

Ec 565
Fall 2019

Topics in economic history

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Office hours: 401, Wednesday, 2-5pm
(Call before to make an appointment)

The course provides an introduction to economic history. The main thread will be the evolution of the public finances from the antique mediterranean world to Western Europe up the 19th century (with detours in the US and Asia). The course should provide an introduction to

- interactions between economics and history,
- relations between current and past issues in economics,
- some examples of current research in economic history.

A central feature in this course is to develop you own outlook at history. Use the work of others for their information, but make up your own mind. What you will most remember is not what others said about a particular event but how you looked at it. An essential task in this course is to develop your own critical thinking. For this, going through the filter of academic work and accessing historical documents are essential.

There is no pre-chewed material as in a textbook, and in any case, there is no textbook that would fit with the material of the course. You have been warned: do not complain about the absence of textbook. A number of readings are in professional journals. Economic history requires more reading than other courses in economics. If you are not prepared to do some extra reading, you should not take the course.

All readings will be either provided with a URL (requiring a BU connection), or downloadable directly from the web site of the course. Some indications will be given on the readings. The list of readings will be updated during the semester to fit the need of this specific class.

Some technical tools in economics will be used, especially in macroeconomics and possibly game theory, but they tools will be explained from first principles. Be prepared to occasionally use some elementary algebra. There is no pre-requirement of historical knowledge but you will have to learn historical facts and rough dates. In general, I don't care about particular years, but you should not place Julius Caesar in the 18th century. Basic knowledge of Stata is required. If you don't have it, you can acquire it during the semester.

For some parts of the course, there will be lecture notes. In many cases, slides will be provided on the web site, although past experience has shown that classroom discussions are often more fruitful than lecturing with slides.

If you have a strong interest in history and put the effort, the course will be rewarding, I can assure you. If you don't, you will not be very happy in this course.

Assignments

Weekly assignments will be given. They will be graded on the scale from 0 to 4. Some summary of a reading (with specific questions to be answered) may be required. Discussions between students on the assignments are fruitful and encouraged. All submitted work for the assignments is personal however, and you know the standards of ethical conduct. In order to facilitate the grading, all assignments are to be submitted with a format that will be specified. Assignments that are late or do not follow the format will not be accepted.

Exams and grades

The final grade will be an average of class participation (10%), assignments (20%), the mid-terms (20%) the final (30%). This weighting may be revised before the middle of the semester. Students who perform for the first 6 weeks of the course may substitute a paper for the final exam (same weight).

Web site

The material and information for the course (assignments, changes of schedule, additional remarks and comments, readings, some course slides and lecture notes), will be posted on a course web site. Check it frequently.

Syllabus

The following list of readings is provided as an indication of the topics in the course. It is not a list of required readings. The web site of the course will be the reference for the required/optional readings, and all the assignments in the course. The schedule, the order of the topics and the time devoted to each topic may be altered in the semester, depending on the constraints of the term, exams and holidays.

1. Mesopotamia

Garfinkle, Steven J. "Public versus Private in the Ancient near East".

Algaze, Guillermo. "The Sumerian Takeoff".

2. Egypt

Ray, John (2002). *Reflections of Osiris: Lives from Ancient Egypt*, Oxford University Press, Chapter 2, "A Farmer's Problems", 23-39.

Butzer, Karl, W. "Long-Term Nile Flood Variation and Political Discontinuities in Pharaonic Egypt".

Butzer, Karl (1976). *Early Hydraulic Civilization in Egypt, A study in cultural ecology*. Chicago, chapter 9, "Conclusions and Implications".

Murnane, William J. "The organization of government under Amenhotep III," chapter 6.

Warburton, David (2000), "Before the IMF: the Economic Implications of Unintentional Structural Adjustment in Ancient Egypt."

Jones, "Taxation in Antiquity"

Manning, Joe (2004). "Toward Modeling of the Ptolemaic State and the Ptolemaic Economy".

Manning, Joe (2009). "Economic Policy under the Ptolemies," chapter 5 (part of) in *The Last Pharaohs: Egypt under the Ptolemies 305-30 BC*.

3. The Roman empire

Hopkins "On the Political Economy of the Roman Empire". Sections 9, 13, 22, 26

Hopkins (1995). "Rome, Taxes, Rents and Trade".

Hopkins (1980) "Trade and Taxes in the Roman Empire".

Malmendier, U. (2009). "Law and Finance 'at the Origin'," *Journal of Economic Literature*, **47**, 1076-1108. Section 2.2.

4. Feudalism

Green, Ed (1993) "On the Emergence of Parliamentary Government: the Role of Private Information," *Quarterly Review*, Federal Reserve Bank of Minneapolis. Do not read the math, just read what you need to understand the argument.

An interview of Ed Green. Read only the part on "Private Information and Democracy"

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

Harriss, G. L. "War and the Emergence of the Emergence of the English Parliament 1297-1360".

Strayer J. (1993) "On the Medieval Origins of the Modern State".

Chapter 1 (1000-1300), pages 1-56.

Chapter 2 (1300-1450), pages 57-88.

Kaeuper, Richard W. *Bankers to the Crown: The Riccardi of Lucca and Edward I*, chapter 4.

Sussman, N. (1993). "Debasements, Royal Revenues, and Inflation in France During the Hundred Years' War, 1415-1422," *Journal of economic History*, **53**, 44-70.

5. City States

Pezzolo, Luciano (2007). "Government debts and credit markets in Renaissance Italy."

6. Spain 16th -17th century

- Álvarez-Nogal, C. and Chamley, C. (2011). "Debt policy under constraints between Philip II, the Cortes and Genoese bankers, mimeo.
- Drelichman, M. and H-J. Voth (2010). "The Sustainable Debts of Philip II: Reconstruction of Spain's Fiscal Position, 1560-1598," *The Journal of Economic History*, 70, 814-843.
- (2011). "Serial Defaults, Serial Profits: Returns to Sovereign Lending in Habsburg Spain, 1566-1600," *Explorations in Economic History*, 48, 1-19.
- Álvarez Nogal, Carlos and Leandro Prados de la Escosura (2007). "The Decline of Spain (1500-1850): Conjectural Estimates," *European Review of Economic History*, 11, 319-366.
- Flynn, Dennis O. (1982). "Fiscal Crisis and the Decline of Spain (Castille)," *Journal of Economic History*, 42, 139-47. (JSTOR)
- Fortea Pérez, J. I. (1990). *Monarquía y Cortes en la Corona de Castilla. Las ciudades ante la política fiscal de Felipe II*, Salamanca.
- (2007). "An Unbalanced Representation: The Nature and Functions of the Cortes of Castile in the Habsburg Period (1538-1698), in *Realities of Representation: State Building in Early Modern Europe and European America*, E. Maija Jansson, Chapter 8, 149-169.
- Kindleberger, C. P. "Economic and Financial Crises and Transformations in Sixteenth-Century Europe," *Essays in International Finance*, No 208, June 1998, Princeton University.

7. The Netherlands

- Gelderblom, O. and J. Jonker (2010). "Public Finance and economic Growth: The Case of Holland in the Seventeenth Century," *The Journal of Economic History*.
- (2010). "One Recipe, Seventeen Outcomes? Exploring public finance policies and outcomes in the Low Countries, 1568-1795," mimeo.

8. Government institutions

- North, Douglass C. and Barry R. Weingast. 1989. "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England," *Journal of Economic History* 49: 803-32.
- Stasavage, David (2006). "Partisan Politics and Public debt: The Importance of the Whig Supremacy for Britain's Financial Revolution," mimeo, NYU.
- Sussman, N. and Y. Yafeh (2003). "Constitutions and Commitment: Evidence on the Relation Between Institutions and the Cost of Capital," Hebrew university of Jerusalem.
- Dincecco, M. (2009a). Fiscal centralization, limited government, and public revenues in Europe, 1650–1913. *Journal of Economic History* 69, pp. 48–103.

Hoffman, Philip T. and Jean-Laurent Rosenthal. 2010. "Divided We Fall: The Political Economy of Warfare and Taxation," working paper, Division of Humanities and Social Science, California Institute of Technology.

Epstein, S.R. (2000). *Freedom and Growth: Markets and States in Europe, 1300-1750*, London: Routledge.

Bean, R. (1973). "War and the Birth of the Nation State," *Journal of Economic History*, 33, 203-221.

9. France 17th and 18th century

Macdonald James (2003). A free nation deep in debt, Pages on the South Sea Bubble.

Velde, F. (2006). French Public Finance Between 1683 and 1726, mimeo.

Garber, P. (1990). "Famous First Bubbles," *Journal of Economic Perspectives*, 4, 35-54.

Cochrane, John H. (2001). Review of Famous First Bubbles: The Fundamentals of Early Manias by Peter M. Garber, *The Journal of Political Economy*, 109, 1150-1154.

Stasavage, David (2003). *Public Debt and the Birth of the Democratic State: France and Great Britain, 1688-1789*, Cambridge University Press.

Velde, François R., and David R. Weir (1992). "The Financial Market and Government Debt Policy in France, 1746-1793," *The Journal of Economic History*, 52, 1-39.

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. (More comments on John Law as a subject of research, during the course).

_____ (2009). "The Case of the Undying Debt", *Financial History Review*, Vol. 17, No.2, October, 185-209.

Bordo, M. D., and E. N. White (1991). "A Tale of Two Currencies: British and French Finance During the Napoleonic Wars," *Journal of Economic History*, 51, 303-16. (JSTOR)

Bordo, M. D., and E. N. White (1994). "British and French Finance During the Napoleonic Wars," in M. D. Bordo and F. Capie, eds., *Monetary Regimes in Transition*, Cambridge, 241-73.

Bonney, R. (1998). "The New French Fiscal History," *The Journal of Modern History*, 70, 639-667
Macdonald James (2003). *A free nation deep in debt*, Pages on John Law.

10. England, 18th century

North, Douglass, and Barry Weingast (1989). "Constitutions and Commitment: The Evolution of Institutional Governing Public Choice in Seventeenth-Century England," *Journal of Economic history*, 49, 803-32.

- Stasavage, D. (2007). "Partisan Politics and Public Debt: The Importance of the Whig Supremacy for Britain's Financial Revolution," *European Review of Economic History*, **11**, 123-153.
- Sussman, Nathan, and Yishay Yafeh (2005). "Constitutions and Commitment: Evidence on the Relation between institutions and the Cost of Capital," *mimeo*.
- 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. (2010). "Interest Reductions in the Politico-Financial Nexus of 18th Century England," *The Journal of Economic History*.

11. France XVIII and the Revolution

- Velde, F. and D. Weir (1992). "The Financial Market and Government Debt Policy in France: 1746-1793," *Journal of Economic History*, 1-39.
- Sargent, T. and F. Velde (1995). "Macroeconomic Features of the French Revolution," *Journal of Political Economy*, 474-518.
- Weir, D. R. (1989). "Tontines, Public Finance, and Revolution in France and England, 1688-1789," *Journal of Economic History*, **49**, 95-124. (JSTOR)
- White, E. N., (1989). "Was there a solution to the Ancien Régime's financial dilemma?," *Journal of Economic History*, **49**, 545-68. (JSTOR).
- (1995). "The French Revolution and the Politics of Government Finance, 1770-1815," *Journal of Economic History*, **55**, 227-355. (JSTOR)
- Bordo, M. and E. White (1994). "British and French Finance during the Napoleonic Wars," 241-264.

12. 19th century

- Hefeker, Carsten (2001). "The Agony of Central Power: Fiscal Federalism in the German Reich," *European Review of Economic History*, **5**, 119-142.
- Hoffman, P. and J.-L. Rosenthal (2009). *Divided We Fall: The Political Economy of Warfare and Taxation*, *mimeo*.
- Dincecco, M., G. Federico and A. Vindigni (2011). "Welfare, Taxation and Political Change: Evidence from the Italian Risorgimento," *mimeo*.
- Lindert, Peter (2004). *Growing Public: Social Spending and Economic Growth Since the Eighteenth Century*.