SYLLABUS

American Economic History: Economics 1010; History 1645
Professor Werner Troesken
Office: 3P30 W.W. Posvar Hall
Office hours: W, 4-5
Office phone: (412) 648-7459
email: troesken@pitt.edu

Course Approach:

Subject matter is not what distinguishes economic history from other types of history. Economic history is not only about historical events one might narrowly define as economic. Rather, the hallmark of economic history is its approach, its use of economic theory and empirical methods to explain and analyze the past. This observation has two important implications. First, while neither economics nor statistics is a prerequisite for the course, you should be prepared to confront elementary economic and statistical concepts, and you should be prepared to reason using graphs and numbers. Second, you cannot rely on what you have learned in other history courses and expect to do well in this course. Although this course covers topics you have probably seen in other courses, the interpretations offered here will differ sharply from what you have confronted elsewhere.

On the other hand, subject matter is what distinguishes economic history from other branches of economics. Unlike other economics courses, which focus mainly on theory and empirical methods, this course is concerned primarily with answering some basic historical questions. Did the rise of industrial capitalism hurt or help workers? How well were slaves fed and housed? Was slavery profitable? What were the factors that allowed the United States to experience rapid economic growth during the late nineteenth and early twentieth century? Were the great industrialists of the nineteenth century—Rockefeller, Carnegie, Vanderbilt, and their ilk—really “robber barons,” as many historians and common folklore suggest? What caused the Great Depression? Meaningful and convincing answers to these questions require more than well-constructed statistics and the “right” economic theory. They also demand that we take the study of history and historical context seriously. In this way, no matter how sophisticated your grasp of economics, you need to understand history as well.

In short, American economic history is an interdisciplinary course, part economics and part history. The interdisciplinary nature of the course makes it challenging. As the previous
discussion suggests, doing well requires that you learn and understand both the economics and the history. To develop such understanding, you need to regularly attend class, actively participate in class discussions, and keep up with the readings (roughly 40 to 60 pages per week).

**Combating The Prejudices of Some Humanists and Scientists**

Some humanists dismiss the economic approach to history because of its heavy reliance on statistics. Statistics, they say, are boring, easily manipulated by dishonest researchers, and ultimately not worth the effort to understand or explain. My goal in this course is to disabuse you of such anti-scientific prejudices, and to convince you, that for nearly all historical problems, a thorough understanding of the associated statistics is not only useful but essential.

To be sure, numbers are potentially boring and subject to distortion by disingenuous researchers. However, numbers and statistics are no worse than any other source of historical information on this margin: all historical sources, quantitative and otherwise, are subject to such pitfalls. Surely an encyclopedic recitation of non-quantitative facts is no less boring than a collection of pointless statistics, and similarly, quotations selectively chosen and edited can be just as deceiving as poorly constructed statistics. Moreover, in contrast to the use and construction of qualitative evidence, a clear set of rules governs the use and construction of quantitative and statistical evidence. These rules put limits on the historian’s ability to manipulate and deceive through statistics. Properly-constructed statistics can not be made to say anything you want.

Some economists believe that history is irrelevant. My goal in this course is to disabuse you of such narrowness, and to convince you that a true understanding of economic phenomena requires historical understanding as well. The importance of history for economics can be seen in two ways. First, history is full of useful economics. For example, well-known events like the Great Depression and the rise of the great industrial trusts are now standard fare in courses on macroeconomics and industrial organization because they provide near-perfect laboratories in which to explore competing theories about the business cycle and anticompetitive behavior. One prominent economist has gone so far as to describe the Great Depression as “the holy grail of macroeconomics” (Ben Bernanke, *Journal of Money, Credit, and Banking*). Second, the institutions that define and shape the choice sets of consumers, firms, and governments have grown out a long process of historical evolution and change. Understanding the economic outcomes observed today, therefore, requires that we also understand the historical processes that gave rise to the institutions that govern current exchange.
Some economists, particularly those who are more theoretically-inclined, also believe that the qualitative nature of much historical reasoning lacks rigor. The supposed basis for this belief is the relatively low-level of mathematical and statistical technique observed in economic history compared to other branches of economics. My goal in this course is to disabuse you of such disciplinary hubris, and to convince you that arguments need not be mathematical to be both rigorous and insightful.

Texts:

Aside from the Fogel text, this course requires you to use the internet to download and print readings for most of the lectures. A hand out explaining how to access electronic journals through the Hillman Library’s web page will be provided. Using the internet in this way saves you time and money.

Exams:
Your final grade will be determined primarily by your performance on three equally-weighted exams (2 midterms and a final); each exam is worth 1/3 of your final grade. Each exam will consist of one essay question and a series of short answer questions. If you miss one of the midterm exams, for whatever reason, your final exam will include questions over the material covered on the midterm. If you miss both midterms, you will receive a zero for one of the exams. In other words, you can only make-up one exam.

The first midterm is scheduled for Wednesday, October 3, 2001. The second midterm is scheduled for Wednesday, November 7. The final exam will be held on Wednesday, December 12.

Extra-Credit and Class Participation:
You can score extra-credit points based on your participation in class discussions and you can raise your final grade by up to one full letter by actively participating in class. To receive credit for participation, at the end of every class period in which you participated write up a brief summary of your comments and questions and hand that summary in to me. There is no need to type this. A brief and legible hand-written note will suffice. However, be sure to write up all your comments and hand them in every time you participate. These summaries will serve as the primary formal record of your participation.
The following table serves as a rough guide for how well you are doing in terms of class participation:

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<tr>
<th>Number of (quality) comments per class</th>
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<tr>
<td>4 or more</td>
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<td>3</td>
<td>add 7.5 percent</td>
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Schedule of Lectures and Readings

**Bring** - when a reading is followed by “Bring” it means that you should print out and have the reading with you when I cover that reading in class. The reading will contain graphs, tables, or specific passages that I will refer to during the lecture.

**Technical** - when a reading is followed by “Technical” it means that the reading contains equations and statistical tables. For these readings, ignore excessively technical material and focus on the basic methodology and conclusions. You will not be expected to master the math or statistics in question. I will explain any salient technical issues in an intuitive, non-mathematical way during lecture.

Part 1. The State and Economic Development

**Lecture 0. Overview and Introduction to Course Material**

Reading:


**Lecture 1: Economic Justifications for the State**

Reading:


**Lecture 2: Why We Need Constitutions**

Reading:


**Lecture 3: Why Did the Colonists Revolt?**

Reading:


Lecture 4: Forging the U.S. Constitution
Reading:


Part 2. Race in American Economic History: Slavery, Postbellum Southern Agriculture, and Discrimination

Lecture 5: An Introduction to the Economic Literature on Slavery
Reading:
Fogel, *Without Consent or Contract*, pp. 154-200; and 398-417. BRING

Lecture 6: On the Care, Feeding, Work Intensity and Profitability of Slave Labor
Reading:
Class handouts
Fogel, *Without Consent or Contract*, pp. 17-80; 114-200. BRING

Lecture 7: Slavery and the Development of the Southern Economy
Reading:
Fogel, *Without Consent or Contract*, pp. 81-113. BRING

Lecture 8: After Slavery, Part I: Tenancy
Reading:
Lecture 9: After Slavery, Part II: The Crop Lien System
Reading:

Gavin Wright, “Reflections on One Kind of Freedom and the Southern Economy.”


Lecture 10: Some Concepts From the Economic Theory of Discrimination
Reading:
Jennifer Roback, “The Political Economy of Segregation: The Case of Segregated Street Cars.”

Lecture 11: The Welfare of African Americans: Some Historical Observations
Reading:

Robert Higgs, “Accumulation of Property by Southern Blacks Before World War I.”


Lecture 12: Sources of Growth, Part I: The Law
Reading:
United States Constitution
Lecture 13: Sources of Growth, Part II: The Railroad
Reading:

Lecture 14: Sources of Growth, Part III: Natural Resources
Reading:

Lecture 15: Welfare Effects: Hours and Wages
Reading:


Lecture 16: Welfare Effects: Health
Reading:

Lecture 17: A Case-Study of Welfare Effects: Coal Mining in America
Reading:

Part 4. Institutions and Institutional Change, 1800-1920

Lecture 18: A Model of Institutional Change

Reading:

Lecture 19: The Rise of Big Business: Technological and Structural Change

Reading:

Technical


Lecture 20: The Rise of Big Business: Strategies

Reading:


Lecture 21: The Origins of the Modern Regulatory State

Readings:

Lecture 22: The Effects of the Modern Regulatory State
Reading:

Part 4. The Great Depression

Lecture 23: The 20s and the Great Crash
Readings:

Lecture 24: What Caused the Great Depression?
Reading:

Lecture 25: What Ended the Great Depression?
Reading: