

Past and present economic problems

The central purpose in this course is to provide a historical perspective on economic issues that are important for the present and the future. The list includes public debt, inequality, regime change, role of the state, climate, financial crises, introduction and role of money, trade, tariffs, mercantilism, the impact of geography. Compared to previous versions of the course, this plan has been completely reorganized.

Requirement is an interest in history and an intermediate course on macroeconomics. Undergraduates are welcome. The tasks for the completion of the course provide flexible challenges with options to adapt to the technical backgrounds of the students. For example, some tasks require a background in econometrics but this background is not required for the course.

Requirement for the grade:

- One home assignment from the list below, which is presented in class in the last third of the semester (35%);
- One short presentation in class to lead the discussion on a particular topic (15%);
- One mid-term and a final with short questions (40%);
- Class participation (10%).

Participants in the course are obviously expected to respect to the code of honor of the university. ChatGPT or other search tools are allowed for the home assignments, but such use should be mentioned. (Of course, there is no penalty for this use). I think that these tools are very useful, and you will be able to appreciate the value added of the course with respect to these instruments. In any case, taking the course is not an exercise to figure tricks to get a grade. It is your moral duty to yourself to enrich yourself intellectually.

An important tool for the course is the website at chamley.net.

HOME ASSIGNMENT

To be agreed with the instructor not later than the fourth week of the semester.

Review of scholarly work

This should be a 10-15 page paper or slides to report on a topic or a particular work. Here are some examples.

- **The financial crisis of 33**

This crisis occurred in the heydays of the Roman Empire when an attempt was made to enforce a requirement that lenders should own some land in Italy. The crisis was resolved when the emperor, Tiberius, made a large increase of the liquidity of the economy. Comparisons have been made with the US crisis of 2008-2009. There is very little information on the crisis itself, and the list of the publications about it may be longer than the main account in Tacitus (who wrote at the end of the first century). The purpose of the paper is to provide a synthesis of these studies and of the relation with the 2008-2009 crisis. A good start the [note](#) in Wikipedia.

- Heckscher, Eli P. (1935). *Mercantilism*, translation by Mendel Shapiro, London, George Allen and Unwin. 1935. 2 vols.: 472, 419 pp.

Heckscher quoted by B.F. Haley in a [review](#):

“The study of mercantilism may contribute in various ways, either positively or negatively, both as a foundation and as an historical parallel, to render more profound our insight into the economic problems of the present and future.”

- **Replication exercise**

- Angelucci, C., S. Meraglia and N. Voigtländer (2022). "How Merchant Towns Shaped Parliaments: From the Norman Conquest of England to the Great Reform Act," *American Economic Review*, 112(10), [3441-3487](#). Text of the assignment.
- Squicciarini, Mara, P. and Nico Voigtländer (2015). “Human Capital and Industrialization: Evidence from the Age of Enlightenment,” *Quarterly Journal of Economics*, 1825-1883.
- Acemoğlu, Daron, Davide Cantoni, Simon Johnson and James A. Robinson (2011). “The consequences of radical reform: the French Revolution” *American Economic Review*, 101, [3286-3307](#).

- **Referee report**

To be discussed.

PLAN and READINGS

In some readings, the content is relevant for more than one section of the course. For some sections/readings, a short comment indicates why the item is relevant for today’s policy discussion. More comments will be added on the website of the course.

1. Beginnings and Antiquity

The “state” started in the region which is now Irak (Mesopotamia) and, a little later, in Egypt. There is a reason for this. A state can be defined by its ability extract tax revenues. This region provided an ideal setting for this. This is the subject of the first two papers. The third one extends the argument to the entire planet. Some agricultural goods could be taxed because they were visible (wheat). Others (roots) could evade taxation.

- Mayshar Joram, Omer Moav and Zvika Neeman (2017). “Geography, Transparency, and Institutions,” *American Political Science Review*, 111 (3) [622-636](#).
- Allen, Robert, C., Mattia C. Bertazzini, and Leander Heldring (2023). “The Economic Origins of Governments,” *American Economic Review*, 113(10): [2507-2545](#). [Citations](#).
- Mayshar, J., O Moav and L. Pascali (2022). “The origin of the state: Land productivity or appropriability,” *Journal of Political Economy*, 130(4), 1091-1144.

Other readings

Temin, Peter (2006). "The Economy of the Early Roman Empire. *Journal of Economic Perspectives*, 20(1), 133–151.

Morris, Ian (1991). "Archaeology as Economic History: Reflections on the Ancient Economy." *Journal of Interdisciplinary History*, 21(4), 609–636.

Manning, Joseph (2010). "The Economic Foundations of the Ptolemaic State." *Journal of Economic History*, 70(2), 363–386.

2. Parliaments and public finance

Representative democracy started in the 12th century in Spain and then in England. (It did not exist in Athens or Rome). The reason was the economics of public finance. The role of representation is an important issue in the current global economy.

- Van Zanden, Jan Luiten, Eltjo Buringh and Maarten Bosker (2012). "The rise and decline of European parliaments, 1188—1789," *The Economic History Review*, Vol. 65 (3), 835-861.

Engerman, Stanley L. and Kenneth L. Sokoloff (2005). "The Evolution of Suffrage Institution in the New World," *Journal of Economic History*, 65 (4), 891-921.

- Harriss, G. L. "[War and the Emergence of the English Parliament 1297-1360](#)".

Harriss, G. L. (1975). "[King, Parliament and Public Finance in Medieval England to 1369](#)", 509-517.

- Leandro De Magalhaes, Francesco Giovannoni. 2022. War and the rise of parliaments. *European Economic Review* 148, 104195.
- Greif, Avner (1994). "On the political foundations of the late medieval commercial revolution: Genoa during the twelfth and thirteenth centuries," *The Journal of Economic History*, 54 (2), 271-287.
- Greif, Avner (1995). "Political Organizations, Social Structure, and Institutional Success: Reflections from Genoa and Venice During the Commercial Revolution," *Journal of Institutional and Theoretical Economics*, 151, 734-740.
- Fratianni, Michele and Franco Spinelli. "Italian city-states and financial evolution," *European Review of Economic History*, 10, 257-278.
- Charles Angelucci, Simone Meraglia, Nico Voigtländer. 2022. How Merchant Towns Shaped Parliaments: From the Norman Conquest of England to the Great Reform Act. *American Economic Review* 112:10, 3441-3487.

Other readings

Weigel, Jonathan L (2020). "The Participation Dividend of Taxation: How Citizens in Congo Engage More with the State When it Tries to Tax Them," *The Quarterly Journal of Economics*, 135 (4): 1849–1903.

Hoffman, Philip, T. . (2017). "Public Economics and History: A Review of Fiscal Regimes and the Political Economy of Premodern States, Edited by Andrew Monson and Walter Scheidel, *Journal of Economic Literature*, 55(4): 1556-1669.

Puga, D. and D. Trefler (2010). "Fragmented Authority from Ancien Régime to Modernity: A Quantitative Analysis," *Journal of Institutional Economics* 305-328.

3. War financing and the public debt

The public debt has come to the front stage of the public finance debate in many countries, including the US. How and when did it arise? What is its meaning? Can it be reduced? Is it a matter of concern? This section provides some answers.

- Themistocles, *The Peloponnesian War*, Book 2, [Chapter 13](#). On war financing before the existence of the public debt.

The public debt was created by the need to mobilize as much resource and possible during a war. . When no public debt existed, nations had to accumulate a surplus before a war. Themistocles (5th century BC) was the first "serious" historian and his history of the long war between Athens and Sparta and has been a subject of new interest in the current context. He provides a precise account of such an accumulation of resources in Athens.

- Barro, Robert, J. (1987). "Government spending, interest rates, prices, and budget deficits in the United Kingdom, 1701-1918," *Journal of Monetary economics*, 20, 221-247.

The wars between England and France have been called "the second Hundred Year War." England triumphed because it applied what can be called "the modern theory of public finance," which was formalized in the last quarter of the 20th century.

Debt ceiling and financial crisis

- Alvarez-Nogal, C. and C. Chamley (2014). "Debt policy under constraints between Philip II, the Cortes and Genoese bankers," *The Economic History Review*, 192-213.

The US public debt is subject to a ceiling which has to be raised from time to time by Congress. In 2012, Republicans threatened to block this increase in order to force a reduction of government expenditures. The issue was resolved without a financial crises (after the important 2009 crisis). In 1775, a similar tug of war between Philip II or Spain and his parliament (the Cortes) degenerated to a severe financial crisis which lasted more than two years and had permanent effects. The subject will contribute to a discussion of the politics of the public debt.

Other readings

Alvarez-Nogal, C. and C. Chamley (2016). "Philip II against the Cortes and the credit freeze of 1575-1577," *Revista de Historia Económica*, 1-32.

_____(2018). "Refinancing short-term debt with a fixed monthly interest rate into funded juros under Philip II: an asiento with the Maluenda brothers," *The Economic History Review*, 71, 1100-1117.

_____(2021). "Asientos as sinews of war in the composite superpower of the 16th century," *European Review of Economic History*, 25: 703-722.

4. Money

We now live in a time where new types of money are created and used (e.g., bitcoin). This course is not a course in monetary economics, but the historical perspective provides an opportunity to reflect on the introduction of money. The first two papers provide a technical background. (The main ideas will be extracted with no algebra). The third paper is on the first introduction of coins in human history, in the Eastern Mediterranean Sea.

- Kocherlakota, Narayana (1998). "Money is memory," *Journal of Economic Theory*, 81(2), 232-251.
- _____ (2002). "Money, what's the question and why should we care about the answer," *American Economic Review, Papers and Proceedings*, May 2002, 92(2), 58-61.
- Velde, François (). "The Origin of Specie," mimeo.

Other readings

Temin, Peter (2004). "Financial Intermediation in the Early Roman Empire." *Journal of Economic History* 64, no. 3 (2004): 705–733.

Eichengreen, Barry (2019). "From Commodity to Fiat and Now to Crypto? The History of Currency and Its Discontents," *Journal of Economic Perspectives* 33, no. 4 (2019): 3–24.

Brunnermeier, Markus K., Harold James, and Jean-Pierre Landau (Fall 2019). "The Digitalization of Money." *Brookings Papers on Economic Activity*, 55–65.

Rogoff, Kenneth S. (2014). "Costs and Benefits to Phasing Out Paper Currency," *NBER Macroeconomics Annual* 29, 445–456.

5. Financial institutions and crises

- Quinn, Stephen (2008). "Securitization of Sovereign Debt: Corporations as a Sovereign Debt Restructuring Mechanism in Britain, 1694 to 1750," [mimeo](#).
- Brewer, J. (1988). *The Sinews of Power: War Money and the English State, 1688-1783*, Chapter 4, "Money, Money, the Growth in Debts and Taxes", [88-134](#).
- Chamley, C. (2011). "Interest Reductions in the Politico-Financial Nexus of 18th Century England," *The Journal of Economic History*, 71 (3), 555-589.
- Velde, François (2003). "Government equity and money: John Law's system in 1720 France," mimeo. ([2004 version](#)). The working paper is the basis for a [book](#) on John Law.
- Velde, François (2022). "Winners and Losers in Britain's 1722 Debt Restructuring," [mimeo](#).

6. Inequality

There is no need to emphasize the importance of this issue today. One central question: can it be reduced?

- Scheidel, Walter, and Steven J. Friesen (2009). "The Size of the Economy and the Distribution of Income in the Roman Empire," *Journal of Roman Studies*, 99, 61–91.
- Milanovic, Branko, Peter H. Lindert, and Jeffrey G. Williamson. "Measuring Ancient Inequality." *Explorations in Economic History* 48, no. 4 (2011): 419–436.
- Piketty, Thomas, and Emmanuel Saez. "Income Inequality in the United States, 1913–1998." *Quarterly Journal of Economics* 118, no. 1 (2003): 1–39.

- Atkinson, Anthony B., and Thomas Piketty. “Top Incomes in the Long Run of History.” *Journal of Economic Literature* 49, no. 1 (2010): 3–71.

Other readings

Lindert, Peter H., and Jeffrey G. Williamson. “Does Globalization Make the World More Unequal?” *Explorations in Economic History* 40, no. 4 (2003): 387–428.

Scheidel, Walter. *The Great Leveler: Violence and the History of Inequality from the Stone Age to the Twenty-First Century*. Princeton: Princeton University Press, 2017.

Atkinson, Anthony B. “Bringing Income Distribution in From the Cold.” *Economic Journal* 107, no. 441 (1997): 297–321.

Piketty, Thomas. “Capital is Back: Wealth-Income Ratios in Rich Countries, 1700–2010.” *Quarterly Journal of Economics* 129, no. 3 (2014): 1255–1310.

Alvaredo, Facundo, Anthony B. Atkinson, Thomas Piketty, and Emmanuel Saez. “The Top 1 Percent in International and Historical Perspective.” *Journal of Economic Literature* 27, no. 3 (2013): 3–20.

7. Exogenous” shocks: climate and disease

- Waldinger, Maria (2022). “The Economic Effects of Long-Term Climate Change: Evidence from the Little Ice Age,” *Journal of Political Economy*, 130(9), 2275-2314.
- Chaney, Eric (2013). “Revolt on the Nile: Economic Shocks, Religion, and Political Power,” *Econometrica*, 81(5), [2033-2053](#).
- Manning et al. (2017). “Volcanic suppression of Nile summer flooding triggers revolt and constrains interstate conflict in ancient Egypt,” *Nature Communications*, 8 ([900](#)).
- Pei, Qing, et al. (2014). “Climate Shocks and Dynastic Cycles in Chinese History.” *Proceedings of the National Academy of Sciences*, 111(7), 2904–2909.
- Brückner, Markus, and Antonio Ciccone (2011). “Rain and the Democratic Window of Opportunity,” *Econometrica*, 79(3), 923–947.
- Burke, Marshall, Solomon M. Hsiang, and Edward Miguel (2015). “Climate and Conflict” *Annual Review of Economics*, 7, 577–617.
- Hsiang, Solomon M., Kyle C. Meng, and Mark A. Cane (2011). “Civil Conflicts are Associated with the Global Climate,” *Nature*, 476, 438–441.

Other readings

Olsson, Ola, and Douglas A. Hibbs Jr. (2005). “Biogeography and Long-Run Economic Development,” *European Economic Review*, 49(4), 909–938.

Brückner, Markus, and Antonio Ciccone. “Rain and the Democratic Window of Opportunity.” *Econometrica* 79, no. 3 (2011): 923–947.

Dell, Melissa, Benjamin F. Jones, and Benjamin A. Olken. (2009), “Temperature and Income: Reconciling New Cross-Sectional and Panel Estimates,” *American Economic Review*, 99(2), 198–204.

Miguel, Edward, Shanker Satyanath, and Ernest Sergenti. “Economic Shocks and Civil Conflict: An Instrumental Variables Approach.” *Journal of Political Economy* 112, no. 4 (2004): 725–753.

Leandro Prados de la Escosura, C. Vladimir Rodríguez-Caballero. 2022. War, pandemics, and modern economic growth in Europe. *Explorations in Economic History* 86, 101467.

Jedwab, R., Johnson, N. D., and Koyama, M. (2022). The economic impact of the Black Death. *Journal of Economic Literature*, 60(1):132–78.

Voigtländer, Nico, Hans-Joachim Voth (2013). “The three horsemen of riches: plague, war, and urbanization in early modern Europe,” *Review of Economic Studies*, 80, 774–811.

Gingerich, D. W. and Vogler, J. P. (2021). “Pandemics and political development: the electoral legacy of the Black Death in Germany,” *World Politics*, 73(3), 393–440.

Cormac O’Grada, “Economic History Association Presidential Address on the Irish Famine” 2018 Economic History Meetings.

8. Declines

- Puga, D. and D. Trefler (2014). “International trade and institutional Change: Medieval Venice's Response to Globalization,” *Quarterly Journal of Economics*, 753–821.

9. Trade, tariffs, mercantilism

No need to state the relevance of these questions. One important question is why the western elites pushed for the opening of the east and why the eastern elites resisted.

- Barjamovic, Gojko; Chaney, Thomas; Coşar, Kerem A.; Hortaçsu, Ali. (2019). Trade, Merchants, and the Lost Cities of the Bronze Age. *The Quarterly Journal of Economics*, 134(3): 1455–1503.

“How to Find Ancient Assyrian Cities Using Economics” — [Maximum Progress](#) (blog), by Maxwell Tabarrok, published May 23, 2025.

- Irwin, Douglas. A. (1988). “Welfare Effects of British Free Trade: Debate and Evidence from the 1840s,” *Journal of Political Economy*, 96(6), 1142–64.

Tests the gains case around the repeal era that inspired Britain’s evangelical free-trade push.

- _____ (1991). “Mercantilism as Strategic Trade Policy: The Anglo-Dutch Rivalry for the East India Trade,” *Journal of Political Economy*, 99(6), 1296–1314.

Useful backdrop for 19th-century gunboat diplomacy.

- O’Rourke, K. H. & Williamson, J. G. (2002). “When did globalization begin?,” *European Review of Economic History*, 6(1), 23–50.

Situates the 19th-century integration shock that heightened Western demand for Asian market access.

Other readings

Meissner, Christophe. M. and John P. Tang (2018). “Upstart Industrialization and Exports: Evidence from Japan, 1880–1910,” *Journal of Economic History*, 78(3), 1068-1102.

Okazaki, Tetsuji. (2005). “The Role of the Merchant Coalition in Pre-modern Japanese Economic Development,” *Explorations in Economic History*, 42(2), 184-201.

Saitō, O. (1978). “The Labor Market in Tokugawa Japan: Wage Differentials and the Real Wage Level, 1727–1830,” *Explorations in Economic History*, 15(1), 84-100.

Allen, Robert, C. Jean-Pascal Bassino, Debin Ma, Chrstine Moll-Murata and Jan Luiten Van Zanden (2011). “Wages, Prices, and Living Standards in China, Japan, and Europe, 1738–1925,” *Economic History Review*, 64(1), 8-38..

Tang, J. P. “Technological leadership and late development: evidence from Meiji Japan,”

Jia, Ruixue. (2014). “The Legacy of forced freedom: China’s Treaty Ports,” *Review of Economics and Statistics* 96(4), 596-608.

Shiue, Carol, H. and Wolfgang Keller. (2007). “Markets in China and Europe on the Eve of the Industrial Revolution,” *American Economic Review*, 97(4), 1189-1216. (Shows why elites didn’t see opening as necessary).

_____ (2017). “Chinese Domestic Trade During the Treaty-Port Era,” *China Economic Review*, 43.

_____ (2021). “Capital Markets in China and Britain, 1770–1860: Evidence from Grain Prices,” *Journal of Economic History*, 81(4), 31-64.

Keller, Wolfgang (2021). “Economic Consequences of the Opium War,” NBER WP 29003.

Jin, G. “Effect of Imperial China Maritime Customs on Urbanization,” *China Journal of Economics*, 2023; associated 2024 working paper—CMC as a proto-state-capacity/market-integration lever.

Ma, D. “State Capacity and Great Divergence, the Case of Qing China (1644–1911),” *Eurasian Geography and Economics* 54(5–6), 2013.

Keller & Shiue. “Capital Markets in China and Britain, 1770–1860,” *Journal of Economic History* 81(4), 2021. Capital market frictions shaping responses to foreign entry.

Cain, P. J. & Hopkins, A. G. (1980). “The Political Economy of British Expansion Overseas, 1750–1914,” *Economic History Review* 33(4),

_____ (1986). “Gentlemanly Capitalism and British Expansion Overseas I–II,” *Economic History Review*, 40(1), 1-26.

10. Revolutions

- MacFarlane, A. (1978). “The Origins of English Individualism: Some Surprises,” *Theory and Society*, 6 (2), 255-277.
- Greif, Avner. “Cultural Beliefs and the Organization of Society: A Historical and Theoretical Reflection on Collectivist and Individualist Societies.” *Journal of Political Economy* 102, no. 5 (1994): 912–950.
- Pincus, Steven C. A. and James A. Robinson (2014). “What Really Happened During the Glorious Revolution?,” *Institutions, Property Rights, and Economic Growth*, 192-222.
- Cox, Gary W.. 2012. “Was the Glorious Revolution a Constitutional Watershed?,” *Journal of Economic History*, 72 (3): 567-600.

Other readings

Aidt, Toke S., and Peter S. Jensen. “Workers of the World, Unite! Franchise Extensions and the Threat of Revolution in Europe, 1820–1938.” *European Economic Review* 72 (2014): 52–75.

Prados de la Escosura, Leandro (1988). “Fiscal Crises and Aggregate Demand: Social Revolts in Early Modern Castile.” *Explorations in Economic History*, 25(3): 312–336.

Aidt, Toke S., and Peter S. Jensen. (2009). “Tax Structure and Political Regimes: Wars, Revolutions, and Taxation in Early Modern Europe.” *Journal of Political Economy*, 117(2), 191–228.

Hobsbawm, Eric. *The Age of Revolution: 1789–1848*. New York: Vintage, 1962.

Cox, Gary W. and Mark Dincecco. 2021. “The Budgetary Origins of Fiscal-Military Prowess,” *The Journal of Politics*, 83 (3): 851-866.

Sargent, Thomas, J. and François R. Velde. 1995. “Macroeconomic Features of the French Revolution,” *Journal of Political Economy* 103 (3): 474-518.

Acemoglu, Daron, and James A. Robinson. “Why Did the West Extend the Franchise? Democracy, Inequality, and Growth in Historical Perspective.” *Quarterly Journal of Economics* 115, no. 4 (2000): 1167–1199

11. East and West

- Hoffman, Philip T. (2012). “Why Was It Europeans Who Conquered the World?,” *Journal of Economic History*, 72 (3): 601-633.
- Cox, Gary W. “Political Institutions, Economic Liberty, and the Great Divergence,” *Journal of Economic History*, 77 (3): 724-755.