
☞ Harvard University • Economics 1357 ☛

HISTORICAL PERSPECTIVES ON AMERICAN ECONOMIC ASCENDANCY

Spring 2003 • Monday, Wednesday 1:00pm ! 2:30pm • Sever 102

Professor Claudia Goldin • TFs: Ms. Carola Frydman, Ms. Abigail Waggoner

Goldin office hours: (e-office always open) CGOLDIN@HARVARD.EDU or Wed. 2:30-3:45pm Littauer 217

Frydman office hours: virtual FRYDMAN@FAS.HARVARD.EDU or Wed. 6-7:30pm

Waggoner office hours: virtual WAGGONER@FAS.HARVARD.EDU or see website for days/hours

A. About Economics 1357.

Economics 1357 is concerned with questions of current and historical interest: When and how did the United States—a relatively young nation and an experiment in democracy—attain economic leadership? What roles were played by natural advantages, such as resources and geography, versus created advantages, such as technology and institutions? What economic ills accompanied growth (e.g., inequality, regional economic differences, unemployment, urban blight, macroeconomic fluctuations)? These questions can be intelligently answered only by careful study of history because economic growth is a long-run process. After reviewing long-term economic growth in the United States and elsewhere (Part I), we will explore the foundations of American economic growth since the early nineteenth century (Part II) and then the origins of America's industrial and economic leadership (Part III). Not all groups and regions shared equally in economic growth (Part IV). Neither was economic growth an unbroken process. The richest nation in the world experienced the greatest depression, and the rise of a larger and more centralized government became a means of dealing with this and many other problems of economic complexity (Part V). The course concludes (Part VI) with an assessment of whether we can learn from the past. *Introductory economics (Ec10; Social Analysis 10), its equivalent, or instructor permission is a prerequisite for Ec1357.*

B. Notes on the Readings, Book Purchases, Course Handouts, and Web-site.

All reading materials are on reserve at Lamont and Hilles; most are on E-RESERVE. The readings for Ec1357 are longer than for most other economics courses. *The assignments must be read prior to each lecture; questions may be asked in class.* The readings include major portions of two important American novels: Upton Sinclair's *The Jungle*☑ and Mark Twain's *Connecticut Yankee*☑. Short sections of five others are also assigned: Edward Bellamy's *Looking Backward*☑, Willa Cather's *My Antonia*☐, John Steinbeck's *Grapes of Wrath*, Harriet Becher Stowe's *Uncle Tom's Cabin*☑, and Mark Twain's *Huckleberry Finn*☑. This course will emphasize details of these familiar books that may not have been apparent in previous readings. Any edition will do. The following books are at the Coop, although their purchase is not required: Glenn Porter, *The Rise of Big Business: 1860 to 1920*; Upton Sinclair, *The Jungle*☑; Mark Twain, *A Connecticut Yankee at King Arthur's Court*☑

☑ = available at <<http://xroads.virginia.edu>>

☐ = <<http://www.unl.edu/Cather/works/se/antonia/entire/antoniastext.htm>>

Handouts are posted on the course website <<http://www.courses.fas.harvard.edu/~econ1357/>>. *It is your responsibility to print the handout and to bring it to the lecture.*

C. Grading, Sections, and the Research Paper.

A mid-term will cover the material up to (and including) Lecture 12 and will be given during the class on Monday, **March 17**. The final exam will be cumulative and will be scheduled (May 15-23) by the Registrar. The mid-term will count for about 25-30% of your final grade and the final for about 35-40%. Both exams will have essays and short answers. You are also required to write a research paper. (The paper, class discussion, and sections count for the remainder of your grade.) See the separate handout on the research paper. The TF for the research paper is Ms. Abigail Waggoner. The paper may be used to satisfy the Economics writing requirement. Sections, given by Ms. Carola Frydman, will deal mainly with the technical aspects of the material. *Economics concentrators may not take the course pass/fail.*

NOTE: This may be a lotteried class; if you cannot attend class or the mid-term or meet paper deadlines for any reason (other than a medical emergency), do *not* take the course.

SCHEDULE AND READING LIST FOR ECONOMICS 1357

PART I	The Rise (and Decline?) of the “American Century”
Jan 29	<p><u>Lecture 1. The “American Century”: Favorite of fortune or favorite by design?</u> § P. Romer, “Why, Indeed, in America? Theory, History, and the Origins of Modern Economic Growth,” <i>American Economic Review</i> (May 1996), pp. 202-206. ♣ K.L. Sokoloff and S.L. Engerman, “Institutions, Factor Endowments, and Paths of Development in the New World,” <i>Journal of Economic Perspectives</i> (Summer 2000), pp. 217-32. § W. Baumol, et al., <i>Productivity and American Leadership</i> (MIT, 1989), pp. 85-113. § L. Pritchett, “Divergence, Big Time,” <i>Journal of Economic Perspectives</i> (Sum. 1997), pp. 3-17.</p>
Feb. 3	<p><u>Lecture 2. Growth, divergence, and convergence during the grand “American Century”</u> § J.B. DeLong, “Cornucopia: The Pace of Economic Growth in the 20th Century,” NBER Working Paper no. 7602 (March 2000). § P. Krugman, <i>The Age of Diminished Expectations: U.S. Economic Policy in the 1990s</i> (MIT, 1997), chapters 1 and 2, pp. 13-29. § R.J. Gordon, “U.S. Economic Growth since 1870: One Big Wave?” <i>American Economic Review</i> (May 1999), pp. 123-27. § J. Sachs and A. Warner, “Economic Reform and the Process of Global Integration,” <i>Brookings Papers on Economic Activity</i>, vol. 1 (1995), pp. 1-11, 35-52.</p>
PART II	The True Wealth of Nations: Institutions, Natural Resources, and Human Capital
Feb. 5	<p><u>Lecture 3. Laissez faire foundations: The creation of a single economic space</u> § <i>The Constitution of the United States</i> <input checked="" type="checkbox"/> A. de Tocqueville, <i>Democracy in America</i> vol. 1, part I, chap. 3; vol. 2, part II, chaps. 18-20. ♣ B.Z. Khan and K.L. Sokoloff, “The Early Development of Intellectual Property Institutions in the United States,” <i>Journal of Economic Perspectives</i> (Summer 2001), pp. 233-46. § J. Hughes and L.P. Cain, <i>American Economic History</i>, 5th ed. (Addison Wesley, 1998), pp. 83-94, 127-39.</p>
Feb. 10	<p><u>Lecture 4. Expanding America: Land and natural resource abundance</u> § G. Wright, “The Origins of American Industrial Success, 1879-1940,” <i>American Economic Review</i> (Sept. 1990), pp. 651-68. § R. Nelson and G. Wright, “The Rise and Fall of American Technological Leadership,” <i>Journal of Economic Literature</i> (Dec. 1992), pp. 1931-64. <input type="checkbox"/> W. Cather, <i>My Antonia</i>, book I, chapters. I-III, XVII.</p>
Feb. 12, 19	<p><u>Lectures 5 & 6. Populating America</u> <u>Part I: Births, deaths, and health</u> § M. Haines, “The Population of the United States, 1790-1920,” in S.L. Engerman and R.E. Gallman (eds.), <i>The Cambridge Economic History of the United States, Vol. II, The Long Nineteenth Century</i> (Cambridge, 2000), pp. 143-87. § R. Easterlin, “Twentieth-Century American Population Growth,” in S.L. Engerman and R.E. Gallman (eds.), <i>The Cambridge Economic History of the United States, Vol. III, The Twentieth Century</i> (Cambridge, 2000), pp. 505-21, 535-39.</p> <p><u>Part II: Immigration and immigration policy</u> § M.A. Jones, <i>American Immigration</i>, 2nd ed. (Chicago, 1992), pp. 152-76, 212-38 (chapters 7, 9). § G. Borjas, “Know the Flow,” <i>National Review</i> (April 17, 1995), pp. 44-50. <input checked="" type="checkbox"/> U. Sinclair, <i>The Jungle</i>, chapters. 1-6 (to be read by this lecture).</p>
Feb. 24	<p><u>Lecture 7. Educating Americans: The virtues of the past</u> § R. Easterlin, “Why Isn’t the Whole World Developed?” <i>Journal of Economic History</i> (March 1981), pp. 1-20. ♣ C. Goldin, “The Human Capital Century and American Leadership: Virtues of the Past,” <i>Journal of Economic History</i> (June 2001), pp. 263-91.</p>

	§ C. Goldin and L. Katz, “The Shaping of Higher Education: The Formative Years in the United States, 1890 to 1940,” <i>Journal of Economic Perspectives</i> (Winter 1999), pp. 37-62.
PART III	“American Systems”: Mass Production, Technological Change, and Big Business
Feb. 26, March 3	<p><u>Lectures 8 & 9. “From the American system to mass production”</u></p> <p><u>Part I: The origins of American industrial success</u></p> <p>§ D. Hounshell, <i>From the American System to Mass Production</i> (Johns Hopkins Press, 1984), chap. 1 (pp. 1-13), appendix 1 (pp. 331-36).</p> <p>§ N. Rosenberg, <i>Technology and American Economic Growth</i> (Harper&Row, 1972), pp. 87-116.</p> <p>♣ N. Lamoreaux and K.L. Sokoloff, “Market Trade in Patents and the Rise of a Class of Specialized Inventors in the 19th-Century US,” <i>American Economic Review</i> (May 2001), pp. 39-44.</p> <p><u>Part II: Industrial success in the 20th century and the “arsenal of democracy”</u></p> <p>§ S.L. Engerman and K.L. Sokoloff, “Technology and Industrialization, 1790-1914,” in S.L. Engerman and R.E. Gallman (eds.), <i>The Cambridge Economic History of the United States, Vol. II, The Long Nineteenth Century</i> (Cambridge, 2000), pp. 367-94.</p> <p>§ H. Gemery, and J. Hogendorn, “The Microeconomic Bases of Short-Run Learning Curves: Destroyer Production in World War II,” in G. Mills and H. Rockoff (eds.), <i>Sinews of War: Essays on the Economic History of World War II</i> (1993), pp. 150-165.</p> <p>☑ M. Twain, <i>A Connecticut Yankee at King Arthur’s Court</i>, chapters 1-10 (read by this lecture).</p>
March 5	<p><u>Lecture 10. Twentieth century technological change: Lessons from the past on the future of productivity change</u></p> <p>§ P. David, “The Dynamo and the Computer: An Historical Perspective on the Modern Productivity Paradox,” <i>American Economic Review</i> (May 1990), pp. 355-60.</p> <p>§ W. Devine, “From Shafts to Wires: Historical Perspective on Electrification,” <i>Journal of Economic History</i> (June 1983), pp. 347-72.</p> <p>♣ R. Gordon, “Does the ‘New Economy’ Measure Up to the Great Inventions of the Past?,” <i>Journal of Economic Perspectives</i> (Fall 2000), pp. 1-7, 18-51.</p> <p>§ N. Rosenberg, “Inventions: Their Unfathomable Future,” <i>The New York Times</i>, Sunday, August 7, 1994, Business Section, p. 9.</p>
March 10	<p><u>Lecture 11. The rise of “big business”: The “great merger movement” and antitrust</u></p> <p>♦ G. Porter, <i>Rise of Big Business: 1860 to 1920</i>, 2nd ed. (1992), chapter 2 (pp. 29-90).</p> <p>§ L. Hannah, “Survival and Size Mobility among the World’s Largest 100 Industrial Corporations, 1912-1995,” <i>American Economic Review</i> (May 1998), pp. 62-65.</p> <p>§ J. Hughes & L.P. Cain, <i>American Economic History</i>, 5th ed. (Addison Wesley, 1998), pp. 354-67.</p>
March 12	<p><u>Lecture 12. Tying the nation (and the world) together</u></p> <p>§ R. Fogel, <i>Railroads and American Economic Growth</i> (1964), chapter IV (pp.1-16, 207-28).</p> <p>§ A. Chandler, <i>The Visible Hand</i> (Harvard, 1977), pp. 188-205.</p> <p>§ Tom Standage, <i>The Victorian Internet</i> (Walker, 1998), pp. 57-104.</p> <p>☑ M. Twain, <i>The Adventures of Huckleberry Finn</i>, chap. XVI.</p>
March 17	
MIDTERM EXAMINATION (covers material up to and including Lecture 12)	
March 19 <i>No Class</i>	
Research paper prospectus due either in class by March 17 or before 5pm on March 19 at Littauer 217. Consult the Research Paper Handout for details. NO extensions will be granted.	
March 24, 26 <i>No Classes, Spring Break</i>	

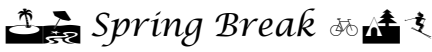
PART IV	Dilemmas: Slavery, the South, and Race
March 31	<p>Lecture 13. <u>The peculiar institution: The South and slavery</u> § R. Fogel, <i>Without Consent or Contract</i> (Norton, 1989), pp. 17-113. <input checked="" type="checkbox"/> H.B. Stowe, <i>Uncle Tom's Cabin</i>, chapters 4, 10, 33.</p>
Apr. 2	<p>Lecture 14. <u>The peculiar region: The Civil War and the legacy of slavery</u> § R. Ransom and R. Sutch, "Debt Peonage in the Cotton South after the Civil War," <i>Journal of Economic History</i>, (September 1972), pp. 641-69. § J. Reid, "Sharecropping as an Understandable Market Response: The Post-Bellum South," <i>Journal of Economic History</i> (March 1973), pp. 106-30. <input checked="" type="checkbox"/> M. Twain, <i>A Connecticut Yankee at King Arthur's Court</i>, chapters 33, 39-44.</p>
Apr. 7	<p>Lecture 15. <u>The American dilemma: The issue of race</u> § G. Myrdal, <i>An American Dilemma</i>, pp. 205-29, 279-303. § J. Smith and F. Welch, "Black Economic Progress after Myrdal," <i>Journal of Economic Literature</i> (June 1989), pp. 519-40, 557-61. § J.H. Donohue and J. Heckman, "Continuous vs. Episodic Change: The Impact of Civil Rights Policy," <i>Journal of Economic Literature</i> (Dec. 1991), pp. 1603-14 (introduction and section I).</p>
PART V	Growing Pains and Solutions: Inequality, Cities, the Macro-economy, and Big Government
Apr. 9, Apr. 14	<p>Lectures 16 & 17. <u>Inequality and economic growth</u> Part I: The "Kuznets Curve" in theory and history § S. Kuznets, "Economic Growth and Income Inequality," <i>American Economic Review</i> (March 1955), pp. 1-28. <input checked="" type="checkbox"/> Edward Bellamy, <i>Looking Backward: From 2000 to 1887</i>, chapters 1-3, 5, 9, 22</p> <p>Part II: <u>Twentieth century trends in inequality</u> § C. Goldin and L. Katz, "The Returns to Skill in the United States across the Twentieth Century," NBER Working Paper no. 7126 (May 1999). § C. Goldin and R. Margo, "The Great Compression: The Wage Structure in the U.S. at Mid-Century," <i>Quarterly Journal of Economics</i> (Feb. 1992), pp. 1-12, 15-23, 32 (omit IB, IID, IIE).</p>
Apr. 16	<p>Lecture 18. <u>Evolving labor markets</u> § C. Goldin, <i>Understanding the Gender Gap</i> (Oxford, 1990), pp. 10-28. § C. Goldin, "Labor Markets in the Twentieth Century," in S.L. Engerman and R.E. Gallman, eds. <i>The Cambridge Economic History of the United States, Vol. III, The Twentieth Century</i> (Cambridge, 2000), pp. 549-88, 615-616. [Or pp. 1-32, 57-58, http://www.economics.harvard.edu/~goldin/papers/labor20th.pdf] <input checked="" type="checkbox"/> U. Sinclair, <i>The Jungle</i>, chapters 6-12 (to be read by this lecture).</p>
Apr. 21	<p>Research paper drafts/outlines due in class.</p> <p>Lecture 19. <u>Shining metropolis or dark gotham?</u> § E.G. Burrows and M. Wallace, <i>Gotham: A History of New York City to 1898</i> (Oxford, 1999), chapters 44, 52-53, 60, 67 (pp. 774-95, 917-50, 1059-70, 1183-1208). ♠ J. Riis, <i>How the Other Half Lives</i> (1890), chapters 1-4.</p>
Apr. 23	<p>Lecture 20. <u>Macroeconomic instability and the Great Depression</u> § C. Romer, "New Estimates of Prewar Gross National Product and Unemployment," <i>Journal of Economic History</i> (June 1986), pp. 341-52. § C. Romer, "The Nation in Depression," <i>Journal of Economic Perspectives</i> (Spr. 1993), pp. 19-39. § J. Wallis, "The Great Depression: Can It Happen Again?" in D. McCloskey (ed.), <i>Second Thoughts: Myths and Morals of U.S. Economic History</i> (Oxford, 1993), pp. 96-103. § M. Bordo, C. Goldin, and E. White, "The Defining Moment Hypothesis," in M. Bordo, et al. (eds.), <i>The Defining Moment</i> (Chicago, 1998), pp. 1-19. § J. Steinbeck, <i>The Grapes of Wrath</i>, chapters 19-22.</p>

Apr. 28	<p><u>Lecture 21. The rise of “big government”</u></p> <p>§ R. Higgs, <i>Crisis and Leviathan</i> (Oxford, 1987), pp. 3-34.</p> <p>§ J. Hughes & L.P. Cain, <i>American Economic History</i>, 5th ed. (Addison Wesley, 1998), pp. 483-99.</p> <p>§ R. Sutch, “Has Social Spending Grown Out of Control?” <i>Challenge</i> (May/June 1996), pp. 9-16.</p> <p>§ P. Lindert, “Does Social Spending Deter Economic Growth?” <i>Challenge</i> (May/June 1996), pp. 17-22.</p>
PART VI	Peering into the Future
Apr. 30	<p><u>Lecture 22. America in an age of anxiety</u></p> <p>§ P. Romer, “Why, Indeed, in America? Theory, History, and the Origins of Modern Economic Growth,” <i>American Economic Review</i> (May 1996), pp. 202-206. [repeat reading from Lecture 1]</p> <p>§ J.B. DeLong, C. Goldin, and L.F. Katz, “Sustaining U.S. Economic Growth,” in H. Aaron, et al. (eds.), <i>Agenda for the Nation</i> (Brookings, 2003), pp. 1-31 (plus associated figures and tables).</p> <p>§ J.B. DeLong, “The Shape of 20th Century Economic History,” NBER Working Paper no. 7569 (February 2000).</p> <p>§ D. McCloskey, “Competitiveness and the Antieconomics of Decline,” in D. McCloskey (ed.), <i>Second Thoughts: Myths and Morals of U.S. Economic History</i> (Oxford, 1993), pp. 167-73.</p>
May 9	Research paper due at Littauer 217 before 5pm. Late penalties will be assigned. See Research Paper Handout for details.

KEY:

- § the reading should be available on e-reserve [Note: This is preliminary information and may change.]
- ♣ the reading will probably not be on e-reserve but will be on a course “Readings” page on the Ec1357 web-site. [Note: This is preliminary information and may change.]
- ◆ the reading is *not* available on e-reserve because of copyright protection.
- ☑ also available at <http://xroads.virginia.edu> (go to “Hypertexts”)
- ☐ also available at <http://www.unl.edu/Cather/works/se/antonia/entire/antoniastext.htm>
- ♠ also available at <http://www.yale.edu/amstud/inforev/riis/title.html>

Economics 1357: Course Outline Summary

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Feb. 3	Lecture 2. The grand “American Century”
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