

Fall 2015; T-Th, 9:30-10:45; CL 358

Syllabus

Economics 1010 American Economic History

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Prerequisites

- 1) Principles of microeconomics
- 2) A willingness to work hard, attend class regularly, and actively participate.

Course Overview

What defines economic history is not the topic; economic history is not just about past events one might narrowly define as economic. Rather, economic history is defined, in large part, by its approach, by its use of economic theory and empirical methods to understand the past. In this way, while the course considers many traditional economic questions, it is primarily interested in understanding the past using economic theory and statistical techniques. This approach often yields a different understanding of the American past than more traditional and qualitative approaches to history. Whether one is talking about the origins of the American Revolution or the causes of the Great Depression, the interpretations presented in this class will likely differ sharply from what you have learned elsewhere. By the same token, the past contains much useful economics, and an understanding of history should also change the way one thinks about current economic problems and questions. You can, therefore, expect not only to learn about history, but also about economics.

Much of the course will focus on the question: why has the United States grown rich while many other parts of the world have remained poor? Some observers argue that an abundance of natural resources fostered American economic development. Others focus on the role of tariffs, education, macroeconomic policy, and imperialism. Still others suggest that it was a relatively friendly disease environment that has allowed the United States and other parts of the world to flourish. Although we will explore each of these explanations, much of our attention will be focused on the role that political institutions, particularly the Constitution, have played in fostering American economic development. In later parts of the course we will consider more specific topics and questions, such as, how the American Industrial Revolution

affected the welfare of laborers and ordinary workers, particularly coal miners; why the resource curse affects some countries but not others; the origins and effects of the American regulatory state; the treatment and profitability of slave labor and the long-term consequences of slavery; using rational choice models to understand the history epidemics and famines; the vulnerability of Native Americans to smallpox and the implications of this vulnerability for long-term economic performance; the short and long-term consequences of the New Deal; and the regulatory origins of the Dust Bowl.

Online Resources

The course is organized around journal articles as opposed to books. This allows us to cover a greater variety of ideas and authors. Although some of the readings are technical, no formal training in statistics or econometrics is required. All readings available on course web or will be distributed as handouts in class.

Grading:

1. Exams

If you perform adequately on your homework and in-class assignments, 100 percent of your final grade will be determined by your performance on three equally weighted exams: two midterms and a final. Exams consist of short-answer questions, and are graded on the following scale:

Score	Letter grade	Score	Letter grade
93 and above	A	73-77	C
90-92	A-	70-72	C-
88-89	B+	68-69	D+
83-87	B	63-67	D
80-82	B-	60-62	D-
78-79	C+	59 and below	F

The first midterm is scheduled for Tuesday, October 6. The second midterm is scheduled for Tuesday, Nov. 3. If you miss one of the midterm exams, *for whatever reason*, your final will include questions covered on the missed midterm exam. If you miss both midterm exams, you will receive a zero for one of the exams. The final is scheduled for Wednesday, December 16, at 8 am. University policy dictates the final exam schedule. It cannot be altered except in the most exigent of circumstances. If you miss the final exam, you must take the following three steps:

- (1) Contact me within 24 hours of the exam. If I do not hear from you in that time period, you will receive a zero for the final.

(2) Provide documentation of exigency.* If I do not receive such documentation within 24 hours, you will receive a zero for the final. I also reserve the right to impose a harsh penalty (including assigning a grade of zero for the final) for missing the final exam for reasons I deem less than exigent.

(3) You must take the make-up final exam at a time of my choosing. If you cannot make that time, you will receive a zero for the final exam.

* - Note that providing false or misleading statements or documentation, or any other form of cheating for that matter, will result in an F for the course and whatever additional university sanctions might be deemed appropriate.

2. Homework and Class Participation

Periodically, there will be homework and various in-class assignments. I will grade these assignments as 0 (no credit), 1 (adequate), or 2 (more than adequate). If you receive straight 0s on these assignments, I will reduce your final letter grade by 10 percent (i.e., one full letter grade). If you receive straight 2s on these assignments, I reserve the right to increase your final letter grade by up to 10 percent. Please note the asymmetry here: straight 2s does not guarantee a 10 percent increase; that is only the maximum possible increase. To maximize your likelihood of receiving a 10 percent bump in your final grade, you are strongly encouraged to regularly attend, and actively participate in, class.

3. Re-grade policy

In cases of grade disputes, the area of contention should be explained in writing and returned to me with the exam. I will then re-grade the entire exam.

Schedule of Lectures and Readings

All starred readings should be read in their entirety and are available on CourseWeb. Most non-starred readings are also available on CourseWeb; those that are not are available on JSTOR and other on-line sources available through Hillman Library.

Part I. Economic Theories of the State in History and Practice

Lecture 1. Economic Justifications for the State

Mancur Olson, "Dictatorship, Democracy, and Development," *American Political Science Review*, Vol. 87, No. 3 (Sep., 1993), pp. 567-76.*

Lecture 2. On the Viability of Stateless Societies

Peter T. Leeson, "Better Off Stateless: Somalia Before and After Government Collapse," *Journal of Comparative Economics*, Vol. 35 No. 4 (October, 2007), pp. 689-710.*

Lecture 3. The Glorious Revolution and the Origins of Modern Economic Development

Douglass C. North and Barry R. Weingast, "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England," *Journal of Economic History*, Vol. 49, No. 4 (Dec., 1989), pp. 803-32.*

Lecture 4: Why Did the Colonists Revolt?

Readings:

Thomas Paine, *Common Sense**
*The Declaration of Independence**

Lecture 5. The U.S. Constitution: Economic Origins

Readings:

The Constitution*

Robert A. McGuire, "Constitution Making: A Rational Choice Model of the Federal Convention of 1787," *American Journal of Political Science*, Vol. 32., No. 2 (May, 1988), pp. 483-522.*

Lecture 6. The U.S. Constitution: Economic Implications

James Madison, *Federalist Paper No. 10**

James Madison, *Federalist Paper No. 51**

Herbert Hovenkamp, "The Political Economy of Substantive Due Process," *Stanford Law Review*, Vol. 40, No. 2 (January 1988), pp. 379-447.

Part II. Population, Famine, and Disease in Human History

Lecture 7. Malthusian Economics

Thomas Malthus, *An Essay on the Principle of Population*, chapters 1,2, and 3.*

Graphsfor MalthusLecture*

Lecture 8. The Native American Population Debate

Elizabeth A Fenn. "Biological Warfare in Eighteenth-Century North America: Beyond Jeffrey Amherst," *Journal of American History*, March 2000.*

Quamrul Ashraf and Oded Galor, "The 'Out-of-Africa' Hypothesis, Human Genetic Diversity, and Comparative Economic Development," *American Economic Review*, Vol. 13, no. 1 (Jan., 2013), pp. 1-46.

Lecture 9. Epidemics and Famines in History: Behavioral and Biological Models

Robin Burgess and Dave Donaldson, "Can Openness Mitigate the Effects of Weather Shocks? Evidence from India's Famine Era," *American Economic Review*, Vol. 100, No. 2 (May 2010), pp. 449-53.*

Lecture 10. What Caused the Mortality Transition?

David Cutler and Grant Miller, "The Role of Public Health Improvements in Health Advances: The Twentieth Century United States," *Demography*, Vol. 42, No. 1 (Feb., 2005), pp. 1-22.*

Lecture 11. The Antebellum Puzzle

John Komlos, "Shrinking in a Growing Economy? The Mystery of Physical Stature During the Industrial Revolution," *Journal of Economic History*, Vol. 58, No. 3 (Sept., 1998), pp. 779-802.*

Lecture 12. Disease and Economic Development

John Luke Gallup and Jeffrey D. Sachs, "The Economic Burden of Malaria," *American Journal of Tropical Medicine*, Vo. 64, No. 1 (Sept., 2001), pp. 85-96.*

Lecture 13. How Institutions Shape the Disease Environment: Smallpox and Typhoid Fever

Werner Troesken, *The Pox of Liberty: How the Constitution Left Americans Rich, Free, and Prone to Infection*. Chicago: University of Chicago Press, 2015. (Excepts)*

Lecture 14. Early-Life Health Shocks and Later-Life Outcomes

Douglas Almond, "Is the 1918 Influenza Pandemic Over? Long-Term Effects of *In Utero* Influenza Exposure in the Post-1940 U.S. Population," *Journal of Political Economy*, Vol. 114, No. 4 (August 2006), pp. 672-712.*

Part III. What Were the Causes and Consequences of American Industrial Development?

Lecture 15. Natural Resources and the Resource Curse

Gavin Wright, "The Origins of American Industrial Success," *American Economic Review*, Vol. 80, No. 4 (September 1990), pp. 651-68.*

Joshua D. Angrist and Adriana D. Kugler, "Rural Windfall or a New Resource Curse? Coca, Income, and Civil Conflict in Columbia," *Review of Economics and Statistics*, Vol. 90, No. 2 (May, 2008), pp. 191-215.

Lecture 16. Water, Railroads, and Agglomeration Economies

Edward L. Glaeser, "Urban Colossus: Why is New America's Largest City?," *Federal Reserve Bank of New York Economic Policy Review*, December (2005), pp. 7-18.*

Jordan Rappaport and Jeffrey D. Sachs. 2003. "The United States as a Coastal Nation," *Journal of Economic Growth*, vol. 8, no. 1, pp. 5-46.*

Lecture 17. The Tariff

William Jennings Bryan, "The Tariff Question" (Class Handout)

Alexander Hamilton, *Federalist Papers* (Class Handout)

Lecture 18. Imperialism

Stanley Lebergott, "The Returns to U.S. Imperialism, 1890-1929," *Journal of Economic History*, Vol. 40, No. 2. (June 1980), pp. 229-252.

Daron Acemoglu, Simon Johnson, and James Robinson, "Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution," *Quarterly Journal of Economics*, Vol. 117, No. 4 (Nov. 2002), pp. 1231-94.*

Lecture 19: The Welfare Effects of Industrialization: Wages, Working Hours, and Human Health

Clark, Gregory, "The Condition of the English Working Class in England, 1209-2004," *Journal of Political Economy*, Vol. 113, No. 6 (2005), pp. 1307-40.*

Helpman Graphs*

Lecture 20. Wages and Working Conditions in Coal Mining

Price Fishback, "Did Coal Miners 'Owe Their Souls to the Company Store'? Theory and Evidence from the Early 1900s," *Journal of Economic History*, Vol. 46, No. 4. (December 1986), pp. 1011-29.*

Price Fishback, "The Economics of Company Housing: Historical Perspectives from the Coal Fields," *Journal of Law, Economics, and Organization*, Vol. 8, No. 2 (April, 1992), pp. 346-65.

Part IV. Slavery and the Economic History of African Americans

Lecture 20. The Economics of the Slave Trade

Nathan Nunn and L. Wantchekon, "The Slave Trade and the Origins of Mistrust in Africa," *American Economic Review*, Vol. 101, No. 7 (2011), pp. 3221-252.*

Raymond L. Cohn and Richard A. Jensen. "The Determinants of Slave Mortality Rates on the Middle Passage," *Explorations in Economic History*, Vol. 19 (1982), pp. 269-82.

Jonathan Pritchett and Mallorie Smith, "Sequential Sales as a Test of Adverse Selection in the Market for Slaves," *Journal of Economic History*, Vol. 73, No. 2 (June 2013), pp. 477-493.

Slavery graphs*

Lecture 21. On the Profitability of Slavery

David Eltis and Stanley L. Engerman, "The Importance of Slavery and the Slave Trade to Industrializing Britain," *Journal of Economic History*, 60(2000):123-45.*

Alfred H. Conrad and John R. Meyer, "The Economics of Slavery in the Ante-bellum South," *Journal of Political Economy*, Vol. 66., No. 2 (April, 1958), pp. 95-130.

Alan L. Olmstead and Paul W. Rhode, "Biological Innovation and Productivity Growth in the Antebellum Cotton Economy," *Journal of Economic History*, Vol. 68, No. 4 (Dec., 2008), pp. 1123-1171.

Lecture 22. The Diet of American Slaves

Slavery graphs*

Lecture 23. The Economic Theory of Discrimination and the Economic Experience of African Americans

James J. Heckman and Brook S. Payner, "Determining the Impact of Federal Antidiscrimination Policy on the Economic Status of Blacks: A Study of South Carolina," *American Economic Review*, Vol.79, No. 1 (March., 1989), pp. 138-77.*

Christopher L. Foote, Warren C. Whatley, and Gavin Wright, "Arbitraging a Discriminatory Labor Market: Black Workers at the Ford Motor Company," *Journal of Labor Economics*, Vol. 21, No. 3 (July 2003), pp. 493-532.

Lecture 24. The Economics of Jim Crow

Daniel Aaronson and Bhashkar Mazumder, "The Impact of Rosenwald Schools on Black Achievement," *Journal of Political Economy*, Vol. 119, No. 5 (2011), pp. 821-888.

Jennifer Roback, "The Political Economy of Segregation: The Case of Segregated Street Cars," *The Journal of Economic History*, Vol. 46, No. 4 (Dec., 1986), pp. 893-917.*

Lecture 25. The Boll Weevil and the Great Migration

Fabian Lange, Alan Olmstead, and Paul W. Rhode, "The Impact of the Boll Weevil, 1892-1932," *Journal of Economic History*, Vol. 69, No. 3 (Sept., 2009), pp. 685-212.*

William J. Collins and Marriane Wanamaker, "Selection and Economic Gains in the Great

Migration of African Americans: New Evidence from Linked Census Data," Working Paper 19124, National Bureau of Economic Research, 2013.

Part V. Topics

Lecture 26. Mobility in America

Joseph P. Ferrie, "The End of American Exceptionalism? Mobility in the United States Since 1850," *Journal of Economic Perspectives*, Vol. 19, No. 3 (Summer, 2005), pp. 199-215.*

Steven Herscovici, "Migration and Economic Mobility: Wealth Accumulation and Occupational Change among Antebellum Migrants and Persisters," *Journal of Economic History*, Vol. 58, No. 4 (December 1998), pp. 927-56.

Lecture 27. Were the Great Industrial Trusts Efficient?

Leslie Hannah, "The Whig Fable of American Tobacco, 1895-1913," *Journal of Economic History*, Vol. 66, No. 1 (March 2006), pp. 42-67.

McGee, John S. 1958. "Predatory Price Cutting: The Standard Oil (N.J.) Case." *Journal of Law and Economics*, volume 1 (October), pp. 137-69.*

Lecture 28. The Origins of the American Regulatory State: The Case of Antitrust

Christopher Grandy, "Original Intent and the Sherman Antitrust Act: A Re-examination of the Consumer-Welfare Hypothesis," *Journal of Economic History*, Vol. 53, No. 2 (June 1993), pp. 359-76.

Lopatka, John E., and Paul E. Godek. 1992. "Another Look at Alcoa: Raising Rivals' Costs Does Not Improve the View." *Journal of Law and Economics*, volume 35, no. 2 (October), pp. 311-29.*

Lecture 29. Property Rights and Agriculture

Richard Hornbeck, "Barbed Wire: Property Rights and Agricultural Development," *Quarterly Journal of Economics*, May 2010, p. 767.

Zeynep K. Hansen and Gary D. Libecap. 2004. "Small Farms, Externalities, and the Dust Bowl of the 1930s," *Journal of Political Economy*, 112:665-94.*

Lecture 30. On the Origins of Gender Roles

Alberto Alesina, Paola Giuliano, and Nathan Nunn, "On the Origins of Gender Roles: Women and the Plough," *Quarterly Journal of Economics*, Vol. 128, No. 2 (May 2013), pp. 469-530.

Part VI. The Great Depression

Lecture 25. The Great Stock Market Crash

Eugene N. White, "The Stock Market Boom and Crash of 1929 Revisited." *Journal of Economic Perspectives*, Vol. 4, No. 2 (Spring 1990), pp. 67-83.*

Lecture 26. What Caused the Great Depression?

Christina D. Romer, "The Nation in Depression," *Journal of Economic Perspectives*, Vol. 7, No. 2 (Spring 1993), pp. 19-39.*

Lecture 27. What Ended the Great Depression?

Robert Higgs, "Wartime Prosperity? A Reassessment of the U.S. Economy in the 1940s," *Journal of Economic History*, Vol. 52, No. 1 (March 1992), pp. 41-60.*

Christina D. Romer, "What Ended the Great Depression?" *Journal of Economic History*, Vol. 52, No. 4 (December 1992), pp. 757-784.

Lecture 28. The Political Economy of the New Deal

Price Fishback, Michael Haines, and Shawn Kantor, "Births, Deaths and New Deal Relief During the Great Depression," *Review of Economics and Statistics*, Vol. 89, No. 1 (February 2007), pp. 1-14.*

John Joseph Wallis, "Employment, Politics, and Recovery During the Great Depression," *Review of Economics and Statistics*, Vol. 69, No. 3 (Aug., 1987), pp. 516-20.

Harold L. Cole and Lee E. Ohanian, "New Deal Policies and the Persistence of the Great Depression: A General Equilibrium Analysis," *Journal of Political Economy*, Vol. 112, No. 4, p. 779.