

January 14, 2013

Introduction to Economic History

Economics 210A
Spring 2013
Wednesday 12:00-2:00 p.m.

Professors Jan de Vries and Barry Eichengreen
University of California, Berkeley
597 Evans Hall

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 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. 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, 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 the [bSpace](#) page for Economics 210a. Typically the memo 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. No emailed memos, please.

Your memos should be no more than two pages (12-point type). Two-page memos cannot be exhaustive, nor can they provide definitive answers. But they can explain why a question is important and draw on one or more of the assigned for the upcoming lecture in an effort to answer it.

Research Paper

Your research paper is due on Wednesday, May 8th, one week after the last class meeting. Please put a copy in Professor Eichengreen's mail box in the Economics Department reception area in 530 Evans Hall. The office is open 9:00-12:00 and 1:00-4:00. Please provide a hard copy; do not send by email. 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 (by 4:00 PM Friday March 22nd (also to Professor Eichengreen's mailbox). That prospectus should explain why the topic 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 just summarize an existing literature. You should use the tools of economics 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 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 in recent decades is 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

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 can 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 you are interested in a modern development, you could look for its historical roots or counterparts. For example, much has been written about the rise of the Internet. How does its development compare to the rise of the telegraph and the telephone? The rise of TV and radio? Did investment and financial markets respond 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 on the web? 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 a hypothesis in the literature on 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.

Readings

Readings are available either on the web or, where there exists no web-based copy, on [bSpace](#). Access to readings available through JSTOR and other proprietary sources may require you to log on through a university-recognized computer and enter your Calnet ID. 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.

January 23. Introduction to Economic History (de Vries)

Paul David (1993), "Historical Economics in the Long Run: Some Implications of Path-Dependence," in G.D. Snooks, ed., *Historical Analysis in Economics* (London, 1993), pp. 29-40. Available at [bSpace](#).

Robert Solow (1985), "Economic History and Economics," *American Economic Review: Papers and Proceedings* 75: 328-31. <http://www.jstor.org/stable/1805620>

M. I. Finely (1970), "Aristotle and Economic Analysis," *Past and Present* 47: 3-25. <http://www.jstor.org/stable/650446>

J. M. Keynes, "Economic Possibilities for our Grandchildren," in *Essays in Persuasion* (New York, Norton, 1963), pp. 358-73. <http://www.econ.yale.edu/smith/econ116a/keynes1.pdf>

January 30. Malthus and the Demographic Transition (de Vries)

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>.

Gregory Clark (2007), *A Farewell to Alms: A Brief Economic History of the World*, (Princeton, 2007), Chapter 2, "The Logic of the Malthusian Economy," pp. 19-39. Available at [bSpace](#).

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Ronald Lee (2003), "The Demographic Transition: Three Centuries of Fundamental Change," *Journal of Economic Perspectives* 17 (4): 167-90. <http://www.jstor.org/stable/3216936>

Peter Passell and Jeremy Atack (1997), "Population Growth and Redistribution," in *A New Economic View of American History* (2nd ed., New York, Norton, 1997), pp. 212-37. Available at bSpace.

February 6. The Commercial Revolution: The First Era of Globalization? (de Vries)

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): 546-79. <http://www.jstor.org/stable/i387682>

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

Jan de Vries (2010) "The Limits of Globalization in the Early Modern World," *Economic History Review* 63 (3):710-33. <http://www.jstor.org/stable/40929823>

February 13. Labor, Consumption, and Economic Growth (de Vries)

Evsey Domar (1970), "The Causes of Slavery or Serfdom: A Hypothesis," *Journal of Economic History*, pp. 18-32. <http://www.jstor.org/stable/i310677>

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>

Hans-Joachim Voth (1998), "Time and Work in Eighteenth-Century London," *Journal of Economic History* 58: 29-58. <http://www.jstor.org/stable/2566252>

Jan de Vries (1994), "The Industrial Revolution and the Industrious Revolution," *Journal of Economic History* 54 (2): 249-70. <http://www.jstor.org/stable/2123912>

Gregory Clark (2007), "Living Standards," ch. 3 of *A Farewell to Alms*, pp. 40-70. Available at bSpace.

Bishnupriya Gupta and Debin Ma (2010), "Europe in an Asian Mirror: The Great Divergence," ch. 11 in Stephen Broadberry and Kevin O'Rourke, eds., *The Cambridge Economic History of Modern Europe* Vol. 1, pp. 264-85. Available at bSpace.

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February 20. Institutions and the State (de Vries)

Douglass North and Barry Weingast (1989), "Constitutions and Commitment: The Evolution of Institutional Governing Public Choice in Seventeenth-Century England," *Journal of Economic History* 49 (4): 803-32. <http://www.jstor.org/stable/2122739>

Avner Greif (1989), "Reputation and Coalitions in Medieval Trade: Evidence on the Maghribi Traders," *Journal of Economic History* 49 (4): 857-82. <http://www.jstor.org/stable/2122741>

Sheilagh Ogilvie (2007), "Whatever Is, Is Right? Economic Institutions in Pre-Industrial Europe," *Economic History Review* 60 (4): 649-84. <http://www.jstor.org/stable/4502149>

Patrick O'Brien (1988), "The Political Economy of British Taxation, 1660-1815," *Economic History Review* 41 (1): 1-32. <http://www.jstor.org/stable/2597330>

February 27. The Industrial Revolution (de Vries)

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://www.jstor.org/stable/41262428>

Gregory Clark (2007), *A Farewell to Alms*, chapters 11-13, pp. 208-71. Available at bSpace.

Joel Mokyr, (2005), "The Intellectual Origins of Modern Economic Growth," *Journal of Economic History* 65 (2): 285-351. <http://www.jstor.org/stable/3875064>

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>

March 6. The Uneven Spread of Industrialization (de Vries)

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

W. Arthur Lewis (1978), *Evolution of the International Economic Order* (Princeton University Press), pp. 2-25, 38-57. <http://tinyurl.com/dl20090112m>

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

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

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March 13. 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. Available at bSpace.

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

Dave Donaldson and Richard Hornbeck (2012), "Railroads and American Economic Growth: A 'Market Access' Approach," unpublished manuscript, MIT and Harvard University, http://scholar.harvard.edu/hornbeck/files/railroads_dh_mar2012.pdf

March 20. 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>

April 3. 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. Available at bSpace.

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. <http://www.crcnetbase.com/doi/abs/10.4324/9780203021774.ch9>

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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. Available at bSpace.

Richard Hornbeck and Suresh Naidu (2012), "When the Levee Breaks: Black Migration and Economic Development in the American South," NBER Working Paper no.18296 (August),
http://www.nber.org/papers/w18296.pdf?new_window=1

April 10. Globalization and Crisis (Eichengreen)

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>

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 17. 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. Available at bSpace.

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

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>

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April 24. 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. Available at bSpace.

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>

May 1. Recovery from the Great Depression (Eichengreen)

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

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>

Shawn Kantor, Price Fishback and John Wallis (2012), "Did the New Deal Solidify the 1932 Democratic Realignment?" NBER Working Paper no. 18500 (November), http://www.nber.org/papers/w18500.pdf?new_window=1