

ECO 312: American Economic Development Fall 2002

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Course objectives

American Economic Development will survey economic history of the United States from the colonial period to the present. We will consider the development of the U. S. economy as a case study of modern economic growth, the problems that can accompany economic growth in a market economy, and various solutions to those problems.

This course applies economics to history and history to economics. Economic methodology is used to explore historical issues, and historical examples are used to understand the process of economic development. Within this framework, the course will pursue four goals. First, it will make you better aware of the historical origins of our present economic system. Second, it will illustrate how economic theory can be enriched by the study of history. Third, it will highlight the importance of markets in the allocation of society's resources throughout history. Fourth, it will shed light on the process of economic growth and its causes and consequences. The readings, discussions, and written assignments are designed to help you develop the ability to present in written form an argument making use of both economic reasoning and historical evidence. The quizzes and exams are designed to allow you to demonstrate your understanding of the material.

Course requirements and grading

Grades in this course will be determined by your performance on the following assignments, with the weight of the assignment as indicated. All written assignments must be typed, double-spaced, with standard font and margins.

1. Research on a topic in economy history (10-12 pp plus bibliography). One page proposal due October 18th, first draft due November 22nd, final draft due December 13th. (30%)
2. Two seminar summaries (2-3 pp ea). Written summaries of Department of Economics seminars in current economic research. (10%)
3. Class participation, which will involve discussions of articles on the reading list assigned for each class. You will be expected to read all required readings in preparation for class discussion, and will occasionally be called upon to summarize the day's readings. In addition, you will be expected to read from the optional reading list. These readings will be assigned as we go along. You will be given sufficient notice to prepare your optional reading for presentation to the class. Since discussions are a valuable part of this course, your attendance will be required. Each absence will result in a grade of zero for that day's discussion. If you choose not to attend class, you are still responsible for everything that takes place in class that day. (10%)
5. Summary of class discussion of a topic (2-4 pp). (10%)
6. Presentation of articles from the optional reading list to the class. We will begin the presentation format of the course after the first month so that you can get a better idea of

what type of information you should be looking for in the articles and how to summarize and present a scholarly article to the class. (10%)

7. Quizzes. Impromptu written quizzes on topics covered during class. (10%)
8. Exams. Midterm and final exams. Essay exams giving you the opportunity to impress me with your grasp of the evolution of the American economy. (20%)

Paper: This is the major determinant of your grade; therefore you are advised to devote an appropriate amount of your time and energy to this project. You may choose any topic, subject to my approval. A narrow topic is usually easier to handle than a broad topic. A one page abstract, which outlines what you propose to do and how you plan on doing it is the first step in the project. Ideally, you will have discussed potential topics with me in advance. You will be required to turn in a first draft of your paper approximately three weeks before the final draft is due. These drafts will then be passed out to your classmates. Each of you will be responsible for reading one other paper and providing critical comments on the paper. This will give you additional practice in critical review. The paper may take either of these forms:

(1) A survey of a topic in economic history. In this case you should read several papers and/or books covering the topic. Do not simply give a review of each paper/book and cobble them all together. Rather, synthesize the arguments, outline the progression of the argument, and indicate what conclusions, if any, have been reached, and the basis for any remaining disagreement.

(2) Use the databases available in Murphy Library to compare a paper using national or regional data to the Wisconsin area. You may reproduce an existing research project using local/regional data. This project should be supported by a literature review relevant to the local area, especially in so far as it can support your results in explaining their similarity to or difference from existing research.

Where to find the readings:

Optional articles can be found in bound volumes of the appropriate journals in Murphy Library.

Available from textbook rental:

HAE Walton, Gary M. and Hugh Rockoff, History of the American Economy, Toronto: South-Western, 2002

Available on 2 hour reserve at Murphy Library:

ST McCloskey, Donald, ed., Second Thoughts, New York: Oxford University Press, 1993, pp. 3-10.

Lance Davis et. al., eds., American Economic Growth: An Economist's History of the United States, New York: Harper and Row, 1972.

Fogel, Robert and Stanley Engerman, eds., The Reinterpretation of American Economic History, New York: Harper and Row, 1971

Required articles are in a readings folder labeled ECO 312 Reader

Reading List
Eco 312: American Economic Development

* indicates required reading

I. Introduction

- *Walton and Rockoff, *History of the American Economy*, ch 1
- *McCloskey, Donald, "Looking Forward into History," in McCloskey, ed., *Second Thoughts*, New York: Oxford University Press, 1993, pp. 3-10.
- Engle, Marc and Joseph A. Ernst, "An Economic Interpretation of the American Revolution," *William and Mary Quarterly*, 3rd series, vol. 29(1972): 3-32
- Engle, Marc, "The Economic Development of the 13 Colonies, 1720 to 1775," *William and Mary Quarterly* (April 1975), pp. 191-222.
- Wright, Gavin, "The Origins of American Industrial Success, 1879-1940," *American Economic Review* 80, 1990.

II. The State and Economic Development

- *Walton and Rockoff, *HAE*, ch 4
- Lindert, Peter "The Rise of Social Spending, 1880-1930," *Explorations in Economic History*, 1994.
- Gallman, Robert, "The Pace and Pattern of American Economic Growth," in Lance Davis et. al., eds., *American Economic Growth: An Economist's History of the United States*, New York: Harper and Row, 1972, pp. 15-60.
- Scheiber, Harry, "Property Law, Expropriation, and Resource Allocation by Government: The United States 1789-1910," *Journal of Economic History* (March 1973), pp. 232-51.
- Davis, Lance and Douglass North, "The Government, Coercion, and the Redistribution of Income," in Davis and North, *Institutional Change and American Economic Growth*, Cambridge: Cambridge University Press, 1971, pp. 26-38.
- *North, Douglass, "Institutions," *Journal of Economic Perspectives* 5 (Winter 1991), pp. 97-112.
- Abramovitz, Moses and Paul David, "Reinterpreting Economic Growth: Parables and Realities of the American Experience," *American Economic Review Papers and Proceedings* (1973), pp 428-39.
- *Uselding, Paul, "Does Government Intervention in the Economy Hurt Competitiveness - Or Help It?" *ST*, pp. 163-166.

III. Transportation, Urbanization, and the Move West

- *Walton and Rockoff, *HAE*, chs 8-9
- North, Douglass, "Location Theory and Regional Economic Growth," *Journal of Political Economy* (June 1955).
- Temin, Peter, "Steam and Waterpower in the Early 19th Century," *Journal of Economic*

- History* (June 1966), pp. 187-205.
- Fishlow, Albert, "The Dynamics of Railroad Expansion into the West," in The Reinterpretation of American Economic History, New York: Harper and Row, 1971.
- North, Douglass, "Land Policy and the Westward Movement, 1785-1890," in North, Growth and Welfare in the American Past, Englewood Cliffs, NJ: Prentice-Hall, Inc., 1966, pp. 90-97.
- *Anderson, Terry L. and Peter J. Hill, "Are Government Giveaways Really Free?" *ST*, pp. 109-113.
- *Davis and North, "Transportation Developments and Economic Growth," Institutional Change and American Economic Growth, pp. 135-166.

IV. Slavery

- *Walton and Rockoff, HAE, ch 13
- *Fogel, Robert, "Unraveling Some Economic Riddles," in Fogel, Without Consent or Contract, New York: W. W. Norton, 1989, ch 3: pp. 60-80.
- *Wright, Gavin, "Prosperity, Progress, and American Slavery," in Paul David, et. al., eds., Reckoning with Slavery, New York: Oxford University Press, 1976.
- Conrad, Al and John Meyer, "The Economies of Slavery in the Antebellum South," The Reinterpretation of American Economic History, ch. 25.
- Yasuba, Yasukichi, "The Profitability and Viability of Plantation Slavery in the United States," The Reinterpretation of American Economic History, ch. 26.
- Galenson, David, "The Rise and Fall of Indentured Servitude: An Economic Analysis," *Journal of Economic History* 44, 1984.
- Fogel, Robert and Stanley Engerman, Time on the Cross, Boston: Little, Brown and Co., 1974, chs. 5-6.

V. Antebellum Banking

- *Walton and Rockoff, HAE, ch 12
- Bodenhorn, Howard and Michael Hauptert, "Was There a Note issue Conundrum in the Free Banking Era?" *Journal of Money, Credit and Banking* (August 1995), pp.702-13.
- *Sylla, Richard, "Should We Reregulate the Banks?" *ST*, pp. 123-131.
- Rolnick, Art and Warren Weber, "Free Banking, Wildcat Banking, and Shinplasters," *Federal Reserve Bank of Minneapolis Quarterly Review* 6 (1982), 10-19.
- Rockoff, Hugh, "Varieties of Banking and Regional Economic Development in the United States, 1840-1860," *Journal of Economic History* (March 1975), pp. 160-77.
- *Hammond, Bray, "Jackson, Biddle, and the Bank of the United States," *Journal of Economic History* (March 1947).
- Lake, Wilfred, "The End of the Suffolk System," *Journal of Economic History* (November, 1947).

VI. Railroads and Economic Development

*Walton and Rockoff, HAE, ch 16

*Fogel, Robert, Railroads and American Economic Growth, Baltimore: Johns Hopkins University Press, 1964, chs. 1, 6.

*David, Paul, "Transport Innovation and Economic Growth: Professor Fogel on and Off the Rails," *Economic History Review* (1969), pp. 506-25.

Fogel, Robert, "Notes on the Social Saving Controversy," *Journal of Economic History* (1979), pp. 1-54.

Fishlow, Albert, "Internal Transportation," American Economic Growth: An Economist's History of the United States, pp. 468-72 and 513-47.

Mercer, Lloyd, "Land Grants to American Railroads: Social Cost or Social Benefit?" *Business History Review* (Autumn 1972), pp. 134-51.

*Gunderson, Gerald, "The Nature of Social Saving," *Economic History Review* (August 1970).

Engerman, Stanley, "Some Economic Issues Relating to Railroad Subsidies and The Evaluation of Land Grants," *Journal of Economic History* (June 1972).

North "Ships, Railroads, and Economic Growth," Growth and Welfare in the American Past, pp. 108-121.

VII. The Civil War

*Walton and Rockoff, HAE, ch 14

Gunderson, Gerald, "The Origins of the American Civil War," *Journal of Economic History* (December 1974).

*Engerman, Stanley, "The Economic Impact of the Civil War," The Reinterpretation of American Economic History, pp. 369-79.

Goldin, Claudia and Frank Lewis, "The Economic Cost of the American Civil War: Estimates and Implications," *Journal of Economic History* (June 1975), pp. 299-326.

VIII. Postbellum Growth of Government and Business

*Walton and Rockoff, HAE, ch 17

Atack, Jeremy. "Industrial Structure and the Emergence of the Modern Industrial Corporation." *Explorations in Economic History* 22 (1985): 29-52

Field, Alex, "The Magnetic Telegraph and the New Management of Capital," *Journal of Economic History* (1992), pp. 401-14.

*Walton, Gary, "Fulton's Folly," ST, pp. 145-150.

*Hounshell, David, From the American System to Mass Production, 1800-1932, Baltimore: Johns Hopkins University Press, 1984, ch 5.

Chandler, Alfred, "The Emergence of Managerial Capitalism," *Business History Review* 58 (Winter 1984).

- Davis and North, "Economies of Scale, Unsuccessful Cartelization, and External Costs: Some Sidelights on the Growth of Manufacturing in the United States," Institutional Change and American Economic Growth, pp. 167-190.
- Chandler, Alfred and Louis Galambos, "The Development of Large-Scale Economic Organizations in Modern America," *Journal of Economic History* (March 1970).
- North, "Government and the Growth of the Economy," Growth and Welfare in the American Past, pp. 98-107.
- North, "Creation of an Industrial Giant and Problems of Monopoly, 1860-1914," Growth and Welfare in the American Past, pp. 149-164.
- Libecap, Gary, "Bureaucratic Opposition to the Assignment of Property Rights: Overgrazing on the Western Range," *Journal of Economic History* (March 1981).
- Rasmussen, Wayne, "The Impact of Technological Change on American Agriculture, 1862-1962," *Journal of Economic History* (December 1962).

IX. National Banking and the Federal Reserve System

- *Walton and Rockoff, HAE, ch 19
- Friedman, Milton, "The Crime of 1873," *Journal of Political Economy* 98 (December 1990).
- Calomiris, Charles, "Is Deposit Insurance Necessary? A Historical Perspective," *Journal of Economic History* 50 (June 1990), pp. 283-95.
- *Eichengreen, Barry, "As Good as Gold - By What Standard?" ST, pp. 79-87.
- Cagan, Phillip and Anna Schwartz, "The National Bank Note Puzzle Reinterpreted," *Journal of Money, Credit and Banking* (August 1991), pp. 293-307.
- Davis and North, "Organization and Reorganization in the Financial Markets: Savings and Investment in the American Economy, 1820-1950," Institutional Change and American Economic Growth, pp. 105-134.

X. Labor

- *Walton and Rockoff, HAE, ch 18
- William J. Collins, "When the Tide Turned: Immigration and the Delay of the Great Black Migration," *Journal of Economic History* 57 (September 1997)
- Robert Whaples, "Winning the Eight-Hour Day," *Journal of Economic History*, 1990
- Goldin, Claudia D. "The Role of World War II in the Rise of Women's Employment." *American Economic Review* 81 (1991): 741-56
- Landes, William M. and Lewis C. Solmon, "Compulsory Schooling Legislation: An Economic Analysis of Law and Social Change in the Nineteenth Century," *Journal of Economic History* (March 1972), pp. 45-91.
- Goldin, Claudia and Ken Sokoloff, "Women, Children, and Industrialization," *Journal of Economic History* (December 1982), pp. 741-774.
- Goldin, Claudia, "Maximum Hours Legislation and Female Employment: A Reassessment," *Journal of Political Economy* (February 1988), pp. 189-205.
- *Fishback, Price V., "Does Workers' Compensation Make for a Safer Workplace?" ST,

pp. 45-49.

*Alston, Lee J., "American Farming: If It's Broke, Why Can't We Fix It?" *ST*, pp. 50-56.

*Hoffman, Elizabeth, "How Can Displaced Workers Find Better Jobs?" *ST*, pp. 57-64.

*Simon, Julian L. and Rita James Simon, "Do We Really Need All These Immigrants?" *ST*, pp. 19-25.

Raff, Daniel M. G., "Wage Determination Theory and the Five-Dollar Day at Ford," *Journal of Economic History* 48 (June 1988), pp. 387-99.

XI. The Great Depression

*Walton and Rockoff, *HAE*, ch 23-24

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

White, Eugene, "A Reinterpretation of the Banking Crisis of 1930," *Journal of Economic History* (March 1984).

Mishkin, Frederic, "The Household Balance Sheet and the Great Depression," *Journal of Economic History* (December 1978).

*Wallis, John, "The Great Depression: Can It Happen Again?" *ST*, pp. 96-103.

*Kindleberger, Charles, *The World in Depression*, Berkeley: University of California Press, 1973, ch. 14.

Romer, Christine, "What Ended the Great Depression?" *Journal of Economic History* 52 (December 1992), pp. 757-84.

Sundstrom, Wm. A., "Last Hired, First Fired? Unemployment and Urban Black Workers During the Great Depression," *Journal of Economic History* 52 (June 1992), pp. 415-29.

XII. WWII and Beyond

*Walton and Rockoff, *HAE*, ch 26

Edelstein, Michael. "What Price Cold War? Military Spending and Private Investment in the US, 1946-1979." *Cambridge Journal of Economics* 14 (1990): 421-37

Kossoudji, Sherrie A. and Laura J. Dresser, "Working Class Rosies: Women Industrial Workers During World War II," *Journal of Economic History* 52 (June 1992), pp. 431-46.

Goldin, Claudia, "The Changing Economic Role of Women," *Journal of Interdisciplinary History* 13, 1983.

Abramovitz, Moses, "Catching Up, Forging Ahead, and Falling Behind," *Journal of Economic History* (June 1986), pp. 385-406.

*Hughes, Jonathan, "Do Americans Want Big Government?" *ST*, pp. 114-122.