

# Northwestern University

## Department of Economics

Economics 420-1

*American Economic History*

Spring, 2002-03

Time: TTh 9-11:00AM

Place: Arthur Andersen Hall, Room 3204

Instructor: Joseph P. Ferrie

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Office Hours: TTh 2:30-4PM, and by appointment

**COURSE DESCRIPTION:** This course examines topics in the economic history of the United States. The first goal of the course is to make students aware of research on long-term factors in the development of the American economy that are overlooked in the contemporary focus of other courses—the rise of institutions, the appearance of markets for labor and capital, the growth and health of the population, the development of new technologies, the distribution of income and wealth, and the changing role of the government in the economy. The second goal is to familiarize students with the methods and materials of economic history. The course will require extensive input from the students, as the latter goal cannot be achieved without considerable hands-on experience. Great emphasis will be placed on students' participation in discussions and students' demonstration of the mastery of the tools of economic history in evaluating the materials presented in class and in completing a significant piece of original research using primary materials.

**PREREQUISITES:** 410, 411, and 480.

**TEACHING METHOD:** Two seminars per week.

**EVALUATION:** Participation in discussions (20%), four short (6-8 page) papers (40%), and a final paper (40%).

**READINGS:** There is no textbook for the course, but students with a weak background in U.S. history may wish to consult Jonathan Hughes and Louis P. Cain, *American Economic History* (6<sup>th</sup> ed., Addison-Wesley, 2003). A CD-ROM containing all of the readings will be available on the first day of class. A list of the readings is given below. All of the readings are required.

**WEEKLY PAPERS:** For every week except the first, students will prepare brief (3-4 page) essays in which they critically evaluate 2-3 of the assigned readings for the week, providing 1) an overview of the topic, 2) a critique of the sources and methods, 3) suggestions for extension and improvement, and 4) three discussion questions to guide our conversation about the topic. Students should divide the readings among themselves so that all selections are covered by at least one student. The essays should be e-mailed to [ferrie@northwestern.edu](mailto:ferrie@northwestern.edu) by 5PM Monday and will be distributed via email by 9PM on Monday.

**FINAL PAPER:** Each student will complete a final paper that embodies significant original research using primary sources on a topic chosen in consultation with the instructor. The paper should be similar in scope and quality to an article in the *Journal of Economic History*. Students should consult with the instructor as early in the quarter as possible to choose a topic. Topics must be approved before the start of eighth week. Students will prepare a research prospectus (including a bibliography and outline) by the end of ninth week and email it to [ferrie@northwestern.edu](mailto:ferrie@northwestern.edu) by 5PM on June 23<sup>rd</sup>. In the last week of the term, we will discuss students' research proposals. Students will provide reports on the progress of their research and receive suggestions from their classmates during this week. The research proposals will be distributed via email by 9PM on before tenth week.

April 1: **Introduction: Mechanics of the Course**

April 3: **I. Methods and Materials of Economic History**

1. Donald McCloskey, "Does the Past Have Useful Economics?," *Journal of Economic Literature* (1976).
2. Jonathan Hughes, "Fact and Theory in Economic History," *Explorations in Entrepreneurial History* (1966).
3. Robert Fogel, "Circumstantial Evidence in 'Scientific' and Traditional History," in Carr, et al. (eds.), *Philosophy of History and Contemporary Historiography* (1982).
4. Robert Fogel, "The Specification Problem in Economic History," *Journal of Economic History* (1967).
5. Donald McCloskey, "The Problem of Audience in Historical Economics: Robert Fogel as Rhetor," in McCloskey, *The Rhetoric of Economics* (1985), pp. 113-137.
6. Douglass C. North, "The State of Economic History," *American Economic Review* (1965).

April 8-10: **II. Labor and Land in the Colonial and Early National Periods**

1. David W. Galenson, "The Rise and Fall of Indentured Servitude in the Americas: An Economic Analysis," *Journal of Economic History* (1984).
2. David W. Galenson, "The Market Evaluation of Human Capital: The Case of Indentured Servitude," *Journal of Political Economy*, (1981).
3. Farley Grubb, "The Market for Indentured Immigrants: Evidence on the Efficiency of Forward-Labor Contracting in Philadelphia, 1745-1773," *Journal of Economic History* (1985).
4. David W. Galenson, "White Servitude and the Growth of Black Slavery in Colonial America," *Journal of Economic History* (1981).
5. Russell Menard, "From Servant to Freeholder: Status Mobility and Property Accumulation in Seventeenth-Century Maryland," *William and Mary Quarterly* (1973).
6. Winifred B. Rothenberg, "The Market and Massachusetts Farmers, 1750-1855," *Journal of Economic History* (1981).
7. Alice Hanson Jones, "Chapter Nine: Summary and Conclusions," in Jones, *Wealth of a Nation to Be* (1980).

April 15-17: **III. Technological Change and Economic Growth**

1. Simon Kuznets, "Technological Innovations and Economic Growth," in Kuznets, *Growth, Population, and Income Distribution* (1979).
2. Nathan Rosenberg, "Technology," in Porter (ed.), *Encyclopedia of American Economic History* (1980).
3. Nathan Rosenberg, "Technological Change in the Machine Tool Industry, 1840-1910," *Journal of Economic History* (1963).
4. Kenneth L. Sokoloff, "Inventive Activity in Early Industrial America: Evidence From Patent Records, 1790-1846," *Journal of Economic History* (1988).
5. Douglass C. North, "Sources of Productivity Change in Ocean Shipping, 1600-1850," *Journal of Political Economy* (1968).
6. Paul David, "The Mechanization of Reaping in the Ante-Bellum Midwest," in Fogel & Engerman (eds.), *The Reinterpretation of American Economic History* (1971).
7. Alan Olmstead, "The Mechanization of Reaping and Mowing in American Agriculture, 1833-1870," *Journal of Economic History* (1975).
8. Robert Fogel and Stanley Engerman, "A Model for the Explanation of Industrial Expansion During the Nineteenth Century: With An Application to the American Iron Industry," *Journal of Political Economy* (1969).
9. Robert Fogel, "Notes on the Social Saving Controversy," *Journal of Economic History* (1979).

April 22-24: **IV. Early Industrial Growth and the Rise of Industrial Labor Markets**

1. Jeremy Atack, "Industrial Structure and the Rise of the Modern Industrial Corporation," in Whaples and Betts (ed.), *Historical Perspectives on the American Economy* (1995).
2. Claudia Goldin & Kenneth Sokoloff, "The Relative Productivity Hypothesis of Industrialization: The American Case, 1820-1850," *Quarterly Journal of Economics* (1984).
3. Kenneth Sokoloff & Georgia Villaflor, "The Market for Manufacturing Workers During Early Industrialization: The American Northeast, 1820 to 1860," in Goldin & Rockoff (eds.), *Strategic Factors in Nineteenth Century American Economic History* (1992).
4. Robert Margo, "Intersectoral Efficiency," Chapters 4 in Margo, *Wages and Labor Markets in the United States, 1820-1860* (1999).

5. Robert Margo, "Regional Wage Gaps and the Settlement of the Midwest," *Explorations in Economic History* (1999).
6. Joshua Rosenbloom, "Was There a National Labor Market at the End of the 19th Century? New Evidence on Earnings in Manufacturing," *Journal of Economic History* (1996).
7. Janet Currie & Joseph Ferrie, "Strikes and the Law in the U.S., 1881-1894: New Evidence on the Origins of American Exceptionalism," *Journal of Economic History* (2000).

April 29-May 1: **V. The Development of Capital Markets**

1. Winifred Rothenberg, "The Emergence of a Capital Market in Rural Massachusetts, 1730-1838," *Journal of Economic History* (1985).
2. Naomi Lamoreaux, "Banks, Kinship, and Economic Development: The New England Case," *Journal of Economic History* (1986).
3. Gary Gorton "Reputation Formation in Early Bank Note Markets," *Journal of Political Economy* (1996).
4. Hugh Rockoff, "The Free Banking Era: A Re-Examination," *Journal of Money, Credit, and Banking* (1974).
5. Howard Bodenhorn & Hugh Rockoff, "Regional Interest Rates in Antebellum America," in Goldin & Rockoff (eds.), *Strategic Factors in Nineteenth Century American Economic History* (1992).
6. Lance Davis, "The Investment Market, 1870-1914: The Evolution of a National Market," *Journal of Economic History* (1965).
7. John James, "Banking Market Structure, Risk, and the Pattern of Local Interest Rates in the United States, 1893-1911," *Review of Economics and Statistics* (1976).

May 6-8: **VI. Immigration and Internal Migration**

1. Richard Easterlin, "Influences in European Overseas Emigration Before World War I," in Fogel & Engerman (eds.), *The Reinterpretation of American Economic History* (1971).
2. Timothy Hatton and Jeffrey Williamson, "Cycles, Swings, and Shocks," Chapters 4 in Hatton and Williamson, *The Age of Mass Migration* (1998).
3. Joseph Ferrie, "The Entry into the U.S. Labor Market of Antebellum European Immigrants, 1840-60," *Explorations in Economic History* (1997).
4. Joseph Ferrie, "Up and Out or Down and Out: Immigrant Mobility in the Antebellum United States," *Journal of Interdisciplinary History* (1995).
5. Joseph Ferrie, "The Impact of Immigration on Natives, 1850-60," Chapter 8 in Ferrie, *'Yankeys Now': Immigrants in the Antebellum U.S., 1840-60* (1997).
6. Timothy Hatton and Jeffrey Williamson, "Absorbing the Immigrant," Chapter 8 in Hatton and Williamson, *The Age of Mass Migration* (1998).
7. Claudia Goldin, "The Political Economy of Immigration Restriction in the United States, 1890 to 1921," in Goldin and Libecap (eds.), *The Regulated Economy* (1994).
8. John Adams and Alice Kasakoff, "Wealth and Migration in Massachusetts and Maine, 1771-1798," *Journal of Economic History* (1985).
9. Richard Steckel, "The Economic Foundations of East-West Migration in the 19th Century," *Explorations in Economic History* (1983).

May 13-15: **VII. The Standard of Living: Nutrition, Mortality, and Morbidity**

1. Robert Fogel, "Nutrition and the Decline in Mortality Since 1700: Some Preliminary Findings," in Engerman & Gallman (eds.), *Long-Term Factors in American Economic Growth* (1985).
2. Richard Steckel, "Stature and the Standard of Living," *Journal of Economic Literature* (1995).
3. Clayne Pope, "The Changing View of the Standard-of-Living Question in the United States," *American Economic Review* (1993).
4. Richard Steckel, "A Peculiar Population: The Nutrition, Health, and Mortality of American Slaves from Childhood to Maturity," *Journal of Economic History* (1986).
5. Robert Margo and Richard Steckel, "Heights of Native-Born Whites During the Antebellum Period," *Journal of Economic History* (1983).
6. Alice Kasakoff and John Adams, "The Effect of Migration, Place, and Occupation on Adult Mortality in the American North, 1740-1880," *Historical Methods* (2000).
7. Joseph Ferrie, "The Rich and the Dead: Socioeconomic Status and Mortality in the U.S., 1850-60," Chapter 3 in Costa (ed.), *Health and Labor Force Participation Over the Life Cycle: Evidence from the Past* (2003).

May 20-22: **VIII. Big Business and Big Government**

1. Alfred Chandler, "Rise and Evolution of Big Business," in Porter (ed.), *Encyclopedia of American Economic History* (1980).
2. Alfred Chandler, "The Railroads: The First Modern Business Enterprises, 1850s-1860s," in Whaples and Betts (ed.), *Historical Perspectives on the American Economy* (1995).
3. Naomi R. Lamoreaux, *The Great Merger Movement in American Business, 1895-1904* (1985), Ch. 2 & 7.
4. Anthony O'Brien, "Factory Size, Economies of Scale, and the Great Merger Wave of 1898-1902," *Journal of Economic History* (1988).
5. Douglass North, "Institutions," *Journal of Economic Perspectives* (1991).
6. Gary Libecap, "The Rise of the Chicago Packers and the Origins of Meat Inspection and Antitrust," *Economic Inquiry* (1992).
7. Lee Alston and Joseph Ferrie, "Paternalism in Agricultural Labor Contracts in the U.S. South: Implications for the Growth of the Welfare State," *American Economic Review* (1993).

May 27-29: **IX. Macroeconomic Issues: Distribution and Stability**

1. Jonathan Hughes and Nathan Rosenberg, "The United States Business Cycle Before 1860: Some Problems of Interpretation," *Journal of Economic History* (1963).
2. Paul David, "The Growth of Real Product in the United States Before 1840: New Evidence, Controlled Conjectures," *Journal of Economic History* (1967).
3. John James, "Changes in Economic Instability in Nineteenth Century America," *American Economic Review* (1993).
4. Christopher Hanes, "The Development of Nominal Wage Rigidity in the Late Nineteenth Century," *American Economic Review* (1993).
5. Christina Romer, "New Estimates of Prewar Gross National Product and Unemployment," *Journal of Economic History* (1986).
6. Simon Kuznets, "Economic Growth and Income Inequality," *American Economic Review* (1955).
7. Lee Soltow, "Wealth Inequality in the United States in 1798 and 1860," *Review of Economics and Statistics* (1984).
8. J.R. Kearl and Clayne Pope, "Unobservable Family and Individual Contributions to the Distributions of Income and Wealth," *Journal of Labor Economics* (1986).
9. John James, "Reconstructing the Pattern of American Unemployment Before the First World War," *Econometrica* (1995).
10. Claudia Goldin and Robert Margo, "The Great Compression: The Wage Structure in the United States at Mid-Century," *Quarterly Journal of Economics* (1992).

June 3-5: **X. Discussion of Paper Proposals**