

Economic History of Europe
Economics 8764-001

Course Syllabus and Reading List
(Subject to Revision)

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The affluence which we in the West take for granted is, by historical standards, a recent phenomenon. Its timing, its causes, and its consequences are the subjects of continuing controversy—and an exciting economics literature. This course will take a long-run historical perspective on global economic development. The goal is not to give a comprehensive survey of world economic development, but to show how theoretical approaches and quantitative methods can be applied to historical evidence, and how our understanding of current economic issues can benefit from historical analysis. Themes examined include the determinants of economic growth and inequality, demographic change, technological innovation and the role of institutions and political regimes. Economics is a social science and so the ultimate goal is to understand an individual's standard of living before and after the transition to modern economic growth.

Most of the reading material consists of well-known articles, supplemented by some reports of recent research findings. 2007-2009 have been banner years for books on 'Why Britain?' and 'Why Europe?'

Mokyr, Joel. *The Enlightened Economy: An Economic History of Britain 1700-1850* (Yale, 2009).
Allen, Robert. *The Industrial Revolution in Global Context* (Oxford, 2009).
Jan de Vries. *The Industrious Revolution* (Cambridge, 2008).
Gregory Clark. *Farewell to Alms: A Brief Economic History of the World* (Princeton, 2007).
Jan Luiten van Zanden. *The Long Road to the Industrial Revolution: the European economy in a global perspective, 1000-1800* (Brill, 2009).

For a symposium on Clark's *FTA* see contributions by Deirdre McCloskey, Gunnar Persson, George Grantham, Hans-Joachim Voth, and Gregory Clark in *European Review of Economic History*, vol. 12:2 (2008), available online at:
<http://journals.cambridge.org/action/displayIssue?jid=ERE&volumeId=12&issueId=02&iid=1970592>

This new work builds on a set of earlier excellent books (to mention just a few):

Richard D. Horan, Erwin Bulte, Jason Shogren, “How Trade Saved Humanity from Biological Exclusion: An Economic Theory of Neanderthal Extinction,” *Journal of Economic Behaviour and Organization*, vol 52, 2005: 1-29.

Richard Steckel, “Health and Nutrition in Pre-Columbian America: The Skeletal Evidence,” *Journal of Interdisciplinary History*, vol 36, 2005:1-32.

2. European Divergence: When did European growth diverge from the rest of the world?

Ronald Findlay and Kevin O’Rourke, *Power and Plenty* chs. 2.(e-reserves)

Robert C. Allen, *The British Industrial Revolution in Global Perspective*, ch. 2.

N.F.R. Crafts, *British Economic Growth During the Industrial Revolution* ch. 3.(e-reserves)

Robert C. Allen, “The Great Divergence in European Wages and Prices from the Middle Ages to the First World War”, *Explorations in Economic History*, Vol 38, October 2001: 411-47.

Suleyman Ozmucur and Sevket Pamuk, ‘Real wages and standards of Living in the Ottoman Empire, 1489-1914’. *Journal of Economic History* 62(2) 2002: 225-247.

Wolfgang Keller and Carol Shiue, “Markets in China and Europe on the Eve of the Industrial Revolution” *American Economic Review*, September 2007.

Ann M. Carlos and Frank Lewis, *Commerce by a Frozen Sea: Native Americans and the European Fur Trade*, 2010, ch. 7.

3. Demography and income: A Malthusian Framework

Perhaps the most important issue in a long term study of economic development is man’s relationship to the environment. That relationship is probably best summarized by the numbers of humans on the one hand and the standard of living experienced on the other. For many pre-modern economies, per capita income and population were inversely related. This description is generally tied to the work of Malthus. Attempts have been made to model the many aspects of this relationship. In particular, European marriage and reproduction patterns appear to be significantly different from those that prevailed in most societies.

Maaimo Livi-Bacci, *A Concise History of World Population*, 1997: 35-110.

Gregory Clark, *A Farewell to Alms*, ch. 2. (e-reserves)

Gary S. Becker, *A Treatise on the Family*, 1998, 4th ed, pp 18-19 and ch. 5.

Timothy W. Guinnane “The Historical Fertility Transition and Theories of Long-run Growth: A Guide for Economists” Working paper

Carol Shiue, “Human Capital and Fertility

- Maristella Botticini, “A Loveless Economy? Intergenerational Altruism and the Marriage Market in a Tuscan Town, 1415-1436?”, *Journal of Economic History*, vol 59, no. 1, 1999: 104-121.
- Maristella Botticini and Aloysius Siow, “Why Dowries?” *American Economic Review*, vol 93, no. 4, 2003: 1385-1498.
- Tine De Moor and Jan Luiten Van Zanden, “Girl Power: The European Marriage Pattern and Labor Markets in the North Sea Region in the Late Medieval and Early Modern Period,” *Economic History Review*, 63, 2010:1-33
- E.A. Wrigley and Roger Schofield, *The Population History of England, 1541-1871: A Reconstruction*, 1981, ch.11.(e-reserves)
- Cormac Ó Gráda. *Famine: A Short History*, ch 4. (e-reserves)
- Kevin O’Rourke “Did the Great Irish Famine Matter?” *Journal of Economic History*, March 1991.
- Almond, Douglas, ‘Is the 1918 influenza pandemic over? Long-term effects of *in utero* influenza exposure in the post-1940 U.S. population’. *Journal of Political Economy*, 114: 2006: 672-712.
- Bruce Winterhalter, “Work, Resources and Population in Foraging Societies,” *Man*, vol 28, 1993: 321-340.

To Modern Economic Growth - Explanations.

4. Agricultural Transformation

4.1 Agriculture to Industrialization

- Michael P. Todaro and Steven C. Smith (2003). *Economic Development*. Chapter 10.
- C.P. Timmer, “The Agricultural Transformation,” chapter 10 of *Handbook of Development Economics*, Vol. 1 edited by Hollis Chenery and T.N. Srinivasan, 1998.
- Kiminori Matsuyama. “Agricultural Productivity, Comparative Advantage and Economic Growth” *Journal of Economic Theory*, 58: 317-322. (1992).
- Joel Mokyr, “The Industrial Revolution in the Low Countries in the First Half of the Nineteenth Century: A Comparative Case Study,” *The Journal of Economic History*, 34(2), 1974:365-391
- Gavin Wright, “Cheap Labor and Southern Textiles before 1880,” *The Journal of Economic History*, 39(3), 1979:655-680.

4.2 Medieval to Early Modern

- Joel Mokyr, *The Lever of Riches: Technological Creativity and Economic Progress*, Oxford: Oxford University Press, 1990, pp 31-56.
- Joel Mokyr, *The Lever of Riches: Technological Creativity and Economic Progress*, Oxford: Oxford University Press, 1990, ch. 8.
- McCloskey, Donald N. ‘The Enclosure of Open Fields: Preface to a Study of Its Impact on the

Efficiency of English Agriculture in the Eighteenth Century

distribution Since 1500', *Journal of Economic Growth* vol. 10, 2005.: 5-34 (also available as <http://www.nber.org/papers/w8955>)

C Knick Harley, 2000. 'A review of O'Rourke and Williamson's *Globalization and History*'. *Journal of Economic Literature*, 38(4): 926-35.

D. Bernhofen & J. Brown, 'A Direct Test of the Theory of Comparative Advantage: The Case of Japan', *Journal of Political Economy* 2004. [see too J. Richard Huber, 'Effect on Prices of Japan's Entry into World Commerce after 1858', *Journal of Political Economy*, 79(3) (May - Jun., 1971), pp. 614-628.]

D.N. McCloskey, 1980. 'Magnanimous Albion: free trade and British national income, 1841-1881'. *Explorations in Economic History*, 1980, 17(3): 303-320.

Nicholas Wolf, 2007. 'Endowments vs. market potential: what explains the relocation of industry after the Polish reunification in 1918?' *Explorations in Economic History* 2007.

Carol Shiue, "Transportation Costs and the Geography of Arbitrage in Eighteenth Century China", *American Economic Review*, vol 92 (5), 2002: 1406-1419.

Kevin O'Rourke and Jeffrey G. Williamson, "After Columbus: Explaining Europe's Overseas Trade Boom, 1500-1800" *Journal of Economic History*, 62(2), (2002), pp. 417-56

Jan de Vries, "The Limits of Globalization in the Early Modern World," *Economic History Review*, vol 63, no 2, 2010: 710-733.

Mauricio Drelichman, "The Curse of Moctezuma: American Silver and the Dutch Disease", *Explorations in Economic History*, vol 42, no. 3, July 2005: 349-380.

6. Political Foundations, Institutions, and Economic Performance

6.1 Political Foundations and Long Term Growth

Douglass C. North, "Institutions," *Journal of Economic Perspectives*, 5, Winter (1991), pp. 97-112.

Avner Greif, "Commitment, coercion, and markets: the nature and dynamics of institutions supporting exchange." Chapter 28 of *Handbook for New Institutional Economics*. Edited by Claude Menahem
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Stanley Engerman and Kenneth Sokoloff, "Factor Endowments, Institutions and Differential Paths of Development among New World Economics," NBER WP 9259

Raphael La Porta, Andre Shleifer, Robert W. Vishny, "Law and Finance," *Journal of Political Economy*, vol 106, no. 6 December 1998, pp. 1113-1155.

Aldo Musacchio, "Can Civil Law Countries Get Good Institutions? Lessons from the History of Creditor Rights and Bond Markets in Brazil," *Journal of Economic History*, vol 68, no. 1, 2008, pp. 80-108.

6.2 Institutions and Economic Performance

Douglass C. North, "Institutions," *Journal of Economic Perspectives*, 5, Winter (1991), pp. 97-112.

Douglass C. North, and Barry R. Weingast, 'Constitutions and Commitment: The Evolution of institutions Governing Public Choice in Seventeenth-Century England', *Journal of Economic History*, 49, December (1989), pp. 803-832

Eric Jones, *European Miracle*, ch. 6.(e-reserves)

Suleyman Ozmucur and Sevet Pamkut, "Institutional Change and the Longevity of the Ottoman Empire, 1500-18000," *Journal of Interdisciplinary History*, vol. 35, 2004: 225-47.

Abhijit Banerjee and Lakshmi Iyer, "History Institutions and Economic Performance: The Legacy of Colonial Tenure Systems in India," *American Economic Review*, vol 95, no. 4, 2005: 1190-1213.

Nathan Nunn, "The Long-Term Effects of Africa's Slave Trades", *Quarterly Journal of Economics*, vol 123, 2008.

Saumitra Jha, "Trade, Institutions, and Religious Tolerance: Evidence from India," [Stanford GSB Working Paper, No. 2004].

Melissa Dell, "The Persistent Effects of Peru's Mining Mita", forthcoming *Econometrica*, [<http://econ-www.mit.edu/grad/mdell/papers>]

Rafeal La Porta, Forencio Lopez-de-Silanes, and Andrei Schleifer, "The Economic Consequences of Legal Origins", *Journal of Economic Literature*, vol 46, no2, 2008: 285-332.

7. Trade and Financial Markets - Public and Private

Rafeal La Porta, Forencio Lopez-de-Silanes, and Andrei Schleifer, "Law and Finance," *Journal of Political Economy*, vol 106, no. 6, 1998: 1113-1155.

Ann M. Carlos "Joint-Stock Trading Companies", *Oxford Encyclopedia of Economic History*, ed. Joel Mokyr, Oxford University Press, 2003.

Ann M. Carlos and Stephen Nicholas, "Early Chartered Companies: Analogues of the Modern Multinationals", *Business History Review*, vol. 62, Autumn, 1988.

Jean-Laurent Rosenthal, "Credit Markets and Economic Change in Southeastern France, 1630-1788" *Explorations in Economic History*, April 1993.

- Oscar Gelderblom, Oscar and Joost Jonker. 2004. 'Completing a financial revolution: the finance of the Dutch East India Trade and the rise of the Amsterdam capital market, 1595-1612'. *JEH*, 64(3): 641-72
- Stephan Quinn, 'The Glorious Revolution's effect on English private finance: a Microhistory, 1680-1705'. *Journal of Economic History*, 61(3) 2001: 593-61.
- Mark Potter and Jean-Laurent Rosenthal. 2002. 'The development of intermediation in French credit markets: evidence from the Estates of Burgundy'. *Journal of Economic History*, 62(4): 1024-49
- Thomas Piketty, Gilles Postel-Vinay, Jean-Laurent Rosenthal. "Wealth Concentration in a Developing Economy: Paris and France, 1807-1994" *American Economic Review*, vol 96, no 1, 2006 pp. 236-256.
- Neal, Larry. 1990. *The Rise of Financial Capitalism*, Cambridge: CUP.
- Anne Murphy, *The Origins of English Financial Markets*, 2009.
- Ann M.Carlos, Nathalie Moyon, and Jonathan Hill. 2002. 'Royal African Company Share Prices during the South Sea Bubble'. *Explorations in Economic History*. 39(1): 61-87.
- Dale, Richard S; Johnnie E.V. Johnson, and Leilei Tang. 2005. 'Financial markets can go mad: evidence of irrational behaviour during the South Sea Bubble'. *Economic History Review*, vol 58, no.2 2005: 233-71.
- Ann M. Carlos, Ann M and Larry Neal. 2006. 'Capital market activity during and after the South Sea Bubble: Bank of England shares 1720-1725'. *Economic History Review*, 498-538.
- Ann M. Carlos and Larry Neal. 2004. 'Women Investors in Early Capital Markets, 1720-1725'. *Financial History Review*, 11(2): 197-224

8. The Industrial Revolution - Technological Change: Origin and Impact

The beginnings of modern economic growth have been associated with a relatively short period (a generation or two) in the late eighteenth century and the early nineteenth century. Measuring change and understanding the processes by which change occur are very different. Conventional wisdom indicates that technological change was an important source of growth. Our problem is that we do not know as much as we would like about technological change. No serious discussion of the transformation of the British economy can take place without some quantitative estimates of that change.

8.1 Transmission of Technology

- S. R. Epstein, "Craft Guilds, apprenticeships and technical change in pre-industrial Europe" *Journal of Economic History*, 58 (1998) pp. 684-713
- Joel Mokyr, *The Lever of Riches: Technological Creativity and Economic Progress*, Oxford: Oxford University Press, 1990.

Joel Mokyr, "The Intellectual Origins of Modern Economic Growth," *Journal of Economic History*, 65 (2005), pp. 285-351.

Joel Mokyr, *The Enlightened Economy*, Cambridge University Press, 2009.

Sara Horrell and Jane Humphries, “‘The Exploitation of Little Children’: Child Labor and the Family Economy in the Industrial Revolution”, *Explorations in Economic History*, 32 (October), (1995), pp.485-516.

Hans-Joachim Voth, “The Longest Years: New Estimates of Labor Input in England, 1760-1830”, *Journal of Economic History*, 61(4), (2001), pp. 1065-82.

Deborah Oxley, “‘The Seat of Death and Terror’: Urbanization, Stunting, and Smallpox”, *Economic History Review*, LVI, November 2003.

10. Transportation and Social Saving

Dan Bogart, “Turnpike Tr