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Economics 442/642  
Fall, 2011

## EUROPEAN ECONOMIC HISTORY

Course Scope and Goals: This course will examine the course of the European economy from the introduction of settled agriculture to the current mix of capitalism and socialism. Central topics to be considered include fluctuations in population growth and income during the middle ages, trends in agricultural productivity and land redistribution during the early modern period, the development of commercial and financial institutions during the medieval and early modern periods, the causes and consequences of the British industrial revolution, the industrialization of continental Europe during the nineteenth century, the evolution of international monetary arrangements from the late nineteenth century to the present, the nationalization of industries after World War II, the development of social safety nets, and the growing economic integration within Europe.

By studying the case of Europe this semester, you will (hopefully) develop skills and knowledge in four general areas:

1) how to construct an account of an important long run economic change. Important long run economic changes such as the shift of economic activity from agriculture to manufacturing or the rise in living standards are subject to diverse influences. An effective account of such changes will make allowance for a range of possible influences and consider their relative importance.

2) how to compare key differences between economies in their long term economic development. Why at any point in time are some nations more prosperous than others? Why have the economic winners and losers frequently exchanged places over time?

3) what have been the comparative contributions of technological advance and institutional/organizational change to economic progress? For example what contributions has scientific discovery compared with the spread of free markets made to rising living standards?

4) what have been the general dimensions and nature of the economic processes behind the development of the economy and economic life over the past 10,000 years and more specifically behind the modern economic growth thought to characterize the last few hundred years.

### Course Requirements :

1)A midterm and a final examination covering the material presented in class and the in the readings. Although the final will emphasize material covered after the midterm, it may contain some material from the first part of the course. The midterm will count for approximately half and the final for half of your exam grade. The format of both exams will consist of three types of questions: a) questions asking you to identify and explain the significance of key terms and concepts in European Economic History b) a short essay question asking you to summarize the basic arguments and conclusions that have been made with regard to a specific issue in European Economic History and c) a longer essay question involving one or more of the three skills listed above.

2)This course has been designated as a “writing intensive course”. A Term paper is required. Preparing the paper itself will be broken up into smaller components. Graded writing assignments will be due at various points in the semester prior to the final due date of the paper. The final version of the paper is due at the final exam, Dec.20, 2011. You will be paired with fellow students to comment on each others’ paper components and paper drafts. Further instructions on this will be provided in a separate set of Writing assignment instructions.

**NOTE WELL: DETERMINATION OF OVERALL COURSE GRADE:** To obtain a given letter grade for the course, you will have obtain at least at a minimum that letter grade on **both** your exam grade and your writing assignment grade. For example, to get an A in the course, you will have to get both an A on the exam grade and an A on your term paper. If you get an A on your exams but a B on your paper, your overall course grade will be a B. To get a B in the course, you will have to get both a B on your exam grade and a B on your term paper. If you get a B on your exam grade and a C on your term paper, then your overall course grade will be a C.

Students enrolling for this course as Economics 642, i.e. for graduate level credit will be assigned extra readings for the course. They will be required to do a paper applying either empirical tools or a theoretical model to address some issue in European Economic History. The suggested length of this paper will be 20 pages. Economics 642 students should consult with me regarding topics. In addition separate take-home midterm and final exams will be required for Economics 642. For Economics 642 students, the paper will count for 50 percent of your grade, the mid-term for 25 percent and the final exam for 25 percent.

A Note on Grades: I grade on an absolute scale, not on a curve.

In grading essay questions and papers, I will use the following scale for converting from numerical percentages to letter grades:

85-100 A    40-59 C    0-19 F  
60-84 B    20-39 D

**UMBC Statement on Academic integrity, from the Provost's website:**

By enrolling in this course, each student assumes the responsibilities of an active participant in UMBC's scholarly community in which everyone's academic work and behavior are held to the highest standards of honesty. Cheating, fabrication, plagiarism, and helping others to commit these acts are all forms of academic dishonesty, and they are wrong. Academic misconduct could result in disciplinary action that may include, **but is not limited to**, suspension or dismissal. To read the full Student Academic Conduct Policy, consult the UMBC Student Handbook, the Faculty Handbook, or the UMBC Policies section of the UMBC directory.

Readings:

**The basic and REQUIRED text for the course is Rondo Cameron and Larry Neal A Concise Economic History of the World Fourth Edition (Oxford University Press, 2003).**

**NOTE WELL**:: I have listed a good deal of further readings for this course in various formats below. I do **NOT** expect any of you to do **ALL** of this reading. I will expect each of you to do **some** of these readings according to what topics in the course you decide to prepare for on the exams and according to the topic you choose for your paper.

Electronic Reserves:

A number of further readings for the course are available through electronic reserves on the umbc library website. These readings have been identified with the initials **ER** on the syllabus below. To access electronic reserves, go to the umbc website ([www.umbc.edu](http://www.umbc.edu)), click the link for library, then for reserves, and then for department, the link for economics, and a link for Econ 442 will show up.

When you click the link for Econ 442, the individual items with **ER** will be listed. When you click the link for these items you will be prompted for a username and password. The Username and password for this course are:

Username: econ442f11

Password: tegelairport

In addition, I have ordered the following books for purchase at the bookstore. The most coverage in class and on the midterm and final will be for Allen's book on the British Industrial Revolution. Mokyr's book provides an in-depth survey of a wide range of topics pertaining to the industrial revolution and provides insights on a number of topics to be taken up in class. In the first part of the course, there will also be a fair amount of coverage given to topics taken up in North's book and some of this material will be covered on the midterm. Two key chapters from North's book have been put on electronic reserves. In the last few weeks of the course and on the final exam there will be coverage of material related to the international monetary system covered in Eichengreen's book.

- 1) Douglass North, Structure and Change in Economic History
- 2) Robert C. Allen, The British Industrial Revolution in Global Perspective.
- 3) Joel Mokyr, The Enlightened Economy. An Economic History of Britain 1700-1850.
- 4) Barry Eichengreen, Globalizing Capital. A History of the International Monetary System

Furthermore, some additional readings are listed for some of the specific topics below. These readings are designated below as **AR**. They are primarily listed for those interested in doing further reading on a particular topic. These have not been ordered for purchase at the book store. I have not yet put these items on reserve at the UMBC library though this may occur.

Class Format : Class sessions will consist of a mix of lectures, discussion, and a few movies.

Tentative Schedule and Reading Assignments :

September 1 Introduction. Syllabi: Movie: "Harvest of the Seasons"  
The first agricultural revolution.

September 6 to 8: Introduction (continued): Why Study Economic History ? Why Study the European Case ?  
Readings: Cameron and Neal, Chap.1  
Allen, Chapter 1.

The First Agricultural Revolution (Revolution cont.) . What were the causes and consequences of the domestication of animals and the cultivation of plants? To what extent was the agricultural revolution in Neolithic times a technological advance and to what extent was it an institutional change? What were the biological dimensions of this development?

Readings: 1) Cameron and Neal, Chapter 2, pages 20-32;

**ER** 2) Douglass North, "The First Economic Revolution" Chapter 7 Structure and Change

**ER** 3) Jared Diamond, *Guns, Germs and Steel*, Pt. Two "The Rise and Spread of Food." Diamond, Jared . Farmer Power, History's Haves and Have Nots, To Farm or Not to Farm, How to make an Almond . *Guns, Germs, and Steel* . Diamond, Jared . p. 85-130 . New York . Norton . 1998 .

**ER** 4) Diamond, Jared . Apples or Indians, Zebras, Unhappy Marriages and the Anna Karenina Principle, Spacious Skies and Tilted Axes . *Guns, Germs, and Steel* . Diamond, Jared . p. 131-191 . New York . Norton . 1998 .

**ER** 4) North, "The Organizational Consequences of the First Economic Revolution, Chp.8 Structure and Change in Economic History.

September.8 to 13: Ancient and Medieval Commerce, Urban Development and Social Networks: How extensive was long-distance trade and commerce in Ancient and Medieval Europe? Why was long-distance trade risky during this period? What partnership arrangements emerged to deal with the risks of long-distance trade? What role did reputation play in such arrangements?

Readings: 1)Cameron and Neal, Chap.2, pp.32-43.

2)Cameron and Neal, Chap.3, pp.59-68.

**ER** 3) North, Douglass. Markets and Other Allocation Systems in History: The Challenge of Karl Polanyi. *Journal of European Economic History*. vol. 6. no. Winter. p. 703-716. 1977.

**ER** 4) Avner Greif, "Reputation and Coalitions in Medieval Trade: Evidence on the Maghribi Traders," *Journal of Economic History* 1989.

**AR** 5)Avner Greif, *Institutions and the Path to the Modern Economy: Lessons from Medieval Trade*

**AR** 6)Richard L. Smith, *Pre-modern Trade in World History*.

September 13 to September 15: The Origins and Development of the State and markets in violence and protection services.The Organization and Development of Medieval Agriculture. Why did serfdom arise? What was the manor and how did it function?

Readings: 1)Cameron and Neal, Chap.2, pp.29-32; Chap.3, pp.44-54.

**ER** 2) Lane, Frederic. Economic Consequences of Organized Violence. *Journal of Economic History*. vol. 18. no. 4. p. 401-417. 1958.

**ER** 3) North, Douglass, Wallis, John, Weingast, Barry . The Conceptual Framework . *Violence and Social Orders* . North, Douglass, Wallis, John, Weingast, Barry . p. 1-29 . Cambridge, England . Cambridge University Press . 2009 .

**AR** 4) Douglass North, "The Rise and Decline of Feudalism" Chap.10 in Structure and change in Economic History

September 20 to September 22: Pre-industrial Population Trends and Cycles in Europe. What is the Malthusian model of population determination? To what extent did Malthusian forces influence population and economic trends in pre-industrial Europe? Was population pressure the main influence at work?

Readings: 1)Cameron and Neal, Chapter 3, pages 54-59, 72-76.

2)Cameron and Neal, Chapter 5, pages 94-98.

3)Allen, *British Industrial Revolution*, Chap.2.

4)Mokyr, *Enlightened Economy*, Chap.13.

**ER** 5) Fogel, Robert . The Persistence of Misery in Europe and America before 1900 . *the Escape from Hunger and Premature Death, 1700-2100* . p. 1-22

September 27 to September 29: The Agricultural Revolution in Europe between 1500 and 1850. What were the key institutional and technological changes which occurred in European

agriculture during this period? How much improvement occurred in agricultural productivity? What factors contributed to this improvement? Was a rise in inequality and the disappearance of small landholders the necessary price of rising agricultural productivity? Did improvements in agriculture during this period lay the foundation for later industrialization?

Readings: 1)Cameron and Neal, Chap.5, pp.106-113.

2)Allen, *British Industrial Revolution*, Chap.3.

3)Mokyr *Enlighted Economy*, Chap. 9.

**AR** 4)Mark Overton, *Agricultural Revolution in England*, Chaps.1, 3-5.

**AR** 5)Robert C. Allen, *Enclosure and the Yeoman*

September 29 to October 6: The role of energy, commerce, government, and culture in early modern European prosperity. The shift from an animal to a mineral economy. The rise of long distance trade. The Rise of the Nation State and the Revolution in Government Finance. What role did governments play in economic affairs during this period? What basic differences were there in the policies and strategies various governments used to manage their economies? What influence did these policies and strategies have on economic performance and efficiency? What factors contributed to the enhanced ability of the British government to issue public debt? An Industrious revolution?

Readings: 1)Cameron and Neal, Chapters 5 and 6.

2)Allen, *British Industrial Revolution*, Chapters 4 and 5.

**AR** 3)E.A.Wrigley, *Energy and the Industrial Revolution*, Chaps. 1 and 2.

**ER** 4)Douglass North and Barry Weingast, "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England," in *Journal of Economic History* 1989, available through J-Stor.

**ER** 5)Jan de Vries, "The Industrial Revolution and the Industrious Revolution," *Journal of Economic History* vol.54 (1994).

October 13: MIDTERM.

October 15 The British Industrial Revolution.

The role of Technology and institutions:

Reading:

**ER** 1) Adam Smith, *The Wealth of Nations*, Book I, Chaps.1 to 3:

Smith, Adam . Introduction, Of the Division of Labour, Of the Principle which gives rise to the Division of Labour, That the Division of Labour is Limited by the Extent of the Market

**ER** 2)North, "North, Douglass . The Industrial Revolution Reconsidered . *Structure and Change in Economic History* . North, Douglass . p. 158-170 . New York . Norton . 1981 .

October 20: What were the key features of the British Industrial Revolution? Was it Really a

Revolution? What important inventions contributed to the industrial revolution?

Readings: 1)Cameron and Neal, Chap.7, Chap.9, pp. 220-224.

2)Allen, *British Industrial Revolution*, Chap.6.

3)Mokyr, *Enlightened Economy*, Chap.15.

October 22, The Nature of Key innovations in the early British Industrial Revolution.

Readings: Cameron and Neal, Chap.7, pp.172-181.

Allen, *British Industrial Revolution*, Chaps.7 through 9.

Joel Mokyr, *The Enlightened Economy*, Chap.7

**AR** David Landes, *The Unbound Prometheus*, Chap.2.

**AR** Joel Mokyr, *Lever of Riches*, Chaps. 5 and 10.

October 27, Macroeconomic Perspectives on the British Industrial Revolution. What was the extent of the shift of economic activity away from agriculture during the British industrial revolution. To what extent did economic growth accelerate during the British industrial revolution? What percentage of economic growth was due to productivity advance? To what extent was productivity advance focussed in a few leading sectors of the British economy? The role of science and culture.

Readings: 1)Cameron and Neal, Chap.8.

2)Allen, *British Industrial Revolution*, Chaps. 10 and 11.

3) Mokyr, *Enlighted Economy*, Chap.12.

October 29 : Did the British Industrial Revolution lead to Working class exploitation and poverty or to working class prosperity? What indicators have been used to measure trends in living standards? To what extent do various measures indicate consistent trends?

Readings: 1) Mokyr, *Enlighted Economy*, Chap.18

**AR** 2)Hans-Joachim Voth “Living standards and the urban environment” in Floud and Johnson, Cambridge Economic History of Modern Britain.

November 1 to 17: Industrialization on the European continent,

Part I. Was the British case a model for continental industrialization? Was there a natural tendency for growth rates to converge among European countries? Did different European economies develop in different ways and what factors explain these differences?

1.Belgium To what extent did Belgium follow a British model of industrialization? What factors contributed to Belgium’s early industrialization?

2.Germany What factors contributed to Germany’s ability to overtake Britain in technological leadership at the end of the nineteenth century? What role did educational superiority play? Did links between banks and large corporations provide important advantages?

Reading: Cameron and Neal, Chaps.8, 9, and 11.

**AR** *The Cambridge Economic History of Modern Europe, Voll.* edited by Stephen Broadberry and Kevin O’Rourke.

Latecomers to Industrialization.

1. France -- Why did France industrialize at a slower rate than Britain? Did the French Revolution impede economic development? Were Peasants too comfortable? Was there an inadequate supply of French entrepreneurs?

2. Russia-- Did low productivity in Russian agriculture impede the growth of its manufacturing sector? Did the backwardness of the Russian economy offer compensating advantages when it began to industrialize? Did backwardness imply a distinctive pattern of industrialization?

Reading:

1) Cameron and Neal, Chap.10

**ER** 2) Davies, R.W. . The Tsarist Economy . *Soviet Economic Development from Lenin to Khrushchev* . Davies, R.W. . p. 6-16 . Cambridge, England . Cambridge University Press . 1998 .

3. Survey of remaining European cases -- Scandinavia, Spain, Italy, and Austro-Hungary. Alternative patterns of Economic development. Did smallness provide advantages? Could high rates of economic growth be achieved without industrialization? Further ways in which backward agriculture could impede industrial growth.

Reading: Cameron and Neal, Chapters 9 and 10.

**AR** *The Cambridge Economic History of Modern Europe, Vol 2*: edited by Stephen Broadberry and Kevin O'Rourke.

November 17, Movies, "Thunder in the Skies"; "The Russian Peasant."

November 22 : Development of the International Economy and the Gold Standard. To what extent did Europe become more integrated into the international economy prior to 1914? Did the gold standard contribute to monetary stability? Was the gold standard self-regulation?

Reading: 1) Eichengreen, Globalizing Capital, Chap.2.

2) Cameron and Neal, Chapter 12.

Nov.29: Crises, Stagnation, and Depression in the first half of the Twentieth Century. To what extent did difficulties with international finance and monetary arrangements contribute to stagnation and depression in the interwar period? Socialism and Working Class movements. Have the factors behind economic growth been different in the 20th century than in the 19th? What important changes in technology and economic organization have occurred in 20th century Europe? Have communism and socialism promoted equality? How did war change economic activity? What economic strategies did various European countries employ to pursue their military aims?

Reading: 1) Eichengreen, Globalizing Capital, Chap.3.

2) Cameron and Neal, Chapter 13.

3) Cameron and Neal, Chapter 14.

**ER** 4) Davies, R.W. . Soviet Economic Development, 1928-1965 . *Soviet Economic Development from Lenin To Khrushchev* . Davies, R.W. . p. 43-72 . Cambridge, England . Cambridge University Press . 1998 .



**ER** 5) Allen, Robert . Planning, Collectivization, and Rapid Growth . *Farm to Factory. A Reinterpretation of the Soviet industrial Revolution* . Allen, Robert . p. 91-110 . Princeton . Princeton University Press . 2003 .

December 1 to December 8: The Development of the Welfare State and Middle Way in Western Europe. Economic developments in the Soviet Union. The Nationalization of Industrial Enterprises -- Causes and Consequences.

Readings:

**ER** Hannah, Leslie . A Failed Experiment: the state ownership of industry . *The Cambridge Economic History of Modern Britain, Vol.III* . Floud, Roderick and Johnson, Paul . p. 84-111 . Cambridge, England . Cambridge University Press . 2004 .

**ER** Johnson, Paul . The Welfare State and Living Standards . *The Cambridge Economic History of Modern Britain* . Floud, Roderick and Johnson, Paul . p. 213-237 . Cambridge, England . Cambridge University Press . 2004 .

**ER** Blank, Rebecca . Does a Larger Social Safety Net Mean Less Economic Flexibility . *Working Under Different Rules* . Freeman, Richard . p. 157-187 . New York . Russell Sage Foundation . 1994 .

December 8: International Monetary Arrangements in the 1950's and 1960's. Postwar Reconstruction. Early attempts at the economic integration of Europe. Sources of Postwar economic growth.

Reading: 1) Eichengreen, Globalizing Capital, Chap.4.  
2) Cameron and Neal, Chap.15.

December 10 : The further integration of the European Economy -- how far can and will it proceed? The role of networks in European economic development.

Reading: 1) Eichengreen, Globalizing Capital, Chap.5.  
2) Cameron and Neal, Chap.16.

**AR** 3) "The Economic Impact of European Integration" Barry Eichengreen and Andrea Boltho in

*The Cambridge Economic History of Modern Europe, Vol.2*

**AR** 4) "Aggregate Growth, 1950-2005" Nicholas Crafts and Gianni Toniolo in *The Cambridge Economic History of Modern Europe, Vol.2*

\*\*\*\*\*Final Examination\*\*\*\*\*

Tuesday, December 20: 3:30 to 5:30 P.M.