

EC 365 – Economic Institutions in Historical Perspective Spring 2009

Lectures: T/TH 12:30 to 2:00 PM

Location: CAS 222

INSTRUCTOR: ANDRE C. MARTINEZ FRITSCHER
OFFICE HOURS: T 2:00-3:30 PM, W 9:30-11:00AM, OR BY APPOINTMENT
OFFICE ADDRESS: DEPARTMENT OF ECONOMICS, 264 BAY STATE ROAD, OFFICE 324
TELEPHONE: 617-353-5682
E-MAIL: andremfr@bu.edu

COURSE OVERVIEW:

EC 365 is an introductory course to economic history. It explores the effects of past economic choices and long run determinants on current economic issues. Lectures will address the research done in the field, as well as the use of economic theory and quantitative methods to analyze past economic events.

The course starts by providing a big picture of the economic performance trends over the last centuries among countries. Theories that aimed to explain such differences in economic development will be studied. Following, we will analyze the different economic and institutional experiences in the United States and Latin America. In the second part of the course, we will focus on several major themes that have been largely studied by economic historians. Among those topics are international trade, transport, inequality, demographics and factor inputs.

PRE-REQUISITES:

Introductory microeconomics and macroeconomics (CAS EC101 and EC102). Intermediate microeconomics and some knowledge of statistical methods and data analysis are recommendable.

The course is based on the literature on a variety of economic history topics. This requires that students devote time to read assigned papers. Some technical tools in economics will be used but will be explained in advance.

COURSE WEB PAGE:

The material for this class (syllabus, announcements, readings and lecture notes) will be posted on <http://blackboard.bu.edu/>. You will be asked to login. Use your BU username and Kerberos password.

REQUIRED TEXT:

There is no text book as most of the course is based on journal articles. These (and lecture notes) will be posted on the course website. The reading list also includes chapters of few books, which are available in the Mugar Reserve.

GRADING AND EXAMS

Regular attendance is required for good performance in the course.

The evaluation consists of an **essay** (20%), **two midterms** (20% each) and a **final** (40%).

The **essay** should be about one of the course papers chosen freely by each student. It is due for the day when the paper is lectured. The essay is divided in two parts: the first should contain (in no more than one single-spaced page) the following points: (i) a brief synopsis of the paper, (ii) the research question and its answer, (iii) the argument; (iv) the contribution of the paper in the literature; (v) the data and its use (if applicable); (vi) the dependent variable(s); (vii) the independent variable (s); and (viii) the methodology. The second part (1-2 single spaced pages) should comment and critique its findings, answering the following: Are you convinced with the story of the paper? Do you have an alternative explanation? How would you improve the argument of the paper?

You can use other works for this part (and cite them). Please decide the paper you want to work with by the second week of class (January 27th) and send me an email. Late essays will have 50% penalization.

The **midterm exams** will last 80 minutes and will be held **on February 24th and April 14th**. The 120 minutes **final exam** has been initially scheduled for May 8th(9-11AM). Please plan your travels accordingly because only medical or serious personal reasons will be tolerated for students missing exams.

CONDUCT CODE

Discussion of the course materials in groups is strongly encouraged. However, all work handed in for credit must be your own and subject to the CAS Academic Conduct Code. It is your responsibility to read and understand the Code (you can get it in room CAS105). Cases of suspected academic misconduct will be reported to the Dean's Office, and the regarding assignment or test will be graded with a 0.

READING LIST (* Required Readings)

The following schedule is subject to changes during the semester according to time constraints.

1. Introduction (January 15, 20)

Angus Maddison, *The World Economy: A Millennial Perspective* (2001), Paris; OECD. "Introduction and Summary" and Chapter 1, pp. 17-48.

*Claudia Goldin, "Cliometrics and the Nobel", *Journal of Economic Perspectives*, 9, 2 (1995): 191-208.

2. Convergence and Divergence (January 22, 27)

*Lant Pritchett, "Divergence, Big Time," *Journal of Economic Perspectives* 11, 3 (1997): 3-17.

*Richard Easterlin, “Why Isn’t the Whole World Developed?” *Journal of Economic History*, 41, 1 (1981): 1-19.

*Ronald Findlay, “The Roots of Divergence: Western Economic History in Comparative Perspective,” *American Economic Review* 82, 2 (1992): 158-161

*Jeffrey G. Williamson, “Globalization, Convergence, and History,” *Journal of Economic History* 56, 2 (1996): 277-306.

3. Economic Progress: Geography or Institutions? (January 29, February 3)

*Daron Acemoglu, Simon Johnson and James A. Robinson, “Reversal of Fortune: Geography and Development in the Making of the Modern World Income Distribution,” *Quarterly Journal of Economics* 4 (2002): 1231-94.

*William Easterly and Ross Levine, “Tropics, Germs, and Crops: How Endowments Influence Economic Development,” *Journal of Monetary Economics* (2003): 3-40.

Jared Diamond, *Guns, Germs and Steel: The Fate of Human Societies* (New York: Norton, 1997), Chapter 1 and 10, pp. 35-52 and 176-91.

Edward L. Glaeser, Rafael La Porta, Florencio Lopez de Silanes, and Andrei Shleifer, “Do Institutions Cause Growth?” NBER Working Paper # 10568.

4. European Colonialism and Institutional Legacy: Property Rights and Slavery (February 5, 10)

*Daron Acemoglu, Simon Johnson and James A. Robinson., “The Colonial Origins of Comparative Development: An Empirical Investigation,” *American Economic Review* (2001): 1369-401.

*Stanley Engerman and Kenneth Sokoloff, “History Lessons Institutions Factor Endowments and Paths of Development in the New World” *Journal of Economic Perspectives* 14 3(2000): 217-232.

Robert Fogel, “Slavery in the New World,” Chapter 3 of *Without Consent or Contract: The Rise and Fall of American Slavery*. New York: W.W. Norton, 1989.

5. Technological Change and the Western Rise: The Industrial Revolution (February 12, 19)

*Peter Temin, “Two Views of the British Industrial Revolution,” *Journal of Economic History* 57, 1 (1997): 63-82.

* 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*, 49 (1989): 803-832

*Jeremy Atack, Fred Bateman, and Robert A. Margo, "Skill Intensity and Rising Wage Dispersion in Nineteenth Century American Manufacturing," *Journal of Economic History* 64, 1 (2004), pp. 172-192.

Joel Mokyr, "Demand vs. Supply in the Industrial Revolution," *Journal of Economic History* 37, 4 (1977): 981-1008.

Midterm Exam 1 (February 24th)

6. The United States and Latin America: Different Paths of Development (February 26, March 3)

*Gavin Wright, "The Origins of American Industrial Success, 1879-1940," *American Economic Review* 80 (1990): 651-668.

*Paul Romer, "Why Indeed in America? Theory, History, and the Origins of Modern Economic Growth?" *American Economic Review*, 1996 202-06

*Coatsworth, John H. (1978) "Obstacles to Economic Growth in Nineteenth-Century Mexico," *American Historical Review*, 83, 80-100.

John H. Coatsworth, "Economic and Institutional Trajectories in Nineteenth-Century Latin America," chap. 1 in *Latin America and the World Economy Since 1800* edited by John H. Coatsworth and Alan M. Taylor (Cambridge, MA: Harvard University Press, 1998), pp. 23-54.

Claudia Goldin, "The Human Capital Century and American Leadership: Virtues of the Past," *Journal of Economic History* 61 (2001): 263-292.

7. The United States and Latin America: Regional Development and Federalism (March 5, March 17)

*Mitchener, Kris J. and Ian McLean, "US Regional Growth and Convergence, 1880-1980", *Journal of Economic History* (Dec. 1999), pp. 1016-1042.

*Wallis, John J., "American Government Finance in the Long Run: 1790 to 1990," *Journal of Economic Perspectives*, 14 (Winter 2000), pp. 61-82.

*Martinez, Andre, "Fiscal Federalism and Regional Inequality: State Debt and Provision of Public Goods in Brazil, 1891-1930", unpublished.

8. Population and Demographic Change (March 19, March 24)

*D. Gale Johnson, "Population, Food, and Knowledge," *American Economic Review* 90, 1(2000): 1-14.

*R. Lee, "The Demographic Transition: Three Centuries of Fundamental Change," *Journal of Economic Perspectives* (2003): 167-90.

*Richard H. Steckel, "Stature and the Standard of Living," *Journal of Economic Literature* 33, 4(1985): 1903-1940.

9. Transportation, Trade and Economic Growth (March 26, April 2)

*Robert W. Fogel, *Railroads and American Economic Growth: Essays in Econometric History*. Baltimore: Johns Hopkins Press, 1964. Chapters 1 and 6.

*Michael R. Hines and Robert A. Margo, "Railroad and Local Economic Development in the U.S.," *NBER working paper No.12381*.

*Avner Greif, "Contract Enforceability and Economic Institutions in Early Trade: The Maghribi Traders' Coalition," *American Economic Review* 83 (1993): 525-549.

Douglas A. Irwin, "Interpreting the Tariff-Growth Correlation of the Late 19th Century," *The American Economic Review, Papers and Proceedings*, Vol. 92, No. 2 (2002): 165-169.

Carol Shiue, "Transport Costs and the Geography of Arbitrage in Eighteenth Century China," *American Economic Review* 92 (2002): 1406-1419.

John H. Coatsworth, "Indispensable Railroads in a Backward Economy: The Case of Mexico." *Journal of Economic History* 39(4): 939-960.

10. Inequality (April 7, 9)

*Jeffrey Williamson, "Growth, Distribution, and Demography: Some Lessons from History," *Explorations in Economic History* 35 (1998): 241-271

*Klaus Deininger and Lyn Squire, "New Ways of Looking at Old Issues: Inequality and Growth," *Journal of Development Economics* 57 (1998): 259-287

*Torsten Persson and Guido Tabellini, "Is Inequality Harmful for Growth?" *American Economic Review* 84 (1994): 600-621.

Claudia Goldin and Robert A. Margo, "The Great Compression: The U.S. Wage Structure at Mid-Century," *Quarterly Journal of Economics* 107 (February): 1-34.

Midterm Exam 2 (April 14th)

11. Labor and Migration (April 16, 21)

*Timothy J. Hatton and Jeffrey G. Williamson, "Integrated and Segmented Labor Markets: Thinking in Two Sectors," *Journal of Economic History* 51 (1991): 413-425

*Claudia Goldin, "The Political Economy of Immigration Restriction in the United States, 1890-1921," in *The Regulated Economy*, edited by C. Goldin and G. Libecap, pp. 223-257. Chicago: University of Chicago Press, 1994.

Jeffrey G. Williamson, "Globalization, Labor Markets and Policy Backlash in the Past" *Journal of Economic Perspectives*, 12, 4 (1998): 51-72.

12. Capital Mobility and the Great Depression (April 28, 30)

*Maurice Obstfeld and Alan M. Taylor, "Globalization and Capital Markets" NBER Working Paper # 8846.

*Christina D. Romer, "The Nation in Depression", *Journal of Economic Perspectives* 7 (1993):19-39.

Peter Rousseau and R. Sylla, "Financial Systems, Economic Growth, and Globalization", NBER Working Paper No. W8323

Final Exam (May 8th)