

Economics 129: American Economic History

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T-TH: 9:10:30

Office: Baxter 133.

Rather than teach American Economic History as a list of topics through time, we will look at the record of American economic performance through two lenses: technical change and financial development. You can all read a textbook, but you have analytical skills that should make a conversation more interesting around topics that are more technical (both in content and form). The readings assigned are therefore research articles. Should you want more background you can consult two text books (Attack and Passel “*a New Economic View of Economic history*” or Walton and Rokoff, *History of the American Economy*) or the *Cambridge Economic History of the U.S.* all of which are on reserve.

If you have data questions, the Historical Statistics of the U.S. are a wonderful on line resource <http://hsus.cambridge.org/HSUSWeb/HSUEntryServlet>.

ORGANIZATION

Class: We will discuss the assigned reading (s) during the first half of each class. You are encouraged to seek out connections across the readings (both those assigned for the day and those that we have seen before) and between past and present. In the second half of the section I will lecture on the material to come.

Work expectation

Reading: each class meeting has one or two readings (they are preceded by a*). You must complete at least of these and respond to the relevant queries. This task should require an hour or an hour and half of your time. Your task is to identify A. important issues (What makes this an interesting question), B. Strange issues in either the logic, the evidence, or the method of analysis, C. are there lessons from this for other contexts.

Writing: To insure that you are able to participate, you must turn in a paragraph of writing with each class, on one of the readings for the day. It must answer one of the questions for that day.

Presentation: You must also present a paper/book sometime in the quarter (on the reading list preceded by a (p)). You will have 10 minutes so you must turn in a two page outline/summary of what you intend to say. We will decide on a schedule of presentations during Class 3.

Examinations: beyond the class assignments, there will be a mid-term (handed out at the end of the section of technology) and a final at the end of the class. You also have the option of writing a paper (5-8 pages) instead of the final. To do so you must submit a topic week 6 (so that I may approve it) and a rough draft week 8 (so that you may revise it after my comments)

READING LIST

Introduction to Growth over the Long Term.

Jan 5 Day 1: Introduction to growth
No reading

Jan 7 Day 2: Markets and Inequality

* Engerman, Stanley, and Kenneth Sokoloff, 1997. "Factor Endowments: Institutions, and Differential Paths of Growth Among New World Economies: A View from Economic Historians of the United States," in S. Haber ed. *How Latin America Fell Behind: Essays on the Economic Histories of Brazil and Mexico, 1800-1914*.

Section 1: Technological Change

A Agricultural productivity and Biological Technology

Jan 12 Day 1: Plants and People

* Olmstead, Alan, and Paul Rhode "The Red Queen and the Hard Reds: Productivity Growth in American Wheat, 1800-1940" *The Journal of Economic History*, Vol. 62, No. 4 (Dec., 2002), pp. 929-966

* Fogel, Robert, and Engerman Stanley, 1977. "Explaining the Relative Efficiency of Slave Agriculture in the Antebellum South." *The American Economic Review*, Vol. 67, No. 3 pp. 275-296

Jan 14 Day 2: Animals and Public Policy

* Alan L. Olmstead, *The First Line of Defense: Inventing the Infrastructure to Combat Animal Diseases*, *The Journal of Economic History*, Volume 69, Issue 02, June 2009, pp 327-357

(p) Gary Libecap. *The Rise of the Chicago Packers and the Origins of Meat Inspection and Antitrust*, *Economic Inquiry*, April 1992.

B. Technology as embodied in machines

Jan 19 Day 1: Speed and Power

* Knick Harley, "Ocean Freight Rates and Productivity, 1740-1913: The Primacy of Mechanical Invention Reaffirmed," *The Journal of Economic History*, Vol. 48, No. 4 (Dec., 1988), pp. 851-876.

(p) Allen Robert C, "International Competition in Iron and Steel, 1850-1913," *The Journal of Economic History*, Vol. 39, No. 4 (Dec., 1979), pp. 911-937'

(p) Albert Fishlow *Productivity and Technological Change in the Railroad Sector, 1840-1910*. In Dorothy S. Brady, 1966. Ed. *Output, Employment, and Productivity in the United States after 1800*. NBER. 1960

Jan 21 Day 2: Cotton (machines and workers)

* Clark, Gregory, 1987 *Why Isn't the Whole World Developed? Lessons from the Cotton Mills*" *Journal of Economic History* (pp. 141-173)

(p) Sandberg, Lars, 1969. "American Rings and English Mules: The Role of Economic Rationality" *The Quarterly Journal of Economics*, Vol. 83(1):25-43:

(p) Saxonhouse, Gary and Gavin Wright, "National Leadership and Competing Technological Paradigms: The Globalization of Cotton Spinning, 1878-1933," December 2007.

C. Technical change, skills and education

Jan 26 Day 1: Learning by markets

* Sokoloff, Kenneth. 1984 "Was the Transition from the Artisanal Shop to the Non-mechanized Factory Associated with Gains in productivity?" Volume 21,(4), pp.351-382.

(p) Ross Thomson, Structures of Change in the Mechanical Age: Technological Innovation in the United States, 1790 to 1865. JHUP 2009

Jan 28 Day 2: Education, Skills and Race

* Goldin Claudia, 2001. The Human-Capital Century and American Leadership: Virtues of the Past" Journal of Economic History, Vol 61 (2) 263-92.

(p) Whatley, Warren, 1990. "Getting a Foot in the Door: "Learning," State Dependence, and the Racial Integration of Firms" The Journal of Economic History, Vol. 50, , pp. 43-66

(P) Robert W. Fogel, "Changes in the Physiology of Aging During the twentieth Century." 2005.

D. Patents and the market for ideas

Feb 2 Day 1: The Market for Ideas

* Sokoloff, Kenneth L. and B. Zorina Khan, 1990. "The Democratization of Invention During Early Industrialization: Evidence from the United States, 1790-1846" The Journal of Economic History, Vol. 50 (2):363-378.

* Lamoreaux, Naomi R., Kenneth L. Sokoloff, and Dhanoos Sutthiphisal, 2008 "The Reorganization of Inventive Activity in the United States in the Early Twentieth Century"

Feb 4 Day 2: Patents and the creation of knowledge

* Lo Shih-Tse and Dhanoos Sutthiphisal, "Crossover Inventions and Knowledge Diffusion of General Purpose Technologies? Evidence from the Electrical Technology" (with Shih-tse Lo) NBER Working Paper No. 14043, May 2008

(p) David, Paul A. "Clio and the Economics of QWERTY" The American Economic Review, Vol. 75, No. 2

(p) S. J. Liebowitz, Stephen E. Margolis, The Fable of the Keys Journal of Law and Economics, Vol. 33, No. 1 (Apr., 1990), pp. 1-25

MIDTERM

Section 2: Financial Development

Feb 4 Lecture no reading

A. Banks, Loans and Knowledge

Feb 9 Day 1: Banks

* Naomi R Lamoreaux, Banks, Kinship, and Economic Development: The New England Case.” The Journal of Economic History, Vol. 46, No. 3 (Sep., 1986), pp. 647-667

(p) Howard Bodenhorn. 2000. A History of Banking in Antebellum America. Ch 2. Cambridge University Press.

Feb 11 Day 2: Bank Regulation

* Stephen Haber. Industrial Concentration and the Capital Markets: A Comparative Study of Brazil, Mexico, and the United States, 1830-1930.” The Journal of Economic History, Vol. 51, No. 3 (Sep., 1991), pp. 559-580.

* Sylla, Richard, 1969. Federal Policy, Banking Market Structure, and Capital Mobilization in the United States, 1863-1913. The Journal of Economic History, Vol. 29, No. 4 (Dec., 1969), pp. 657-686.

B. Financing Growth and Crises

Feb 16 Day 1: Mortgages and Crises

* Kenneth Snowden: "The Evolution of Interregional Mortgage Lending, 1870-1940: The Life Insurance-Mortgage Company Connection. In Coordination and Information: Historical Perspectives on the Organization of Enterprise, Univ. of Chicago, 1995, 209-47.

(p) Kenneth Snowden: Mortgage Companies and Mortgage Securitization in the Late Nineteenth Century. Mimeo 2007.

(p) Bogue Alan, Money at Interest.

Feb 18 Day 2 Watching over the Capitalists

(*) J Bradford DeLong, 1995. “Did J-P Morgan add Value?” Coordination and Information: Historical Perspectives on the Organization of Enterprise, Univ. of Chicago, 1995, 209-47.

C. From Investment banks to firm finance

Feb 23 Day 1 Firms, law and markets

(*) Hilt, Eric, 2007, When did Ownership Separate from Control? Corporate Governance in the Early Nineteenth Century:. Journal of Economic History 68, no. 3 (September 2008): 645-685.

(p) Mary O’Sullivan, “Living With the US Financial System: The Experiences Of General Electric And Westinghouse Electric In The Last Century.” Business history review 2006

Feb 25 Day 2: Firms and Markets

* Lamoreaux, Naomi and Jean-Laurent Rosenthal, “Corporate Governance and the Plight of Minority Shareholders in the United States before the Great Depression.” In E. Glazer and C.

Goldin eds. *Corruption and Reform: Lessons from America's History*. University of Chicago Press. 2006, 125-152.

(p) Musacchio, Aldo, 2008. "Can Civil Law Countries Get Good Institutions? Lessons from the History of Credit and Bond Markets in Brazil" *The Journal of Economic History*, Volume 68, Issue 01, March 2008, pp 80-108.

(p) Becht, Marco and J. Bradford DeLong "Why Has There Been So Little Blockholding in America?" Text; Figures,

March 2 Day 3: Capital markets

(*) Rajan, Raghuram and Luigi Zingales, "The Great Reversals: The Politics of Financial Development in the 20th Century" (joint with R.) *Journal of Financial Economics*, Vol. 69 Issue 1, 5-50, July 2003.

(p) Davis, Lance and Robert Cull "International Capital Movements, Domestic Capital Markets, and American Economic Growth, 1820-1914," Chapter 16 Vol. 2 of Engerman and Gallman, eds. *The Cambridge Economic History of the United States*.

Section 3: The American Economy at 400:

March 4 Day 1: Income inequality

* Piketty, Thomas and Emmanuel Saez, "Income Inequality in the United States, 1913-1998" *Quarterly Journal of Economics*, 118(1), 2003, 1-39

(P) Wojciech Kopczuk and Emmanuel Saez, "Top Wealth Shares in the United States, 1916-2000: Evidence from Estate Tax Returns."

March 9 Day 2: Life and power

* Pope, Clayne, "Measuring the Distribution of Well-Being" 2003

(p) Frydman, Carola and Raven Saks, 2008. "Executive Compensation: A New View from a Long-Run Perspective, 1936-2005" mimeo

FINAL EXAM