

Economic History of the United States Prior to 1866 (ECN 111A)

I Brief Course Description

This is a course in Economic History dealing with the United States. It covers a variety of topics pertaining to the Colonial Period: included is a discussion of the European background to the establishment of the colonies. It treats the United States once established as a country independent of Great Britain, focusing on political economy, technological change, slavery, population growth, and income distribution during the period leading up to, and during, the Civil War.

Specific topics include: why was it Europe and not China that colonized the New World? Why was it relatively easy for European countries to establish colonies in the New World? How did mercantilism impact the colonies? Why drove the economics and political logic of the slave trade? What were the founding principles of the American Constitution, why were they adopted, and what were the economic implications? What drove technological change in the United States and why did it differ from technological change in Great Britain? How did the Industrial Revolution impact the nascent economy of the United States? What was the economic logic of American slavery? Could slavery have survived in the United States had the Civil War not occurred? How did economic and political factors and ideologies impact the course of the Civil War itself? What shaped the outcome of the Civil War? What shaped income distribution in the pre-Civil War era? How did the Civil War impact American income distribution?

II About Your Instructor

I am Carl Mosk, Professor Emeritus at the University of Victoria in British Columbia, Canada. I was born and raised in the United States, growing up in Berkeley, California. I have a personal website, www.carlmosk.com. Please familiarize yourself with my website: I will be posting notices concerning examinations on this website. I am the author of a variety of books dealing with Japan, China, Europe, and to a lesser extent the United States. I am placing on two-hour reserve two books that you may wish to consult. These are:

Japanese Economic Growth: Markets, Norms, Structures (New York: Routledge, 2008)

And

Nationalism and Economic Development in Modern Eurasia (New York: Routledge, 2013)

The former book contains a discussion of national income statistics, purchasing power parity and the law of one price, and the Kuznets hypothesis concerning income distribution. The latter book deals with technological change in the United States and the American Civil War.

III Course Readings

Four books are required for purchase. Three of these books exist in paperback format. One is in hardback. The four books are:

David Landes, *The Wealth and Poverty of Nations: Why Some Are So Rich and Some So Poor*, (New York: W.W. Norton, 1999). ISBN-13: 978-0393318883. [Paperback]

Michael Lind, *An Economic History of the United States*, (New York: Harper Paperbacks, 2013). ISBN-13: 978-0061834813. [Paperback]

Peter Lindert and Jeffrey Williamson, *Unequal Gains: American Growth and Inequality Since 1700*, (Princeton: Princeton University Press, 2016). ISBN-13: 978-0691170497. [Hard Cover]

Gavin Wright, *Slavery and American Economic Development*, (LSU: LSU Press, 2013). ISBN-13: 978-0807152287. [Paperback]

In addition to purchasing these four books students should download Carl Mosk, [American Economic History Prior to, and During, the Civil War](http://www.carlmosk.com), a downloadable document posted to my website www.carlmosk.com. In the remainder of this syllabus this document is referred to as "Downloads."

IV Course Mechanics

There will be two midterm examinations and one final examination. Each examination, totaled 100 possible points, consists of two parts: a true/false section drawn from the reading; and an essay section. Prior to each examination I will post to my website a document listing the specific pages from the reading covered on the true/false section of the examination. In addition I will post a document reviewing lecture material topics from which essay questions will be drawn on the examination. You do not need to take both midterm examinations: I will give you the highest score that you achieve on the two examinations. That said I encourage you to take both examinations; however, if you are satisfied with your score on the first midterm, you do not have to take the second midterm.

The scoring for the examinations is as follows:

On each midterm there will be 30 true/false questions that you answer on a computer readable bubble sheet in pencil. Each correct answer is worth 2 points for a total of 60 points on the true/false section of the test. As for the essay: there will be two questions on the test; you select one, writing an essay answer in an examination (bluebook) booklet, ideally with a pen not a pencil. There are 40 points possible on the essay question. This scoring system yields a total of 100 points. You will have one hour to complete each midterm examination. Half of a class on designated dates will be devoted to writing each midterm.

As for the final examination: it will take place on the last day of class. It is two hours in length. There are 50 true/false questions drawn from the reading. You will fill out a computer readable bubble sheet with the answers to these questions using a pencil. Each correct answer is worth 1 point, for a total of 50 points. There will be three essay questions on the test. Selecting two of three questions, you will write essay answers in one or two examination (bluebook) booklets, ideally using pen. Each essay answer carries a total value of 25 points. The total number of possible points that can be earned on the essay portion of the examination is 50 points. Adding your score on the true/false section to your score on the essay portion yields a total score out of 100 points.

Your total score for the examinations is out of 100. It is calculated as follows:

$$(.4)(\text{Highest Midterm Score}) + (.6) (\text{Final Score}) = \text{Total Examination Score}$$

Using the total score, I will be assigning grades basing my grades on the official policy of the Economics Department concerning grading.

The tentative dates for the examinations are as follows:

First Midterm Examination: **Monday, July 10**

Second Midterm Examination: **Monday, July 24**

Final Examination: **Wednesday, August 2**

I do not give makeup examinations. To take the examinations you must attend class on the dates scheduled for the examinations.

V Specific Topics and Reading Assignments

I Eurasia

I.A Lectures

Big question: Why Europe, Not China?

Subsidiary issues: Eastern and Western cores; Collapse of the Roman Empire; European political fragmentation and feudalism; European pendulum swings during the Medieval Period; Diffusion of technological advances across Eurasian landmass; Geographic factors.

I.B Sections

National income accounting; purchasing power parity; Maddison's estimates of per capita income in the pre-20th century period; production functions and their use in growth analysis

Readings: Required: Landes, Chapters 1-9.

Downloads: Eurasia Section (Initial summary, Tables 1-3; Figure 1; Military Power Equation; Augmented Production Function; Constant Warfare; Bill of Exchange

Recommended: Mosk (Japanese Economic Development: pp. 17-23).

II Mercantilism

II.A Lectures

Big idea: mercantilism versus comparative advantage

Subsidiary issues: military power equation related to mercantilism; Zero-sum theory of trade, trade diversion trumping trade creation; growth of states and the gradual transition to nation-states; Protestantism versus Catholicism; Peace of Westphalia and the balance of power; Navigation Acts

II.B Sections

Theory of comparative advantage; labor theory of value (Smith, Ricardo); welfare and efficiency gains from trade

Readings: *Landes, Chapters 10-13*

Downloads: Text (Summary of mercantilism section); Smith on specialization and division of labor and on the labor theory of value; Ricardo's logic using the labor theory of value

III The Slave Trade and the Populating of North America

III.A Lectures

Big idea: why slavery? How did slavery fit into triangular trade?

Subsidiary issues: Slavery in the ancient world; Growth of serfdom and its gradual demise in Western Europe; Eastern African slave trade in Islamic areas; Mongolian conquests and the spread of plague impacts serfdom in Western Europe; Logic of Malthusian model

III.B Sections

Income distribution measurement: Gini coefficient; construction of Lindert-Williamson measures of income distribution; Kuznets hypothesis concerning income distribution versus other theories of income distribution

Readings:

Required:

Landes, Chapter 8;

Wright, Introduction and Chapter 1;

Lindert and Williamson, Chapters 1, 2 and 3

Downloads: Text (Summary for Slave Trade Section); Table 4.

Recommended reading:

Mosk (Japanese Economic Development: 340-341.)

IV The Enlightenment, the American Revolution, and the Constitution

IV.A Lectures

Big idea: Ideas and material interests led to the American Revolution, shaping the Constitution in its aftermath

Moderate, Radical and Counter-Enlightenment; pendulum swing problem; Seven Years War and Defeat of French by British; Quebec Act; Colonies oppose mercantilism, Quebec Act, and British policies designed to defray costs of holding North America; American Revolution and French assistance; Radicalism and Classical Liberalism (individualism); Constitution compromises and checks and balances.

IV.B Sections

Discussion of themes in Lind book: Jeffersonians and Hamiltonians.

Readings: *Landes, Chapters 16-18;*

Lind, Chapters 1-3

Downloads: Text (Summary of the section)

V The Industrial Revolutions

V.A Lectures

Big idea: Shift from organic to inorganic economy transforms economic development

Technological capitalism emerges: precision instruments and pendulum swing in science; From clocks to steam engines; Import substitution and demand for raw cotton in England; Spread of cotton production in the United States; interpretation of industrial revolution in terms of augmented production function.

V.B Sections

Competing interpretations of the industrial revolutions; Robert Gordon's thesis concerning the first and second industrial revolutions

Readings:

Landes, Chapters 13-15;

Lind, Chapters 4-7

Downloads: Text (concerning first and second industrial revolutions); Figures 4.5 and 4.6

VI The American System of Manufactures and the Mechanization of American Agriculture

VI.A Lectures

Big idea: "democratization of invention" versus "factor supply/relative factor prices" interpretations of American system of manufactures and early mechanization of American agriculture

Crucial role of frontier in 19th century; Crystal Palace Exhibition; backward bending labor supply curve; wages relative to land prices throughout the 19th century; augmentation of land and relative level of land prices; the American System of Manufactures as a general purpose technology and the origins of mass production techniques in American industry

VI.B Sections

Income distribution in the period 1800 to 1860: discussion of the Lindert/Williamson thesis.

Readings:

Required:

Lindert and Williamson, Chapters 4-5

Downloads: Text (summarizing section); Tables 5, 6, 7, 8, 9, 10, and 11; Figures 4.1 and 4.2 (at end of file)

Recommended:

Chapter 4 in Mosk (Nationalism and Economic Development in Modern Eurasia)

VII The Economics of American Slavery

VII.A Lectures

Big idea: economic theory and empirical analysis suggests slavery was an economically viable system in America

Marxist thesis concerning slavery as feudalist holdover; capital theory; Fogel and Engerman thesis in Time on the Cross; implications for the abolition of slavery

VII.B Sections

Discussion of Gavin Wright's thesis concerning the economics of American slavery.

Readings:

Wright, Chapters 2-3 and Epilogue

Downloads: Text (summarizing the economics of slavery)

VIII The Civil War

VIII.A Lectures

Big idea: The heterogeneity of political preferences matters; along with the logic of the military power equation and the possibility of European intervention the heterogeneity of political preferences shaped the Civil War and its aftermath

The heterogeneity of political preferences; various issues dividing the North and the South; the political pendulum swing and the response to the Dred Scott decision; Industrial warfare and technological advances during the Civil War; Great Britain's demand for cotton and the possibility of British intervention in the Civil War; Union and Confederate strategies; Northern victories in 1863, Sherman's March to the Sea and Lincoln's reelection; consequences for the 13th, 14th and 15th amendments to the Constitution.

VIII.B Sections

Discussion of Lindert/Williamson theory of the income distribution implications of the Civil War.

Readings:

Lindert and Williamson, Chapter 6

Downloads: Text (summarizing Civil War section) and Table 12.