American Economic History

“If I were starting afresh my work in economics and I were told that I could only study one field, I would choose economic history.”
Joseph A. Schumpeter, History of Economic Analysis

Description: This course surveys the economic history of the U.S. from the colonial period through the first third of the 20th century. We will study historical evidence through the lenses of basic micro- and macro-economic theory.

Office Hours: By appointment; please send me an e-mail.

Resources:
• Books are on two-hour reserve at the library. Other readings are on e-reserve on the Moodle page for Econ 323, linked via the syllabus. Readings marked with an asterisk are required; others are optional.
• I will use both e-mail and the Moodle page to communicate with you, so please make sure you check e-mail regularly and know how to use Moodle.
• For those interested in further research in general in economic history, www.eh.net is a portal to a vast amount of material, including data, book reviews, and abstracts.

Requirements:
• Class preparation and participation This is a small seminar class. To be successful, it is essential that we all do the reading and show up regularly. In addition, starting in the second week of the semester, a one-page written Summary/Critique (S/C) of the required readings for the day (other than Atack/Passell) is due at the beginning of each class. These S/Cs will become part of your notebooks for the course.

• Notebook Perhaps the most important product of this class will be your notebook for the course. It should contain the following: a copy of the syllabus, your summaries and critiques, other notes on readings, and notes from class. N.B. You may use your notebook during exams. For ease of use, notebooks should be kept and used in electronic format, although you may use any format you prefer.

• Term paper One research (term) paper is required. To help you focus quickly, a list of suggested (not required) topics is appended. Before spring break, you must schedule a time to meet with me to discuss your topic. The first draft of the papers is due at 5 p.m. on March 24, after which 30-minute paper conferences will be
scheduled. Final term papers are due no later than 5 p.m. on May 8. Term papers should be no shorter than 15 pages and no longer than 20 pages, excluding bibliography. Papers must follow the style format required in the Economics Department (http://academic.reed.edu/economics/resources/index.html). Term papers may not be hand-written and must be turned in electronically via e-mail attachments in Word or Acrobat format (double-spaced and 12-point type).

- **Exams** There will be a take-home mid-term exam and a final exam. Both exams are “open-note”, but not “open book” or “open readings”. This obviously creates an incentive to take good notes (both of readings and class discussions) and organize them well so that you can access them easily. Exams will be in essay format and must be turned in electronically via e-mail attachments in Word or Acrobat format. (If you rely on another format, please let me know in advance so I can ensure my ability to open the files.)

- **Late policy** Please see me if illness interferes with your ability to meet any deadlines. Exams may not be turned in late (unless your pet is on fire and you have pictures).

**Grading:** The final grade for the course will be a weighted average of all components of the above requirements: (a) class participation and preparation of summaries/critiques, (b) the term paper, and (c) the two exams.

**Journals/Annuals:** All journals are available through JSTOR or an equivalent database at the library. Annuals (REH) are on two-hour reserve. Please see the library staff if you need assistance finding materials, or if some of the links on the electronic version of the syllabus don’t work properly. (Also, please let me know if any links in the syllabus don’t work.)

AER – American Economic Review  
EEH – Explorations in Economic History (tends toward the econometric)  
EHR – Economic History Review (tends toward the narrative, with less explicit theory)  
JAH – Journal of American History  
JEH – Journal of Economic History (a nice balance of theory and evidence)  
JEL – Journal of Economic Literature (research tool, plus survey articles)  
JEP – Journal of Economic Perspectives (survey articles)  
REH – Research in Economic History (annual issue with survey chapters)

**Background for Articles with Regression Analyses**

Syllabus

1. **January 27: Introduction**

* Atack/Passell, Introduction and Chapter 1.


  Arrow, K.J. “Maine and Texas”, *AER*, 75(2), May 1985, 320-323.

January 29: Population and Labor Markets

* Atack/Passell, Chapter 2.


2. **February 3: Colonial Government, Trade and Revolution**

*Atack/Passell, Chapter 3.


**February 5: The Economics of the Constitution**


3. **February 10: Markets and Banks in New England**

*Atack/Passell, Chapter 4.


February 12: Antebellum Banking


4. Feb. 17: Turnpikes and Canals

*Atack/Passell, Chapters 6, 16.


- 5 -
Feb. 19: Railroads and Economic Development


Fogel, R.  “Notes on the Social Saving Controversy”, *JEH*, 39(1), March 1979, 1-54 [math].

Albert Fishlow, “The Dynamics of Railroad Extension into the West,” in *Railroads and the Transformation of the Antebellum Economy*.  HE2751 .F53 [on two-hour reserve]

5. Feb. 24: Northern Agriculture

*Atack/Passell, Chapters 7-10.


Feb. 26: The Northern Economy: Early Industry


6. March 3: The Economics of Slavery – Early Work

*Atack/Passell, Chapter 11.


March 5: The Cliometric Revolution – Fogel & Engerman (F&E)

*Atack/Passell, Chapter 12.


7. March 10: The Southern Economy and Slavery - Critics of F&E


March 12: The Southern Economy and Slavery - Conclusion

*Fleisig, H. “Slavery, the Supply of Agricultural Labor, and the Industrialization of the South”, JEH, 36(3), June 1976, 572-97 [math in §II optional].


Take-Home Mid-Term Exam
Distributed in class Thursday, March 12
Due back by e-mail no later than Friday, March 13, @ midnight

SPRING BREAK – March 16-20
8. March 24: Origins of the Civil War

*Atack/Passell, Chapter 13.


March 26: Economic Consequences of the Civil War


9. March 31: Northern Agriculture after the Civil War

*Atack/Passell, Chapter 15.


April 2: Debt Peonage in the South

*Atack/Passell, Chapter 14.


10. April 7: Industrialization and Technology

*Atack/Passell, Chapter 17.


Fishback, P. “Did Coal Miners ‘Owe Their Souls to the Company Store’? Theory and Evidence from the early 1900s”, *JEH*, 46(4), December 1986, 1011-29.

April 9: Organizations, Endowments, and Innovation

*Romer, P.M. “Why, Indeed in America?”, *AER*, 86(2), May 1996, 202-06.


11. April 14: Trusts and Antitrust

*Atack/Passell, Chapter 18.


April 16: Development of a National Financial Market


12. April 21: Wages and Hours

*Atack/Passell, Chapter 19-20.


    Eichengreen, B. and Gemery, H.A. “The Earnings of Skilled and Unskilled Immigrants at the End of the Nineteenth Century”, *JEH*, 46(2) June 1986, 441-454 [econometrics]

April 23: The ‘20s and Onset of the Great Depression

*Atack/Passell, Chapter 21.


Temin, P. *Did Monetary Forces Cause the Great Depression?* N.Y., Norton, 1976. HB3717 1929 .T45 1976 [on two-hour reserve]

13. April 23: Spread of the Great Depression


April 30: Consequences and Recovery

*Atack/Passell, Chapter 22.


- 13 -
Summaries and Critiques

Summaries

Do not try to cover all aspects of the analysis; hit the high points. Here are some basic questions to help you get started:

• What is the big issue at stake in the paper?
• How does the author approach the issue? Does s/he (re)formulate the problem to make it analytically tractable?
• What is the author’s argument? What model (explicit or implicit) underpins the paper?
• What evidence/data does the author offer in support of his/her arguments. For quantitative papers, what techniques does s/he use to analyze the data?
• What are the main results?
• What conclusions, extensions or implications does the author draw from the results?

Critiques

A successful critique will (a) evaluate the author on his/her own terms and then (b) take a step backward and assess the author’s approach. The goal of any critique is to determine where the author has advanced the literature and where there is room to do things better. The best critiques don’t 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.

Taking the author on his/her own terms:
1. Does the author deliver on his/her promises and accomplish what s/he sets out to do?
2. Is the paper internally coherent? That is, does its logic “work” within its own framework and set of assumptions?
3. Does the author interpret his/her results correctly?

Assessing the author’s approach:
4. If the author narrows or changes 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?
5. Is the economic model (explicit or implicit) appropriate? Are there better ways to model the problem?
6. Is the author ignoring data or other evidence relevant to the question?
7. Are there better ways to analyze the data the author uses?
8. Can the author’s results be explained in other ways? That is, are the findings consistent with alternative hypotheses?
9. Can you think of additional ways to explore the question or test the various alternative hypotheses?
Econ 323: Possible Term Paper Topics

1. What are the practical limits of the use of counterfactuals in testing theories of American economic history?
2. Is there a lingering economic effect of slavery in the U.S.?
4. What evidence is there that markets integrated generally over time? What hindered or accelerated market integration?
5. Which specific British policies had significant negative effects on the Colonies?
6. What was the economic impact of the War of 1812?
7. For a specific commodity (even including money), what can we say about the development of or integration into a single market for that commodity over time (pick a commodity, a time period, and a geographical period)?
8. What lessons from the 1930s might be applied to today’s financial and economic crisis?
9. Was antitrust policy a necessary or sufficient condition for combating trusts?
   (Suggestion: distinguish two industries.)
10. Pick a “market failure” and explain the economic consequences.
11. Pick a “government failure” and explain the economic consequences.
12. What are the reasons for the success of the U.S. economy during any given half-century?
13. What are the causes of unemployment, inflation, inequality, or poverty during any given half-century?
14. How have different groups in society (classes, races, ages, and genders) been affected differently by the successes and failures of the economy as a whole, or by changes in specific regions or industries?
15. What caused the financial panic of 18__?

1 These are just suggestions; many can be respecified to accommodate variations over time and place. (Some of these might just be good topics for exam questions as well.)