

**ECON 30250**  
**Economic History**  
*Department of Economics*  
*University of Notre Dame*

Spring 2020  
M 3:00pm – 5:30pm  
241 DeBartolo  
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**Class web page:** [http://www3.nd.edu/~wevans1/health\\_econ.html](http://www3.nd.edu/~wevans1/health_econ.html)

**Class Readings:**

The class is centered on a series of academic articles that highlight important topics in economics history. The readings are available for download in PDF format from the class web page. For download, the readings require your netid. Students are expected to have read the papers in advance and be able to substantively discuss the work in class.

**Office Hours:** Mondays, 12pm - 2:00pm, Wednesdays 3:00 – 5:00pm, and by appointment. Given the small size of the class, we can arrange most meetings by email -- I am never far from. If you have a question, please feel free to contact me at wevans1@nd.edu.

One caveat about office hours. I am also the department chair and have substantial responsibilities for a major research center on campus. As a result, I routinely have to move office hours around. I will try to give you advanced warning. In most cases, if you have a pressing issue, please set up an appointment.

**Course Rationale:**

Economic history is a research field within the discipline of economics. As economic history is currently practiced, there are two main research styles. The first group uses the past as a guide to the present and future. Within this research style, historians try to address a number of big questions such as “why are some countries rich and others poor?” To address these questions, an economic historian looks in the rear view mirror for answers.

Consider this simple numeric example. The Republic of Benin is a former French colony on the west coast of Africa with a population of 11.5 million people. Its economy is dependent on agriculture and cotton production represents about 40 percent of GDP. It is also one of the poorest places on the planet. It has nominal GDP of about \$2,555 in current US dollars (PPP adjusted). Of the 230 countries for which the World Bank reports a number for this variable, Benin is ranked 23<sup>rd</sup> lowest. In Benin, only about 60 percent of teenagers are secondary education, 41 percent of workers are employed in agriculture, the infant mortality rate is 61/1,000 live births and life expectancy is 61 years. One half of the population lives in households that earn less than \$1.90/day. As a frame of reference, current numbers for the US are \$59,531 in per capita GDP, a secondary school enrollment rate of 99%, only 1 percent works in agriculture, the infant mortality rate is 6/1,000 and a life expectancy of 80.1 years. Interestingly, if you looked at the US in 1850, the numbers look surprisingly like the Republic of Benin today. At that time, per capita GDP was about \$2800 in today's dollars, secondary school enrollment rates were 47 percent, half of workers were in the agricultural sector, life expectancy of 38 years and the infant mortality rate was an astounding 220/1,000 – one fifth of newborns did not live to see their first birthday. In 1850, the US looked like one of the poorest countries in the world today. The growth in the US economy since its birth has been astounding.

An economic historian is interested in trying to explain the factors that have fostered the growth of the US economy. What impact have input factors such as well-defined property rights, institutions, markets, public infrastructure investments, etc., played in the growth of the US economy?

An interesting but not surprising theme emerges from a lot of this work in that outcomes are path-dependent – that economic outcomes are a function of a sequence of outcomes and therefore, history matters. We will see that our current health care system, the growth of cities, the escape from hunger in the US and Europe, the arrangement of the current keyboard all have some path-dependence.

A second style of research uses interesting historical events as a way to test hypotheses in economics. Economists build simplified models of the real world to be able to make testable predictions. These models can then be falsified with appropriate data. Unless a model can be tested, it is not a particularly useful model. Testing models in economics is difficult. A standard model prediction is that a change in  $x$  (e.g., prices) will alter  $y$  (the quantity demanded). In a laboratory setting, we can artificially manipulate  $x$  and see whether it alters  $y$  – cholesterol levels fall when Lipitor is taken and rats are more likely to develop certain cancers when they are given more saccharin. In economics, we rarely have these laboratory settings so we have to look for naturally-occurring variation in  $x$  in order to see whether it alters  $y$ . In many cases, history provides this type of variation. For example, a group of policy advocates argue that to encourage economic growth in sub-Saharan Africa, we must first conquer the diseases that inflict so much damage in this area like malaria. A number of countries have conquered these diseases and hence, we have some field laboratories that will allow us to test whether this generated a boom in the economy. A key question in macro is whether governments can reduce the impact of recessions through government spending. Roosevelt's New Deal provides an interesting test of this hypothesis.

The most impactful research in economic history combines the best elements of the two research styles above. There is currently an emotional and bitter debate about the impact of immigrants on the economy. We've had great waves of migration in the past. What can we learn about the impact of immigration from the early 20<sup>th</sup> century that might be applicable in the 21<sup>st</sup> century?

### **Course Objective:**

The course will provide students with a broad overview of important topics in economic history. We will outline current gaps in research, and demonstrate successful research programs in the field. The bulk of the readings are empirical in nature and the material will stress how economists build and test models. This emphasis on using statistics to inform history is affectionately called Cliometrics.

### **Expectations:**

Students are expected to attend class, to read the assigned articles prior to class, to NOT be late to class, to participate in classroom discussions, to hand in assignments when due, and to NOT engage in academic dishonesty.

### **Class structure:**

This class will be very different from most you've had in college. We currently do not have an economic historian in our department. However, economic history is an important topic in the discipline and to encourage student exposure to this field, a generous donor to the honors program at Notre Dame has provided the department with funds to run this course through a series of visitors. For most classes, we will have a guest lecturer who will present a topic of special interest to them. Our visitors this semester and links to the departmental web pages are below. We are grateful for their participation in this class.

- Melissa Thomasson, Miami University, <https://miamioh.edu/fsb/directory/?up=/directory/thomasma>
- Jason Long, Wheaton College, <https://www.wheaton.edu/academics/faculty/jason-long/>
- Hoyt Bleakley, University of Michigan, <http://www-personal.umich.edu/~hoytb/>
- Joe Davis, Vanguard, <https://advisors.vanguard.com/VGApp/iip/site/advisor/researchcommentary/contributor?cont=1>
- Price Fishback, University of Arizona, <https://eller.arizona.edu/people/price-v-fishback>
- Karen Clay, Carnegie-Mellon University, <https://www.heinz.cmu.edu/faculty-research/profiles/clay-karenb/>
- John Wallis, University of Maryland, <https://www.econ.umd.edu/facultyprofile/wallis/john-joseph>

### Evaluations:

Grades for the course will be based on five précis about the assigned journal articles (5 percent each and 25 percent in total), daily 5-minute quizzes about the readings (25 percent of the course grade), class participation (25 percent of the course grade), and an original research paper (25 percent of the course grade).

**Class Participation:** The class is built around a series of readings from academic articles. Students are expected to read the articles in advance of class and to be able to discuss the key points from the articles. You cannot discuss unless you are present so for each absence after the first, the classroom participation grade will fall by a third of a letter grade. The class only meets 13 times during the semester so there is little room for error. I encourage student to ask questions, to link one set of readings to another, etc..

**Précis:** A précis is a short synopsis. The key source of information for this class will be a series of academic articles on health economics. An important skill for the job market is being able to distill a large block of information into its key components so that is understandable for another person. During the semester, you will be required to write five précis (two pages, double spaced, 12 point type, one-inch margins) that summarize one of the academic readings in class. The précis will be assigned one to three weeks ahead of time. Once assigned, you must turn them in or you will get a zero for the assignment. A complete description of the assignment is on the class web page under assignments and I have included a sample précis. The first précis is due next Monday and you can sign up for the first round of assignments after the first day of class. You hopefully received an invitation from a Google Drive for the signup sheet.

**5-minute quizzes:** At the beginning of every class, I will distribute a short five question quiz about the readings for that day. The quizzes will take maybe 2 minutes to complete if you did the readings but you will be given 5 minutes to complete them. The quizzes will only be on the readings that are assigned for a précis. They will be short answer, multiple choice, or true/false. There will be 13 quizzes and you can keep the 10 highest scores. Each of these 10 high scores is worth 2.5 percent of the grade. If you miss a day, you miss the quiz for that day and get a zero— there are no make-up quizzes for missed quizzes.

**Paper:** A quarter of your course grade will be based on an original research paper. This is something that will take a considerable amount of time and it may not be what you had in mind for your senior year, but in the end, it is a lot more rewarding than taking another exam.

Time line: By Friday, February 7, you should have met with me about a potential topic. By Friday

February 28, you should have had a second meeting with me that finalized the topic. By Friday March 21, you should have turned in a draft of a paper that includes an introduction and reviews the relevant literature on the subject. This should be 5-7 pages, doubled-spaced, plus references. The introduction should outline why this is an important topic, what the literature is missing, and an outline of how you plan to answer the question. This draft is 5 percent of the course grade.

The final paper is due by 5pm pm Friday May 1. Grades will be a function of the soundness of your econometric model and the quality of the exposition. The paper will be a minimum of 20 pages (including title page, text, figures, tables and references), double spaced, 12 point type, 1 inch margins. The final paper is worth 20 percent of the course grade.

An amazing resource you may want to consider using is [ipums.org](http://ipums.org). This is an academic outfit out of the University of Minnesota that has digitized individual responses to the US Census dating back to 1850 (IPUMS USA) and the data has been harmonized over time. With this data, you can easily graph the fraction of adults 18-35 that are working from 1850 to 1990. They also have aggregate data for smaller geographic areas for all censuses dating back to 1790. (IPUMS NHGIS). They also have IPUMS International which has harmonized Census data from 98 countries from 443 different censuses and surveys, representing over 1 billion individual records. Their historical data has data back to the 1700s for some countries and has maybe 20 different censuses from the UK dating back to 1851. If you have not had econometrics yet, do not fret. A descriptive paper with some interesting graphs will be a wonderful paper for this class.

To complete an original research report in one semester, you need to find a topic soon. The hardest part is to find a good topic. Look for a topic in a subject area of interest to you such as education or health care or technology or whatever the case might be. As you only have 15 weeks to write the paper, the more narrow the topic, the more manageable the subject. The paper can be descriptive in nature but focus on an economic question. For example, the IPUMS data has employment rates for men and women aged 16 and above from 1880 to the present. What industries have had the greatest entry of women across time? An interesting exercise would be to just see the correlation in the fraction female by industry or occupation over time or within a state over time. The 1940 census is the first one to include earnings and it also has veteran's status. Did veterans of WWI earn more or less than non-veterans in 1940? The suffrage and prohibition movements were tied together – there is some interesting historical data on this. How correlated were the successes of these two movements? Thirty states ratified the 19<sup>th</sup> amendment (women's suffrage) and 46 ratified the 18<sup>th</sup> (prohibition). How correlated are these outcomes? Before every class, I will give a couple of very broad paper topic ideas.

Please familiarize yourself with the Undergraduate Academic Code of Honor:

<http://www.nd.edu/~hnr/code/docs/handbook.htm>.

**Reading List**  
**ECON 30250**  
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Readings with a (R) are required and those with a (P) are readings for which students may write a précis. Those marked with a (E) are papers for a précis that are better suited for students that have had econometrics. Readings with an (S) and supplemental readings.

1. The Purpose and Goals of Economic History (January 20: Melissa Thomasson, Miami University)

Abramitzky, Ran. 2015. "Economics and the Modern Economic Historian." *Journal of Economic History*, 75(4): 1240-1251. (R)

2. The Accidental Health Care System (January 20: Melissa Thomasson, Miami University)

House/Senate Government Affairs Committee Testimony of Melissa Thomasson, September 2017. (R)

Thomasson, Melissa. 2002. "From Sickness to Health: The Twentieth-Century Development of U.S. Health Insurance." *Explorations in Economic History*, 39(3), 233-253. (R) (P) (E)

Thomasson, Melissa. 2004. "Early Evidence of an Adverse Selection Death Spiral?" *Explorations in Economic History*, 41(4): 313-328. (R) (P) (E)

3. The Great Depression (January 27: Jason Long, Wheaton College)

Peter Temin. 1989. *Lessons from the Great Depression*, Cambridge MA: MIT Press.  
Lecture 1: The Spoils of War: The Cause of the Great Depression (R) (P)  
Lecture 2: The Midas Touch: The Spread of the Great Depression (R) (P)

Temin, Peter. 2010. "The Great Recession and the Great Depression." *Daedalus* 139(4): 115-124. (R) (P)

Long, Jason, and Henru Siu. 2018. "Refugees from Dust and Shrinking Land: Tracking the Dust Bowl Migrants," *Journal of Economic History*, 78(4):1001-1033. (R) (P) (E)

4. Health from an Historical Perspective Economic (February 3: Bill Evans)

a. The Escape from Hunger and Premature Death in Europe and the US

McKeown, Thomas, *The Role of Medicine: Dream, Mirage or Nemesis*, London, England: Nuffield Provincial Hospitals Trust; 1976, Chapters 3 and Chapter 4, pages 29-65, plus Chapter 8. What do we learn from figures 8.1, 8.5, 8.8-8.10, 8.14? (R) (P) (Write one precis on all three chapters).

Fogel, Robert, *The Escape from Hunger and Premature Death, 1700-2100*, Cambridge, UK: Cambridge University Press, 2005, 1-42. (R) (P)

Cutler, David and Grant Miller, "The Role of Public Health Improvements in Health Advances: The Twentieth-Century United States." *Demography* 42(1), 2005, 1-22. (R) (P) (E)

b. Health and development: macro and micro perspectives

Bloom, David E. and David Canning, "The Health and Wealth of Nations," *Science*, 2000, 287(5456), 1207-1208. (R)

Acemoglu, Daron, and Simon Johnson, 2007. "Disease and Development: The Effect of Life Expectancy on Economic Growth," *Journal of Political Economy*, 115 (6), December, 925-985 (Focus on Pages 925-945). (R) (P)

Cutler, David M., Winnie Fung, Michael Kremer, Monica Singhal, and Tom Vogl, 2010. "Early-life Malaria Exposure and Adult Outcomes: Evidence from Malaria Eradication in India," *American Economic Journal: Applied Economics*, 2(2), 72-94. (R) (P) (E)

5. Persistence and Path Dependence (Hoyt Bleakley, University of Michigan)

a. Introduction (February 10)

David, P. A. 1985. "Clio and the Economics of QWERTY." *American Economic Review*. 75 (2), pp. 332–337. (R)

Liebowitz, S. J. and Stephen E. Margolis. 1990. "The Fable of the Keys." *The Journal of Law & Economics*. 33(1): 1-25. (S)

b. Geography: Conditions and Coordination (February 10)

Sample, Ellen Churchill, *American History and Its Geographic Conditions* (Boston: Houghton, Mifflin, 1903). (S)

Davis, D. and D. Weinstein. 2002. "Bones, bombs, and break points: The geography of economic activity." *American Economic Review*. 92 (5): 1269–1289. (R) (P)

Bleakley, Hoyt and Jeffrey Lin. 2012. "Portage and Path Dependence," *Quarterly Journal of Economics*, 127:587-644. (R) (P)

Villarreal, Carlos. 2015. "Where the Other Half Lives: Evidence on the Origin and Persistence of Poor Neighborhoods from New York City 1830-2012." Working Paper. (R)  
Krugman, P. 1991. "History versus expectations." *Quarterly Journal of Economics*. 106(2): 651–667. (S)

Rauch, J. E. 1993. "Does history matter only when it matters little? The case of city-industry location." *Quarterly Journal of Economics*. 108(3):843–867. (S)

c. Inequality in the Midst of Free Land (February 17)

Turner, Frederick Jackson. 1893. "The Significance of the Frontier in American History." A paper read at the meeting of the American Historical Association in Chicago, 12 July 1893, during the World Columbian Exposition. (Excerpt by Wisconsin Historical Society) (R) (P)

Kenneth L. Sokoloff and Stanley L. Engerman, 2000. "Institutions, Factors, Endowments, and Paths of Development in the New World," *Journal of Economic Perspectives* 14(3):217-232. (R) (P)

Taylor, Alan M. 1995. Review of 'Frontier Development: Land, Labour, and Capital on the Wheatlands of Argentina and Canada, 1890-1914, by Jeremy Adelman.' *The Journal of Economic History*, Vol. 55(3):729-731. (R)

García Jimeno, Camilo, and James A. Robinson. "The Myth of the Frontier," Chapter 2 in *Understanding Long-Run Economic Growth: Geography, Institutions, and the Knowledge Economy*, D. Costa and N. Lamoreaux, eds., 2009. (S)

James, C. L. R. *The Black Jacobins; Toussaint L'Ouverture and the San Domingo Revolution*. 2nd ed., Vintage Books, 1963. (S)

Acemoglu, Daron, and James A. Robinson. 2000. "Political Losers as a Barrier to Economic Development." *American Economic Review*, 90(2): 126-130. (R)

Bleakley, Hoyt, and Joseph Ferrie. 2016. "Shocking Behavior: Random Wealth in Antebellum Georgia and Human Capital Across Generations," *Quarterly Journal of Economics* 131(3): 1455-1495. (R) (P) (E)

6. Wealth and Poverty of Nations (February 24: Jason Long, Wheaton College)

7. Financial Bubbles and Crashes in World History (March 2, 16, 23, 30: Joe Davis, Vangaurd)

The readings for this section are all from Aliber, Robert Z., and Charles P. Kindleberger. *Manias, Panics, and Crashes: A History of Financial Crisis*. Seventh edition. Palgrave Macmillan: New York. The book is available Amazon in e-reader format for \$17.

a. Asset pricing and financial returns (March 2)

Reading: Kindleberger, Chapters 1, 2, 15 (other materials provided in class)

- i. Financial assets: Historical performance
- ii. Overview of concepts of fundamental value and risk premia
- iii. Market volatility & market cycles (phases)

b. Week 2: Asset "bubbles" and manias (March 16)

Reading: Kindleberger, Chapters 3-6

- i. Commonalities
- ii. Examples in world history (from tulips to housing to bitcoin)
  - a. The 1920s
  - b. Housing in the 2000s
  - c. Statistical identification (exercise & dataset)

c. Week 3: Financial crises: When bubbles burst (march 23)

Reading: Kindleberger, Chapters 7-9

- i. Types of crises
    - I. Global examples since 1800
  - ii. Consequences
    - a. Short- and long-run economic effects
    - b. Recessions & depressions
    - c. 1929 vs 2008
- b. Week #4: Detecting crises before they happen (March 30)
- Reading: Kindleberger, Chapters 11, 12, 14
- i. Role of policy
  - ii. Critiquing past policy responses (essay)
  - iii. Ex ante prediction
  - iv. Econometric models (class exercise)
  - v. Bubbles today & tomorrow
8. The New Deal (April 6: Price Fishback, University of Arizona)
- Fishback, Price. 2017. "How Successful was the New Deal? The Microeconomic Impact of New Deal Spending and Lending Policies in the 1930s." *Journal of Economic Literature* 55(4): 1-51. (R) (P)
- Fishback, Price, and Valentina Kachnovskaya. 2015. "The Multiplier for Federal Spending in the States During the Great Depression." *The Journal of Economic History* 71(1): 125-162. (R) (P) (E)
- Taylor, Jason. 2011. "Work-sharing During the Great Depression: Did the 'President's Reemployment Agreement' Promote Reemployment?" *Economica* 78: 133-158. (R) (P) (E)
9. Immigration in US History (April 20: Karen Clay, Carnegie-Mellon University)
- Please watch this YouTube video first: (R)  
<https://www.youtube.com/watch?v=RRhjqqe750A>
- Abramitzky, Ran, and Leah Platt Boustan. 2017. "Immigration in American Economic History." *Journal of Economic Literature* 55(4): 1311-1345 (R) (P)
- Goldin, Goldin. 1994. "The Political Economy of Immigration Restriction in the United States, 1890 to 1921," in *The Regulated Economy: A Historical Approach to Political Economy*, eds. Claudia Goldin and Gary D. Libecap (Chicago: University of Chicago Press for NBER), 223-57 (R) (P) (E)



Abramitzky, Ran, Leah Platt Boustan, and Katherine Eriksson. 2014. "A Nation of Immigrants: Assimilation and Economic Outcomes in the Age of Mass Migration." *Journal of Political Economy* 122(3): 467-506. (R) (P) (E)

10. Infrastructure, Institutions, and Development in 19th century America (April 27, John Wallis, University of Maryland)

Wallis, John Joseph. 2005. "Constitutions, Corporations, and Corruption: American States and Constitutional Change, 1842 to 1852." *Journal of Economic History*, 65(1): 211-256. (R) (P)

Wallis, John Joseph. 2003. "The Property Tax as a Coordinating Device: Financing Indiana's Mammoth Internal Improvement System, 1835-1942." *Explorations in Economic History* 40: 223-250. (R) (P) (E)

Lamoreaux, Naomi, and Wallis, John Joseph. 2019. "General Laws and the Mid-Nineteenth Century and the Transformation of American Political Economy: Massachusetts, New York, Indiana, and Beyond." Working Paper. (R) (P)