

World Economic History
Economic 394
Macalester College
Spring 2012

Classroom: Carnegie 305
MWF 1:10-2:10 p.m.
Office Hours:
<http://www.macalester.edu/~ferderer>

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COURSE DESCRIPTION: This course presents a broad overview of world economic history. History is important to economics for several reasons. First, the past is a giant experiment station that we can use to evaluate economic ideas. Second, the economic histories of the developed world are informative, and often provide examples of dos and don'ts for current developing economies. Finally, "remnants of the past, which shape the realm of the possible today, are always with us as laws, norms, structures, institutions, and even people. In short, only the oblivious can ignore history in modern economics, and only the unenlightened would choose to do so" (Goldin, 1995). In this course, emphasis is placed on addressing the big historical questions and exposing students to research techniques in economic history. Prerequisite: One 200-level economics course.

REQUIRED READINGS: We will use three books extensively: 1) *A Farewell to Alms: A Brief Economic History of the World*, Princeton University Press, by Gregory Clark, 2007; 2) *Globalizing Capital: A History of the International Monetary System*, Second Edition, Princeton University Press, by Barry Eichengreen, 2008, and 3) a Principles of Economics textbook. Finally, we will also read articles from scholarly journals and book chapters, many of which students can find on the course web site or Moodle page. Students are expected to complete all readings prior to class and be prepared to fully participate in discussion.

COURSE GOALS: There are four main goals for the course.

- 1) *Answer major questions in economic history.* Why did humans shift from hunter-gatherer to settled agricultural forms of production? How did ancient markets operate? Why has world population grown from one to seven billion people over the past two centuries after remaining relatively stagnant for millennia? What caused the first and second industrial revolutions? Why have some countries grown rich while others have remained poor? What role have institutions played in economic development? What caused the first era of globalization (1870-1914) and what brought it to an end? What are the economic consequences of war? What is the economic legacy of slavery? What role does education play in economic growth? How have markets (labor, financial, product, etc.), "the firm" and the role of the government changed historically? What causes financial crises? What caused the Great Depression and what are its parallels with the Great Recession?
- 2) *Deepen your ability to apply economic models and tools.* This course provides an excellent opportunity for students to apply models and tools from Principles of Economics and other courses to understand important economic phenomena. It is also my hope that students will use this course to deepen their writing, quantitative thinking, and public speaking skills.
- 3) *Understand how research is done in economics.* We will read referred journal articles and book chapters that contain cutting-edge research in economic history. Econometrics and intermediate theory courses are not prerequisites for this course so technical mathematical modeling, both

theoretical and empirical, will not be emphasized. Nevertheless, students will gain appreciation for how economic historians, much like crime scene investigators, use limited evidence to piece together stories of economic events or trends.

- 4) *Understanding the role of history in guiding current economic policies and debates.* The world is currently grappling with many important issues including sovereign debt problems, financial crises, recessions, income inequality, poverty, technological change, globalization and others. One thing that surprises people who study economic history for the first time is the extent to which these issues are not new; society has been dealing with them for centuries. One of the important objectives of this course is to help students draw insight from the past to inform current policies and debates.

GRADING: There will be three exams, with each counting for 20% of the final grade. The first will be given in class, the second is a take-home, and the third will be given during finals week. There will be one term paper, which asks student to apply lessons from history to evaluate a contemporary economic policy issue. The paper is due Tuesday, May 1 and will count for 20% of the final grade. The remaining 20% of the final grade will be determined by class participation. Points in this area are earned by (a) attendance, (b) discussion of assigned readings, and (c) short classroom presentations.

Tentative Reading List

| Day | Topic | Readings |
|-------------------------------------------------------|---------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Tuesday Jan. 24 | Introduction | Goldin, Claudia. "Cliometrics and the Nobel." <i>Journal of Economic Perspectives</i> (Spring 1995): 191-208. |
| From Hunter-Gatherer to Agricultural Economies | | |
| Thursday Jan. 26 | Technology & Hunter-Gatherers | Diamond, Jared. <i>Guns, Germs and Steel: The Fate of Human Societies</i> . New York, NY: W.W. Norton and Co., 1999, Chapters 13 and 1. |
| Tuesday Jan. 31 | Sedentary Agriculture | Diamond, Jared. <i>Guns, Germs and Steel: The Fate of Human Societies</i> . New York, NY: W.W. Norton and Co., 1999, Chapters 4, 6, 18. |
| Thursday Feb. 2 | Ancient Rome and Early Modern Europe | Temin, Peter. "The Economy of the Early Roman Empire." <i>Journal of Economic Perspectives</i> (Winter 2006): 133-51. Greif, Avner, Paul Milgrom, and Barry R. Weingast. "Coordination, Commitment, and Enforcement: The Case of the Merchant Guild." <i>Journal of Political Economy</i> 102 (August 1994): 745-76. |
| The Malthusian World | | |
| Tuesday Feb. 7 | The Malthusian Trap | Clark, Gregory. <i>A Farewell to Alms</i> , 2007, Chapters 2 & 3. |
| Thursday Feb. 9 | Fertility & Mortality | Clark, Gregory. <i>A Farewell to Alms</i> , 2007, Chapters 4 & 5. |
| Tuesday Feb. 14 | Social Class & Technology | Clark, Gregory. <i>A Farewell to Alms</i> , 2007, Chapters 6 & 7. |
| The Industrial Revolution | | |
| Thursday Feb. 16 | The Industrial Revolution | Clark, Gregory. <i>A Farewell to Alms</i> , 2007, Chapter 10. Mokyr, Joel. <i>The Enlightened Economy: An Economic History of Britain 1700-1850</i> , New Haven: Yale University Press, Ch. 5, 2010. |
| Tuesday Feb. 21 | The Role of Institutions | North, Douglas C., and Barry R. Weingast. "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England." <i>Journal of Economic History</i> 49 (December 1989): 803-832. |
| Thursday Feb. 23 | The Puzzle of the Industrial Revolution | Clark, Gregory. <i>A Farewell to Alms</i> , 2007, Chapters 11 and 12. |
| Tuesday Feb. 28 | Why England? Why not Japan, or China, or... | Clark, Gregory. <i>A Farewell to Alms</i> , 2007, Chapter 13. Allen, Robert C. "Why the Industrial Revolution was British." <i>The Economic History Review</i> , 2011: 357-384. |
| Thursday Mar. 1 | First Exam | |
| Economic Development in the New World | | |
| Tuesday Mar. 6 | South and North America Compared | Engerman, Stanley L., and Kenneth L. Sokoloff. "Factor Endowments, Institutions, and Differential Paths of Growth Among New World Economies: A View from Economic Historians of the United States." In <i>How Latin America Fell Behind: Essays on the Economic Histories of Brazil and Mexico, 1800-1914</i> . Edited by Stephen Haber. Stanford, CA: Stanford University Press, 1997, pp. 260-304. |
| Thursday Mar. 8 | Industrialization in the U.S. North | Goldin, Claudia, and Kenneth Sokoloff. "Women, Children, and Industrialization in the Early Republic: Evidence from the Manufacturing Census." <i>Journal of Economic History</i> 42 (December 1982): 741-74. |
| Tuesday Mar. 20 | Slavery in the U.S. South | Atack and Passell. "Slavery and Southern Development," Chapter 11 in <i>A New Economic View of American History</i> , 2 nd Edition, 1994, pp. 299-325. |
| Thursday Mar. 22 | The Civil War and the Legacy of Slavery | Atack and Passell. "The Economics of the Civil War," Chapter 13 in <i>A New Economic View of American History</i> , 2 nd Edition, 1994, pp. 355-375. |

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| | | Alston, Lee, and Joseph Ferrie. "Paternalism in Agricultural Labor Contracts in the U.S. South: Implications for the Growth of the Welfare States." <i>American Economic Review</i> 83 (September 1993): 852-76. |
| The Second Industrial Revolution | | |
| Tuesday Mar. 27 | The Rise of the Large Corporation | Chandler, Alfred, and Takashi Hikino. <i>Scale and Scope: The Dynamics of Industrial Capitalism</i> . Cambridge, MA: Belknap Press, 1990, Chapter 2, p. 14-46. |
| Thursday Mar. 29 | Technology, Finance and Education | Lamoreaux, Naomi, and Kenneth Sokoloff. <i>Financing Innovation in the United States, 1870 to Present</i> . Cambridge, MA: MIT Press, 2008, Chapter 1, pp. 1-37. Goldin, Claudia and Lawrence Katz. <i>The Race Between Education and Technology</i> , Cambridge: Harvard University Press, 2008, Chapter 1 & 2, p. 1-43. |
| The Demographic Transition and Great Divergence | | |
| Tuesday April 3 | Escaping the Malthusian Trap | Clark, Gregory. <i>A Farewell to Alms</i> , 2007, Chapter 14-15. Galor, Oded and David Weil. "From Malthusian Stagnation to Modern Growth." <i>AEA Papers and Proceedings</i> , (May 1999), p. 150-54. |
| Thursday April 5 | The Great Divergence | Clark, Gregory. <i>A Farewell to Alms</i> , 2007, Chapters 16-17. "Technology Advances; Humans Supersize." <i>New York Times</i> , April 27, 2011. |
| Monetary Regimes, Financial Crises and Depression | | |
| Tuesday April 10 | Globalization | Kevin O'Rourke and Jeffrey Williamson, "Forging and Breaking Global Capital Markets," in O'Rourke and Williamson, <i>Globalization and History: The Evolution of a Nineteenth-Century Atlantic Economy</i> (MIT Press, 1999), Ch. 11, p. 207-224. |
| Thursday April 12 | The Gold Standard | Eichengreen, Barry. <i>Globalizing Capital</i> . Ch. 2. |
| Tuesday April 17 | War and the Fear of Floating | Jari Eloranta and Mark Harrison, "War and Disintegration, 1914-1950," in Stephen Broadberry and Kevin O'Rourke (eds), <i>The Cambridge Economic History of Modern Europe, Volume 2</i> (Cambridge University Press 2010), pp. 134-155. Eichengreen, Barry. <i>Globalizing Capital</i> . Ch. 3, pp. 43-55 |
| Thursday April 19 | The Great Depression | Eichengreen, Barry. <i>Globalizing Capital</i> . Ch. 3, pp. 55-90. |
| Tuesday April 24 | Bretton Woods & Floating | Eichengreen, Barry. <i>Globalizing Capital</i> . Ch. 4 and Ch. 5, 134-49. |
| Thursday April 26 | The Great Recession | Eichengreen, Barry. <i>Globalizing Capital</i> . Ch. 6, pp. 210-18. Temin, Peter. "The Great Recession and the Great Depression," NBER Working Paper no.15645 (January 2010) http://www.nber.org/papers/w15645 |
| Tuesday May 1 | The Crisis of the Euro | Eichengreen, Barry. <i>Globalizing Capital</i> . Ch. 5, 149-78, and Ch. 6, pp. 219-27. Barry Eichengreen, "The Euro's Existential Crisis," <i>Milken Review</i> (Third Quarter 2010), pp. 32-43. http://www.milkeninstitute.org/mir/mir3q2010/html/3.html |
| Finals Week | Second Exam | |