

Econ. 623 American Economic History
George Mason University, Fall, 2011

Instructor: Noel D. Johnson

Email: njohnsoL@gmu.edu

Office Location: Carow 8 and Founders Hall

Office Hours: Mondays 4:00 to 6:00 p.m. in Carow 8

Course Web Page: <http://web.mac.com/noeldjohnson/Site/Teaching.html>

Course Description

In this course we will read a selection of articles in U.S. Economic History that I believe are important. Aside from learning some history and economics, a major component of the the course is to learn to think, read, and write critically. To that end, classroom discussion of the articles and a research paper on a topic of your own choosing are central components of the course. We will not have a text and all of the readings are downloadable from the internet. The readings are broken down roughly as follows:

Week 1: Introduction

Week 2: Discussion of deep determinants of U.S. economic growth.

Weeks 3, 4, 5, 6, 7: Institutions. Discussion of their antecedents, construction, evolution, and impact on U.S. economic growth.

Weeks 8, 9: Industrialization and technological change.

Week 10: The Civil War and its consequences.

Week 11: Biology and the environment.

Weeks 12, 13: The Great Depression.

Week 14: Inequality.

Course Requirements

Midterm Exam worth 20% of your final grade.

Comprehensive Final Exam worth 20% of your final grade.

Required to read the articles and participate. During the first class we will work out who will introduce the papers each week. This is worth 20% of your final grade.

Research paper worth 20% of your final grade.

Stuff Leading Up To Research Paper (see below) is worth 20% of your final grade.

The paper should contain a literature survey and critical essay on one important issue in the study of economic history. Your topic can be from any period of history, however, it must be related to either the

pre-history (which we don't cover), origins, or development of the United States. **Most importantly, you should test or attempt to study a specific hypothesis using historical data.** The test need not be econometric. While it is normal to expect that this will involve some modeling and simple regressions it is also possible to produce a good paper making clever use of tables and graphs. What is essential is that you learn how to make an argument and sustain or reject it on the basis of empirical evidence. You might seek to apply an existing model to different data or repeat a test that already exists in the literature using different time periods. The final work should be about 15-20 pages in length, double-spaced in Times Roman 12 pt. font.

To assist you in the writing and completion of the paper I'm providing some credible threats/incentives to encourage you to accomplish four distinct steps in the writing process. The first step is the writing of a preliminary proposal. The preliminary proposal describes the topic (about a paragraph or two) and provides a brief bibliography (five to ten sources). I also strongly encourage you to meet with me sometime before choosing your topic and writing the proposal. The preliminary proposal is due October 3. The second step is the completion of a detailed proposal. The detailed proposal contains the introduction and literature review of your paper and is due November 7. The third and fourth steps are the completion of rough and final drafts of your paper. The rough draft is due November 28. The final draft is due in my mailbox before the end of the day on December 12.

Recommended Texts

There are no required texts for this class that must be purchased. All of the readings can be downloaded from either JSTOR, the NBER Working Papers archive, EconLit, or the course webpage. You are required to acquire these papers and read them *before* the week they are listed on the syllabus. In the reading list below, some readings have a no stars, some have a star (*), and some have two stars (**). **YOU ARE REQUIRED TO READ ANY ARTICLE WITH EITHER ONE OR TWO STARS (* OR **).** The articles with two stars will be presented by students in class. The ones with one star are required background reading. You are expected to know the starred papers for the exams. The other (un-starred) readings are optional for this course, though if you plan on taking the Economic History Field Exam, you should familiarize yourself with all readings on the syllabus.

In addition to the papers listed below, you may wish to purchase a general text on U.S. economic history. Good choices would be:

Jeremy Atack and Peter Passell. *A New Economic View of American History*, (Norton: New York, 1994).

Jonathan Hughes and Louis Cain. *American Economic History*, (Addison Wesley: 2006).

Also, some of the articles we will be reading require knowledge of econometric techniques. I will attempt to explain the methods used when they come up, however, this is not an econometrics class and you may wish to have a more detailed treatment of the methods at your disposal. It is a fact of the economist's life that empirical methods are *very, very, important*. Even if you don't plan on using econometrics for your dissertation or in your own research or work, you will look like a fool (and will often be treated accordingly) if you don't understand the basics. Two excellent sources for the basics (plus some more advanced material) are:

Peter Kennedy, *A Guide to Econometrics*, (Wiley-Blackwell: 2008).

Joshua Angrist and Jorn-Steffen Pischke. *Mostly Harmless Econometrics: An Empiricists Companion*, (Princeton University Press: Princeton, 2008).

Some Important Dates

First Day of Classes: August 29

Labor Day Holiday (No Class): September 5

Columbus Day Holiday (No Class): October 10. **Class meets instead on October 11**

Thanksgiving Recess: November 23-27

Last Day of Class: December 5

Preliminary Proposal Due: October 3 by the beginning of class

Detailed Proposal Due: November 7 by the beginning of class

Rough Draft Due: November 28 by the beginning of class

Final Draft Due: December 12 by midnight.

Midterm Exam: October 31 at the beginning of class

Final Exam: December 19 from 7:30 pm to 10:15 pm

Course Outline

Week 1: Introduction

*Jeremy Atack and Peter Passell. Chapter 1, "American Economic Growth: A Long-Run Perspective", in *A New Economic View of American History*, WW. Norton, any edition.

*Romer, Paul. "Why, Indeed, in America? Theory, History, and the Origins of Modern Economic Growth." *American Economic Review*, Vol. 86, No. 2 (May 1996).

*Freedman, David. 1991. "Statistical Models and Shoe Leather." *Sociological Methodology*. Vol. 21. Pp. 291-313.

Martin Ravallion. 2001. "The Mystery of the Vanishing Benefits: An Introduction to Impact Evaluation." *World Bank Economic Review*. 15 (1).

North, Douglass C. "Economic Performance Through Time." *American Economic Review*, Vol. 84, No. 3 (Jun. 1994).

McCloskey, Donald. "Economics as an historical science" in William Parker ed., *Economic History and the Modern Economist*.

Week 2: Deep Determinants

**Daron Acemoglu; Simon Johnson; James A. Robinson, "The Colonial Origins of Comparative Development: An Empirical Investigation." *The American Economic Review*, Vol. 91, No. 5. (Dec., 2001), pp. 1369-1401.

*David Y. Albouy (2010) "The Colonial Origins of Comparative Development: An Investigation of the Settler Mortality Data." NBER Working Paper w14130.

**Kenneth Sokoloff and Stanley Engerman. 2000. "Institutions, Factor Endowments, Inequality, and Paths to Development in the New World." *Journal of Economic Perspectives*, 14 (3).

*Nathan Nunn. 2007. "Slavery, Inequality, and Economic Development in the Americas: An Examination of the Engerman-Sokoloff Hypothesis." *MPRA Working Paper 5869*.

James Mitchener and Ian Mclean, "The Productivity of U.S. States Since 1880." *Journal of Economic Growth*, Vol. 8 (2003).

Edward Glaeser, Rafael La Porta, Florencio Lopez-De-Silanes, Andrei Shleifer, "Do Institutions Cause Growth?" *Journal of Economic Growth*, Vol. 9 (2004).

Rafael La Porta, Florencio Lopez-de-Silanes, Andrei Shleifer, and Robert Vishny. 1998. "Law and Finance." *Journal of Political Economy*. 106 (6).

Robert Hall and Charles Jones (1999) "Why Do Some Countries Produce So Much More Output Per Worker Than Others?" *The Quarterly Journal of Economics*, (February).

André Martínez-Fritscher, Aldo Musacchio, and Martina Viarengo. 2010. "The Great Leap Forward: The Political Economy of Education in Brazil, 1889-1930." *Harvard Business School Working Paper No. 10-075*.

Week 3: Institutions: Antecedents I

**Douglass North, John Wallis, and Barry Weingast. "A Conceptual Framework for Interpreting Recorded Human History," *NBER Working Paper No. 12795*.

**Samuel Bowles and Herbert Gintis. 2006. "Homo Economicus and Zoon Politikon: Behavioral Game Theory and Political Behavior." in *The Oxford Handbook of Contextual Political Analysis*, eds. Robert Goodin and Charles Tilly, Oxford University Press, Oxford.

**Carol Shiue and Wolfgang Keller. 2007. "Markets in China and Europe on the Eve of the Industrial Revolution." *The American Economic Review*. 97 (4).

*Albert O. Hirschman. 1997. *The Passions and the Interests*. Princeton University Press, Princeton.

Victoria N. Bateman. 2011. "The Evolution of Markets in Early Modern Europe, 1350-1800: A Study of Wheat Prices," *The Economic History Review*. 64 (2).

Noel D. Johnson and Mark Koyama. 2011. "Taxes, Lawyers, and the Decline of Witchcraft in France," *Working Paper*.

Mark Dincecco. 2009. "Fiscal Centralization, Limited Government, and Public Revenues in Europe, 1650-1913," *Journal of Economic History*. 69 (1).

Joel Mokyr and Hans-Joachim Voth. 2006. "Understanding Growth in Europe, 1700-1870: Theory and Evidence," *Working Paper*.

Valerie Bockstette, Areendam Chanda, and Louis Putterman. 2002. "States and Markets: The Advantage of an Early Start," *Journal of Economic Growth*. 7.

Week 4: Institutions: Antecedents II

**Douglass C. North and Barry R. Weingast, "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England," *Journal of Economic History*, Vol. 49, No. 4 (December 1989), pp. 803-32.

**Steven C. A. Pincus and James A. Robinson. 2011. "What Really Happened During the Glorious Revolution?" *NBER Working Paper 17206*.

David Stasavage. 2002. "Credible Commitment in Early Modern Europe: North and Weingast Revisited," *Journal of Law, Economics, and Organization*. 18 (1).

John Wells and Douglas Wills, "Revolution, Restoration, and Debt Repudiation: The Jacobite Threat to England's Institutions and Economic Growth," *Journal of Economic History*, Vol. 60, No. 2 (June 2000), pp. 418-41.

Carruthers, Bruce C., "Politics, Popery, and Property: A Comment on North and Weingast," *Journal of Economic History*, Vol. 50, No. 3 (September 1990), pp. 693-98.

Gregory Clark, "The Political Foundations of Modern Economic Growth: England, 1540- 1800," *Journal of Interdisciplinary History*, Vol. 26, No. 4 (December 1996), pp. 563-88.

Daniel Bogart and Gary Richardson. 2006. "Parliament, Property Rights, and Public Goods in England: 1600 to 1815," *Working Paper*.

Week 5: Institutions: Construction

**David Hackett Fischer. 1989. "Conclusion: Four British Folkways in American History: The Origin and Persistence of Regional Cultures in the United States," in *Albion's Seed: Four British Folkways in America*. Oxford University Press, Oxford, UK. pp 783-898.

**Rothenberg, Winifred B. "The Emergence of Farm Labor Markets and the Transformation of the Rural Economy: Massachusetts, 1750-1855," *Journal of Economic History*, Vol. 48, No. 3 (September 1988), pp. 537-66.

**Robert McGuire. "Economic Interests and the Adoption of the United States Constitution," <http://eh.net/encyclopedia/article/mcguire.constitution.us.economic.interests>

*Robert A. McGuire and Robert L. Ohsfeldt, "An Economic Model of Voting Behavior over Specific Issues at the Constitutional Convention of 1787," *Journal of Economic History*, Vol. 46, No. 1 (March 1986), pp. 79-111.

Naomi R. Lamoreaux, "Rethinking the Transition to Capitalism in the Early American Northeast," *Journal of American History*, Vol. 90, No. 2 (September 2003), pp. 437-61.

Week 6: Institutions: Structure and Change

**Barry R. Weingast, "The Economic Role of Political Institutions: Market-Preserving Federalism and Economic Development," *Journal of Law, Economics, and Organization*, Vol. 11, No. 1 (April 1995), pp. 1-31.

**Michael Stokes Paulsen, "The Irrepressible Myth of Marbury," *Michigan Law Review*, Vol. 101, No. 8 (August, 2003), pp. 2706-2743.

**John Joseph Wallis, "Constitutions, Corporations, and Corruption: American States and Constitutional Change, 1842-1852." *Journal of Economic History*, Vol. 65, No. 1 (March 2005).

Alexander Hamilton, James Madison, and John Jay. *The Federalist Papers*. Any edition, any publisher.

The United States Constitution

Torsten Persson, "Consequences of Constitutions." National Bureau of Economic Research, December 2003. Cambridge, MA. Working Paper 10170.

Richard A. Epstein, "Takings: Descent and Resurrection," *The Supreme Court Review*, 1987, pp. 1-45.

Week 7: Institutions: Rise of Regulatory State

**Edward Glaeser and Andrei Shleifer. 2003. "The Rise of the Regulatory State," *Journal of Economic Perspectives*. 41 (2).

**William J. Novak. 2008. "The Myth of the 'Weak' American State," *The American Historical Review*. 113 (3).

**Lindert, Peter "The Rise of Social Spending, 1880-1930," *Explorations in Economic History*, 1994.

*Robert Higgs, "Crisis, Bigger Government, and Ideological Change: Two Hypotheses on the Ratchet Phenomenon," *Explorations in Economic History*, Vol. 22, No. 1 (January 1985), pp. 1-28.

*North, Douglass C. and John Joseph Wallis. "American Government Expenditures: A Historical Perspective." *The American Economic Review*, Vol. 72, No. 2, Papers and Proceedings of the Ninety-Fourth Annual Meeting of the American Economic Association (May, 1982), pp. 336-340 .

Prager, Robin A. "Using Stock Price Data to Measure the Effects of Regulation: The Interstate Commerce Act and the Railroad Industry," *Rand Journal of Economics*, volume 20, no. 2 (Summer 1989), pp. 280-90.

Raphael Frank, Noel D. Johnson, and John V.C. Nye. 2011. "Trade, Taxes, and Terroir," *Working Paper*.

Peter Lindert, "Why the Welfare State Looks Like a Free Lunch." NBER Working Paper No. 9869.

John Joseph Wallis, Price Fishback, and Shawn Kantor. "Politics, Relief, and Reform: The Transformation of America's Social Welfare System During the New Deal," NBER Working Paper No. 11080.

Week 8: Industrialization

**Peter Temin. 1991. "Free Land and Federalism: A Synoptic View of American Economic History," *The Journal of Interdisciplinary History*. 21 (3).

**Claudia Goldin and Kenneth Sokoloff. 1984. "The Relative Productivity Hypothesis of Industrialization: The American Case, 1820 to 1850," *The Quarterly Journal of Economics*. 99 (3).

**Alfred Chandler and Takashi Hikino. 1990. "Chapter 2: Scale, Scope, and Organizational Capabilities," in *Scale and Scope: The Dynamics of Industrial Capitalism*. Harvard University Press, Cambridge, MA.

Gavin Wright, "The Origins of American Industrial Success," *American Economic Review*, Vol. 80, No. 4 (September 1990), pp. 651-68.

Alexander J. Field, "The Equipment Hypothesis and U.S. Economic Growth," *Explorations in Economic History*, 44 (2007), pp. 43-58.

Naomi R. Lamoreaux and Jean-Laurent Rosenthal, "Legal Regime and Contractual Flexibility: A Comparison of Business's Organizational Choices in France and the United States during the Era of Industrialization." *American Law and Economics Review*. Vol. 7, No. 1 (2005).

Peter L. Rousseau and Richard Sylla. "Emerging Financial Markets and Early U.S. Growth," *Explorations in Economic History*, Vol. 42 (2005), pp. 1-26.

Jeremy Atack, "Firm Size and Industrial Structure in the United States During the Nineteenth Century." *Journal of Economic History*, Vol. 46, No. 2 (June 1986), pp. 463-75.

Douglas A. Irwin, "Did Late-Nineteenth Century U.S. Tariffs Promote Infant Industries? Evidence from the Tinplate Industry," *Journal of Economic History*, 60(2000): 335-60.

Stanley Lebergott, "The Returns to U.S. Imperialism, 1890-1929," *Journal of Economic History*, Vol. 40, No. 2. (June 1980), pp. 229-252.

Irwin, Douglas A. "The Aftermath of Hamilton's 'Report on Manufactures'." *Journal of Economic History* 64 (September 2004): 800-21.

Week 9: Technological Change

Midterm Exam covering readings from Weeks 1-8

**Richard Hornbeck. 2010. "Barbed Wire: Property Rights and Agricultural Development," *Quarterly Journal of Economics*. May.

**Douglas J. Puffert, "The Standardization of Track Gauge on North American Railways, 1830-1890," *Journal of Economic History*, Vol. 60, No. 4 (December 2000), pp. 933-60.

*S.J. Liebowitz and Stephen Margolis, "The Fable of the Keys," *Journal of Law and Economics*, Vol. 33, No. 1 (April 1990), pp. 1-25.

Alan L. Olmstead and Paul Rhode, "Beyond the Threshold: An Analysis of the Characteristics and Behavior of Early Reaper Adoption," *Journal of Economic History*, Vol. 55, No. 1 (March 1995), pp. 27-57.

Petra Moser, "How Do Patent Laws Influence Innovation? Evidence From Nineteenth-Century World Fairs," *American Economic Review*, Vol. 95, No. 4 (September 2005), pp. 1214-36. (Also available as NBER working paper.)

North, Douglass C., "Sources of Productivity Change in Ocean Shipping, 1600-1850," *The Journal of Political Economy*, Vol. 76, No. 5 (Sep. - Oct., 1968), pp. 953-970.

Petra Moser and Tom Nichols, "Was Electricity a General Purpose Technology? Evidence From Historical Patent Citations," *American Economic Review (Papers & Proceedings)*, Vol. 94, No. 2 (May 2004), pp. 388-94.

Michael Kremer, "Population Growth and Technological Change: One Million B.C. to 1990," *Quarterly Journal of Economics*, Vol. 108, No. 3 (August 1993), pp. 681-716.

Week 10: Civil War

**Lee J. Alston and Joseph P. Ferrie, "Paternalism in Agricultural Labor Contracts in the U.S. South: Implications for the Growth of the Welfare State." *American Economic Review*, Vol. 83, No. 4 (September 1993), pp. 852-76.

**John J. Donohue III and James Heckman. 1991. "Continuous Versus Episodic Change: The Impact of Civil Rights Policy on the Economic Status of Blacks," *Journal of Economic Literature*. Vol. 29, December.

Costa, Dora L., and Matthew E. Kahn. "Cowards and Heroes: Group Loyalty in the American Civil War." *Quarterly Journal of Economics* 118, no. 2 (May 2003): 519-48.

Heckman, James J and Brook S. Payner. "Determining the Impact of Federal Antidiscrimination Policy on the Economic Status of Blacks: A Study of South Carolina." *American Economic Review* 79 (March 1989): 138-77.

Sacerdote, Bruce. 2005. "Slavery and the Intergenerational Transmission of Human Capital." *Review of Economics and Statistics*.

Steckel, Richard H. "A Peculiar Population: The Nutrition, Health, and Mortality of American Slaves from Childhood to Maturity." *Journal of Economic History* 46 (1986): 721-41.

Claudia D. Goldin and Frank D. Lewis , "The Economic Cost of the American Civil War: Estimates and Implications," *The Journal of Economic History*, Vol. 35, No. 2 (Jun., 1975), pp. 299-326.

Week 11: Biology and the Environment

**Michael R Haines, Lee A. Craig, and Thomas Weiss, "The Short and the Dead: Nutrition, Mortality, and the 'Antebellum Puzzle' in the United States," *Journal of Economic History*, Vol. 63, No. 2 (June 2003), pp. 382-414.

**David Cutler and Grant Miller. 2005. "Water, Water Everywhere: Municipal Finance and Water Supply in American Cities," *NBER Working Paper No. 11096*.

**Zeynep K. Hansen and Gary D. Libecap. 2004. "Small Farms, Externalities, and the Dust Bowl of the 1930s," *Journal of Political Economy*, 112:665-94.

*Garrett Hardin. 1968. "The Tragedy of the Commons," *Science*, 162:1243-1248. 10

Richard Hornbeck. 2008. "Quantifying Long-Term Adjustment to Environmental Change: Evidence from the American Dustbowl. *Working Paper*.

Douglas Almond, "Is the 1918 Influenza Pandemic Over? Long-Term Effects of In Utero Influenza Exposure in the Post-1940 U.S. Population," *Journal of Political Economy*, Vol. 114, No. 4 (December 2006), pp. 672-713.

Taylor, M. Scott. "Buffalo Hunt: International Trade and the Virtual Extinction of the North American Bison." National Bureau of Economic Research, March 2007. Cambridge, MA. Working Paper 12969.

Week 12: The Great Depression: Causes

**Douglas A. Irwin. 2010. "Did France Cause the Great Depression?" *Working Paper*.

**Bernanke, Ben. "Nonmonetary Effects of the Financial Crisis in the Propagation of the Great Depression." *American Economic Review* 73 (June 1983): 257-76.

**Christina D. Romer, "The Nation in Depression," *Journal of Economic Perspectives*, Vol. 7, No. 2 (Spring 1993), pp. 19-39.

*Bernanke, Ben. "The Macroeconomics of the Great Depression: A Comparative Approach." *Journal of Money, Credit and Banking* 27 (1995): 1-28.

Martha Olney, "Avoiding Default: The Role of Credit in the Consumption Collapse of 1930," *Quarterly Journal of Economics* (February 1999)

Calomiris, Charles W. "Is Deposit Insurance Necessary?" *Journal of Economic History* 50 (June 1990): 283-95.

Week 13: The Great Depression: Recovery

**Price V. Fishback. 2010. "U.S. Monetary and Fiscal Policy in the 1930's," *NBER Working Paper No. 16477*.

**Christina D. Romer, "What Ended the Great Depression?" *Journal of Economic History*, Vol. 52, No. 4 (December 1992), pp. 757-784.

**Price Fishback, William C. Horrow, and Shawn Kantor. "Did New Deal Grant Programs Stimulate Local Economies? A Study of Federal Grants and Retail Sales during the Great Depression," *Journal of Economic History*, Vol. 65, No. 1 (March 2005), pp. 36-71.

*Price Fishback and Joseph Cullen, "Did Big Government's Largess Help the Locals? The Implications of WWII Spending for Local Economic Activity, 1939-1958," NBER Working Paper 12801.

Robert Higgs, "Wartime Prosperity? A Reassessment of the U.S. Economy in the 1940s," *Journal of Economic History*, Vol. 52, No. 1 (March 1992), pp. 41-60.

Price Fishback, Michael Haines, and Shawn Kantor. 2005. "Births, Deaths and New Deal Relief During the Great Depression," *NBER Working Paper 11246*.

Week 14: Inequality

**Joseph Ferrie. 2005. "The End of American Exceptionalism? Mobility in the United States Since 1850," *Journal of Economic Perspectives*. 19 (3).

**Thomas Piketty and Emmanuel Saez. 2003. "Income Inequality in the United States, 1913-1998," *The Quarterly Journal of Economics*. 118 (1).

*Claudia Goldin and Lawrence Katz. 1999. "Decreasing (and the Increasing) Inequality in America: A Tale of Two Half-Centuries," in *Increasing Income Inequality in America*.

Goldin, Claudia, and Lawrence F. Katz. "The Race Between Education and Technology: The Evolution of U.S. Educational Wage Differentials, 1890 to 2005," (2007) NBER Working Paper 12984.

Claudia Goldin and Lawrence Katz, "Human Capital and Social Capital: The Rise of Secondary Schooling in America, 1910 to 1940," National Bureau of Economic Research, March 1998, Working Paper 6439.

Dora Costa and Matthew E. Kahn, "Understanding the Decline in Social Capital," *Kyklos*, Vol. 56 (2003).