Anna J. Schwartz (eds.), *A Retrospective on the Classical Gold Standard*, pp. 613-650. Chicago: University of Chicago Press.
<http://ideas.repec.org/h/nbr/nberch/11139.html>

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/displayFulltext?type=1&pdfType=1&fid=4281908&jid=INO&volumeId=39&issueId=03&aid=4281900>

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 de Madrid (January).
<http://docubib.uc3m.es/WORKINGPAPERS/WH/wp07-01.pdf>

April 11. Origins of the Great Depression (Eichengreen)

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

Christina Romer (1990), "The Great Crash and the Onset of the Great Depression," *Quarterly Journal of Economics* 104, pp. 719-736. <http://www.jstor.org/stable/10.2307/2937892>

Ben Bernanke (1983), "Nonmonetary Effects of the Financial Crisis in the Propagation of the Great Depression," *American Economic Review* 73:3, pp. 257-276.
<http://www.jstor.org/stable/1808111>

Ben Bernanke (1995), "The Macroeconomics of the Great Depression: A Comparative Approach," *Journal of Money, Credit and Banking* 27:1, pp. 1-28.
<http://www.jstor.org/stable/i336266>

April 18. Recovery from the Great Depression (Eichengreen, with a possible cameo appearance by C. Romer)

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

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

Gauti Eggertsson (2008), "Great Expectations and the End of the Great Depression," *American Economic Review* 98:4, pp. 1476-1516. <http://www.jstor.org/stable/i29730117>

Harold Cole and Lee Ohanian (2004), "New Deal Policies and the Persistence of the Great Depression: A General Equilibrium Analysis," *Journal of Political Economy* 112:4, pp. 779-816. <http://www.jstor.org/stable/10.1086/jpe.2004.112.issue-4>

April 25. The Great Divergence, the Great Moderation and the Great Recession (DeLong, with a possible cameo appearance by C. Romer)

Lant Pritchett (1997), "Divergence, Big Time," *Journal of Economic Perspectives* 11:3 (Summer), pp. 3-17. <http://www.jstor.org/stable/2138181>

Raghuram Rajan (2005), "Has Financial Development Made the World Riskier?" in *Proceedings of Jackson Hole Symposium*, pp. 313-369. Federal Reserve Bank of Kansas City. <http://ideas.repec.org/a/fip/fedkpr/y2005iaugp313-369.html>

Ben Bernanke (2004), "The Great Moderation," Speech to a meeting of the Eastern Economic Association, Washington, DC (20 February). <http://www.federalreserve.gov/boarddocs/speeches/2004/20040220/default.htm>

Robert E. Hall (2010), "Why Does the Economy Fall to Pieces after a Financial Crisis?" *Journal of Economic Perspectives* 24:4, pp. 3-20. http://econ.ucsd.edu/~grondina/pdfs/week9_Hall_econfallcrisis.pdf