

Econ 242: The American Century

Course Overview:

Many statements that economists make about the world today are implicitly historical—that is, they are based on (often highly stylized) notions about the past. Such statements are particularly common in the area of economic development, where poor nations are encouraged to follow the path to success that the richest countries already blazed. For such policy recommendations to be valuable, however, the historical notions embedded within them need to be subjected to more explicit scrutiny. This course applies the theoretical tools of economics to understand how the United States overtook leading European countries at the end of the nineteenth century and maintained this economic lead over the next hundred years. Among other topics, we will consider the roles of mass production and big business, public health improvements, and the relatively early and widespread availability of public education. We will also discuss some of the problems that Americans faced as the nation grew, including racial disparities and economic inequality.

Course Requirements:

Read the assigned readings, attend each class session and participate in class discussions. Papers marked with a ** on the syllabus are the designated “discussion paper” for the session. Students must email two short questions about the discussion paper to me each week by noon on the day before class (lboustan@econ.ucla.edu). In addition, each student must give one oral presentation summarizing and critiquing a discussion paper during the term (no more than fifteen minutes).

Written Assignments:

Students will be graded on their presentations, class participation, and on one of the following two assignments (due Friday, March 15):

Assignment 1: Write two referee reports of the starred discussion papers on the syllabus. Each should be four pages in length (double spaced, 12-point font, 1-inch margins). The first page should summarize the main methods and findings of the paper, emphasizing its positive contribution to the literature. The final three pages should provide practical critiques of the paper. Each critique should be separately numbered.

OR

Assignment 2: Write a prospectus for a research paper that is influenced by reading in US economic history. Students may pair this assignment with a paper in another field but they must explain the explicit connection to US economic history. The prospectus should be eight to ten pages in length (double spaced, 12-point font, 1-inch margins). It should describe a research problem, make a case for its analytical significance, briefly survey the relevant literature, pinpoint a body of source material that can be used to explore the problem, and outline a viable methodological approach.

Suggestions for summarizing and critiquing articles (for referee reports)

Summary:

Don't feel that you need to be comprehensive or cover all aspects of the analysis. Just hit the high points. Here are some basic questions to think about as you prepare your summary:

What is the big issue at stake in this paper?

What is the model (explicit or implicit) that underpins the paper?

What evidence/data does the author offer in support of his/her arguments? What techniques does s/he use to analyze the data?

What are the main results?

What conclusions does the author draw from the results?

Critique:

The trick to a successful critique is to first evaluate the author on his/her own terms and then to take a step back and assess the author's approach afresh. The best critiques do not ask the author to do the impossible or the impractical, but instead generate ideas about how our understanding of a problem might usefully be advanced.

Here are some basic questions to think about as you prepare your critique:

Taking the author on his/her own terms:

Does the author deliver on his/her promises and accomplish what s/he sets out to do?

Is the paper internally coherent? That is, does its logic "work" within its own framework and set of assumptions?

Does the author interpret his/her results correctly?

Assessing the author's approach:

If the author narrows the question in order to make it analytically tractable, does his/her re-formulation of the problem affect the conclusions we can draw from the study?

Is the model (explicit or implicit) appropriate? Are there better ways to model the problem?

Is the author ignoring data or other evidence relevant to the question?

Are there better ways to analyze the data the author uses?

Can the author's results be explained in other ways? That is, are the findings consistent with alternative hypotheses?

Can you think of additional ways to explore the question or test the various alternative hypotheses that the author may have ignored?

Schedule of Class Meetings and Reading Assignments

January 10: A century of US economic growth

- **US economic growth, 1870-2010**
- **Second Industrial Revolution**

Assigned Readings:

- R. Gordon, “US Economic Growth since 1870: One Big Wave?” *American Economic Review*, May 1999, p. 123-27.
- A. Chandler, Jr., *Scale and Scope: The Dynamics of Industrial Capitalism* (Cambridge, Mass.: Harvard University Press, 1990), Chapter 2.
- C. Goldin and L. Katz, “The Origins of the Technology-Skill Complementarity,” *Quarterly Journal of Economics*, July 1996, p. 683-732.

Related Readings:

- W. Baumol, “Productivity Growth, Convergence, and Welfare: What the Long-Run Data Show,” *American Economic Review*, Dec. 1986, p. 1072-85.
- B. De Long, “Productivity Growth, Convergence, and Welfare: A Comment,” *American Economic Review*, Dec. 1988, p. 1138-1154.
- K. Mitchener and I. McLean, “US Economic Growth and Convergence, 1880-1980” *Journal of Economic History*, Dec. 1999, p. 1016-42.
- E. Kyriazidou and M. Pesendorfer. “Viennese Chairs: A Case Study for Modern Industrialization.” *Journal of Economic History*, March 1999, p.143-66.

January 17: Two eras of mass migration

- **Migrant selection and assimilation**
- **Immigrants and the native workforce**

Assigned readings:

- R. Abramitzky, L. Boustan and K. Eriksson, “Europe’s Tired, Poor, Huddled Masses: Self-Selection and Economic Outcomes in the Age of Mass Migration,” *American Economic Review*, August 2012, p. 1832-56.
- R. Abramitzky, L. Boustan and K. Eriksson, “A Nation of Immigrants: Assimilation and Economic Outcomes in the Age of Mass Migration.” NBER Working Paper 18011, April 2012.
- ** G. Borjas. “Long-Run Convergence of Ethnic Skill Differentials: The Children and Grandchildren of the Great Migration,” *Industrial and Labor Relations Review*, July 1994, p. 553-73.

Related reading

- D. Chiquiar and G. Hanson. “International Migration, Self-Selection, and the Distribution of Wages: Evidence from Mexico and the United States,” *Journal of Political Economy*, April 2005, p. 239-281.
- C. Goldin, “The Political Economy of Immigration Restriction in the United States, 1890 to 1921.” In C. Goldin and G. Libecap, eds., *The Regulated Economy: An Historical*

Analysis of Government and the Economy. Chicago: University of Chicago Press, 1994.
See also: NBER Working Paper 4345.

- L. Boustan, P. Fishback and S. Kantor, “The Effect of Internal Migration on Local Labor Markets: American Cities During the Great Depression.” *Journal of Labor Economics*, Oct 2010, p. 719-746.

January 24: Education

- **High school movement and post-secondary schooling**
- **Private and social returns to education**

Assigned readings:

- C. Goldin and L. Katz, *The Race between Education and Technology*, (Cambridge, MA: Harvard University Press, 2008), Chpt 1, 6.
- J. Bound and S. Turner, “Going to War and Going to College: Did World War II and the GI Bill Increase Educational Attainment for Returning Veterans?” *Journal of Labor Economics*, Oct. 2002, p. 784-815.
- ** A. Lleras-Muney, “The Relationship Between Education and Adult Mortality in the United States,” *Review of Economic Studies*, Jan. 2005, p. 189-221.

Related readings:

- J. Angrist and A. Krueger. “Does Compulsory Schooling Attendance Affect Schooling and Earnings?” *Quarterly Journal of Economics*, Nov 1991, p. 979-1014.
- S. Black, P. Devereux, and K. Salvanes, “Why the Apple Doesn’t Fall Far: Understanding Intergenerational Transmission of Human Capital,” *American Economic Review*, March 2005, p. 437-449.
- C. Goldin, L. Katz and I. Kuziemko, “The Homecoming of American College Women: The Reversal of the Gender Gap in College.” *Journal of Economic Perspectives*, (Fall 2006), p. 133-156.
- David Card and Thomas Lemieux, “Dropout and Enrollment Trends in the Post-War Period: What Went Wrong in the 1970s?” In *Risky Behavior among Youths: An Economic Analysis*, ed. J. Gruber. (Chicago: University of Chicago Press, 2001).
- M. Bailey and S. Dynarski, “Inequality in College Entry and Completion.” In *Whither Opportunity? Rising Inequality and the Uncertain Life Chances of Low-Income Children*, eds. G. J. Duncan and R. J. Murnane. (Russell Sage: New York, 2011).

January 31: Racial convergence

- **Supply side factors**
- **Demand side factors**

Assigned Readings:

- J. Donohue and J. Heckman, “Continuous versus Episodic Change: The Impact of Civil Rights Policy on the Economic Status of Blacks.” *Journal of Economic Literature*, Dec. 1991, p. 1603-43.

- D. Neal, “Why Has Black-White Skill Convergence Stopped?” *Handbook of the Economics of Education*, 2006, p. 511-576.
- ** D. Aaronson and B. Mazumder, “The Impact of Rosenwald Schools on Black Achievement.” *Journal of Political Economy*, 2001, p. 821-888.

Related readings:

- B. Sacerdote, “Slavery and the Intergenerational Transmission of Human Capital,” *Review of Economics and Statistics*, May 2005.
- R. Margo. *Race and Schooling in the South, 1880-1950: An Economic History*. (Chicago: University of Chicago Press, 1990).
- J. Smith and F. Welch, “Black Economic Progress After Myrdal,” *Journal of Economic Literature*, 1989, p. 517-564.
- D. Card and A. Kruger, “School Quality and Black-White Relative Earnings: A Direct Assessment.” *Quarterly Journal of Economics*, 1992, p. 151-200.
- L. Boustan, “Competition in the Promised Land: Black Migration and Racial Wage Convergence in the North, 1940-1970.” *Journal of Economic History*, Sept. 2009.
- J. Guryan, “Desegregation and Black Dropout Rates,” *American Economic Review*, 2004, p. 919-943.

February 7: Women’s labor force participation

Assigned readings:

- C. Goldin. *Understanding the Gender Gap*. (New York: Oxford University Press, 1990). p. 83-158.
- C. Goldin, “The Quiet Revolution That Transformed Women’s Employment, Education, and Family,” *American Economic Review*, May 2006, p. 1-21.
- ** M. Bailey, “More Power to the Pill: The Impact of Contraceptive Freedom on Women’s Lifecycle Labor Supply,” *Quarterly Journal of Economics*, Feb. 2006, p. 289-320.

Related readings:

- C. Goldin, “Monitoring Costs and Occupational Segregation by Sex: An Historical Analysis,” *Journal of Labor Economics*, Jan. 1987, p. 1-27.
- C. Goldin, “The Role of World War II in the Rise of Women’s Employment,” *American Economic Review*, Sept. 1991, p. 741-56.
- L. Boustan and W. Collins, “The Origin and Persistence of Black-White Differences in Women’s Labor Force Participation,” December 2012.
http://nber.org/~confer/2012/HCHf12/Boustan_Collins.pdf
- C. Goldin and L. Katz, “The Power of the Pill: Oral Contraceptives and Women’s Career and Marriage Decisions,” *Journal of Political Economy*, (2002), p. 730-70.
- G. Akerlof, J. Yellen and M. Katz, “An Analysis of Out-of-Wedlock Childbearing.” *Quarterly Journal of Economics*, May 1996, p. 277-317.
- B. Stevenson and J. Wolfers, “Marriage and Divorce: Changes and their Driving Forces.” *Journal of Economic Perspectives*, Spring 2007.

- B. Stevenson and J. Wolfers, “The Paradox of Declining Female Happiness.” *American Economic Journal: Economic Policy*, August 2009, p. 190-225.

February 14: Cities as sites of economic activity

- **Agglomeration benefits**
- **Mortality costs and role of public health**

Assigned Readings:

- L. Boustan, D. Buntin, O. Hearey, “Urbanization in American Economic History,” in preparation for *Oxford Handbook of American Economic History*, 2013.
- W. Hanlon, “Industry Connections and the Geographic Location of Economic Activity,” October 2012.
http://www.econ.ucla.edu/whanlon/papers/industry_connections.pdf
- ** H. Bleakley and J. Lin, “Portage and Path Dependence,” *Quarterly Journal of Economics*, May 2012, p. 587-644.

Related Readings:

- S. Kim, “Expansion of Markets and the Geographic Distribution of Economic Activities: The Trends in US Regional Manufacturing Structure,” *Quarterly Journal of Economics*, 1995, p. 881-908.
- N. Rosenberg and M. Trajtenberg, “A General-Purpose Technology at Work: The Corliss Steam Engine in the Late-Nineteenth-Century United States,” *Journal of Economic History*, Mar. 2004, p. 61-99.
- E. Glaeser and D. Mare, “Cities and Skills,” *Journal of Labor Economics*, April 2001, p. 316-42.
- D. Davis and D. Weinstein, “Bones, Bombs and Break Points: The Geography of Economic Activity,” *American Economic Review*, 2002, p. 1269-1289.
- M. Greenstone, R. Hornbeck, and E. Moretti, “Identifying Agglomeration Spillovers: Evidence from Million Dollar Plants” *Journal of Political Economy*, 2010, p. 536-598.
- D. Cutler and G. Miller, “The Role of Public Health Improvements in Health Advances: The Twentieth Century United States,” *Demography*, Feb. 2005, p.1-22.

February 21: The golden age of productivity and the productivity slowdown

- **TFP in agriculture and manufacturing**
- **Productivity slowdown in the 1970s?**
- **Computerization and rise of service sector**

Assigned readings

- A. Olmstead and P. Rhode, “The Red Queen and the Hard Reds: Productivity Growth in American Wheat, 1800-1940.” *Journal of Economic History*, Dec. 2002, p. 929-966.
- R. Gordon, “Does the ‘New Economy’ Measure up to the Great Inventions of the Past?” *Journal of Economic Perspectives*, Fall 2000, p. 49-74.
- ** D. Costa, “Estimating Real Income in the United States from 1888 to 1994: Correcting

CPI Bias Using Engel Curves.” *Journal of Political Economy*, Dec. 2001, p. 1288-1310.

Related readings:

- T. Bresnahan and D. Raff, “Intra-Industry Heterogeneity and the Great Depression: The American Motor Vehicles Industry, 1929-1935.” *Journal of Economic History*, June 1991, p. 317-331.
- P. Thompson, “How Much Did the Liberty Shipbuilders Learn? New Evidence for an Old Case Study.” *Journal of Political Economy*, Feb. 2001, p. 103-137.
- W. Baumol, “Macroeconomics of Unbalanced Growth: The Anatomy of Urban Crisis.” *American Economic Review*, June 1967, p. 415-426.
- Z. Griliches, “Productivity Puzzles and R & D: Another Nonexplanation.” *Journal of Economic Perspectives*, Fall 1988, p. 9-21.
- P. Romer, “Crazy Explanations for the Productivity Slowdown.” NBER Macroeconomics Annual 1987, p. 163-210.
- S. Oliner and D. Sichel, “The Resurgence of Growth in the Late 1990s: Is Information Technology the Story?” *Journal of Economic Perspectives*, Fall 2000, p. 3-22.

February 28: The social safety net

- **Aging and retirement**
- **Social programs**

Assigned readings:

- D. Costa, “Pensions and Retirement: Evidence from Union Army Veterans,” *Quarterly Journal of Economics*, May 1995, p. 297-320.
- ** K. Baicker, C. Goldin and L. Katz, “A Distinctive System: Origins and Impact of US Unemployment Compensation.” In *The Defining Moment: The Great Depression and the American Economy in the Twentieth Century*, eds. Michael Bordo, Claudia Goldin and Eugene White (Chicago: University of Chicago Press, 1998), chpt. 7, p. 227-264.

Related readings:

- L. Friedberg, “The Effect of Old Age Assistance on Retirement,” *Journal of Public Economics*, February 1999, p. 213-32.
- T. Skocpol, *Protecting Soldiers and Mothers: The Political Origins of Social Policy in the United States*, (Harvard 1992), p. 1-62.
- J. Hacker. *The Divided Welfare State: The Battle Over Public and Private Social Benefits in the United States*, (Cambridge 2002), p. 5-27.
- A. Alesina, E. Glaeser and B. Sacredote, “Why Doesn’t the United States Have a European-Style Welfare State?” *Brookings Papers on Economic Activity*, 2001, 187-254.
- P. Fishback and S. Kantor, “The Adoption of Workers Compensation in the United States, 1890-1930” *Journal of Law and Economics*, (Oct. 1998), p. 305-41.
- G. Libecap, “The Great Depression and the Regulating State: Federal Government Regulation of Agriculture, 1884-1970” in *The Defining Moment: The Great Depression and the American Economy in the Twentieth Century*, eds. Michael Bordo, Claudia Goldin and Eugene White. (Chicago: University of Chicago Press, 1998).

March 7: Inequality and mobility

- **Income inequality**
- **Intergenerational mobility**

Assigned readings:

- L. Katz and R. Margo, "Technical Change and the Relative Demand for Skilled Labor: The United States in Historical Perspective," December 2012.
http://conference.nber.org/confer/2012/HCHf12/Katz_Margo.pdf
- C. Goldin and L. Katz, *The Race between Education and Technology*, (Cambridge, MA: Harvard University Press, 2008), Chpt 2, 3.
- ** W. Kopczuk, E. Saez and J. Song, "Earnings Inequality and Mobility in the United States: Evidence from Social Security Data since 1937," *Quarterly Journal of Economics*, Feb. 2010, p. 91-128.

Related readings:

- S. Kuznets, "Economic Growth and Income Inequality," *American Economic Review*, March 1955, p. 1-28.
- T. Piketty and E. Saez, "Income Inequality in the United States, 1913-1998" *Quarterly Journal of Economics*, Feb. 2003, p. 1-39.
- C. Goldin and R. Margo, "The Great Compression: The Wage Structure in the US at Mid Century," *Quarterly Journal of Economics*, (Feb. 1992), p.1-34.
- L. Katz and K. Murphy, "Changes in Relative Wages, 1964-1987: Supply and Demand Factors," *Quarterly Journal of Economics*, Feb. 1992, p. 35-78.
- T. Piketty, G. Postel-Vinay and J.L. Rosenthal. "Wealth Concentration in a Developing Economy: Paris and France, 1807-1994," *American Economic Review*, 2006, p. 236-56.
- G. Becker and N. Tomes, "Human Capital and the Rise and Fall of Families," *Journal of Labor Economics*, July 1986, p. S1-S39.
- B. Mazumder, "Fortunate Sons: New Estimates of Intergenerational Mobility in the US Using Social Security Earnings Data," *Review of Economics and Statistics*, May 2005, p. 235-255.
- J. Ferrie and J. Long, "Intergenerational Occupational Mobility in Britain and the U.S. Since 1850," *American Economic Review*, forthcoming.

March 14: History as a Laboratory

Assigned readings:

- ** J. Angrist, "How do Sex Ratios Affect Marriage and Labor Markets? Evidence from America's Second Generation," *Quarterly Journal of Economics*, 2002, p. 997-1038.
- ** H. Bleakley, "Disease and Development: Evidence from Hookworm Eradication in the American South," *Quarterly Journal of Economics*, Feb. 2007, p. 73-117.

Related readings:

- E. Hilt, "The Negative Trade-off Between Risk and Incentives: Evidence from the American Whaling Industry," *Explorations in Economic History*, Sept. 2008, p. 424-444.

- P. Moser and A. Voena, “Compulsory Licensing: Evidence from the Trading with the Enemies Act,” *American Economic Review*, February 2012, p. 396–427.
- Christian Dippel, ““Forced Coexistence and Economic Development: Evidence from Native American Reservations,” June 2012.
http://www.anderson.ucla.edu/faculty/christian.dippel/NAI_paper.pdf