

University of Utah

**Econ 5470/6470**  
**Industrialization and Economic Development:**  
**The American Case**

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<b>Office Hours:</b> M, W 10-11am	<b>Class Times:</b> T, Th 12:25 - 1:45pm

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*“...the master-economist must possess a rare combination of gifts. He must reach a high standard in several different directions and must combine talents not often found together. He must be mathematician, historian, statesman, philosopher—in some degree. He must understand symbols and speak in words. He must contemplate the particular in terms of the general, and touch abstract and concrete in the same flight of thought. He must study the present in the light of the past for the purposes of the future.” - J.M. Keynes (1933).*

## 1 INTRODUCTION

As the title suggests, this course is designed to approach US economic development as a case study. That is, in examining the process by which the United States joined the club of rich, industrialized nations, we hope to draw more general lessons about the nature of economic growth *per se*. The implication is that the past does contain useful economics (to borrow from one well known economic historian). In particular, the study of economic history has one great advantage over the study of pure theory. That is of course the fact that history has happened.

Before we continue to the details of the course a broad idea of our approach is in order. The main focus of the course will be the 19th and early 20th centuries. Although a survey course, we will expend significant energies on certain themes. In general we will present a macroeconomic history. Although topics that could be considered “micro” (such as immigration and industrial organization) will be touched upon, the main focus will be the macroeconomy. In particular, we will examine the interplay between the national economy, the state, and the global economy. This reflects the importance we will give to institutions (both domestic and international) in driving and shaping economic growth. The current domestic and international financial collapse makes now a particularly exciting and important time to be thinking about the economic history of the US. I hope that by the end of the course you will find yourself convinced of the explanatory power of history.

## 2 OBJECTIVES

By the end of the course students should have a broad impression of the field of economic history, in terms of its tools and controversies. More importantly, students should have a better understanding of the how we arrived at the current state of the US economy and principles of economic development in general.

## 3 MATERIALS

There is one required textbook for this course:

Atack, J. and Passell, P. (1994): *A New Economic View of American History*, W.W. Norton.

We will also rely on lectures, handouts, articles and book chapters. Lectures in particular will be important in pulling together the reading materials (which can be difficult). If you must miss a class, get notes from a classmate.

## 4 COURSE POLICIES

1. Incompletes will be given for reasons of illness, family emergency or other mutually agreed upon reasonable issue. However, please consider first and foremost every reasonable effort to complete the course during the semester.
2. The University of Utah seeks to provide equal access to its programs, services and activities for people with disabilities. If you will need accommodations in the class, reasonable prior notice needs to be given to the Center for Disability Services, 162 Union Building, 581-5020 (V/TDD). CDS will work with you and the instructor to make arrangements for accommodations.
3. Academic dishonesty (plagiarism, etc.) or disruptive behavior in the classroom will not be tolerated and may lead to expulsion, failure of the course and other possible penalties. Any behavior judged by the instructor as disrespectful or not adequate for the class environment could force us to ask the responsible to leave the classroom immediately.
4. The instructor reserves the right to make adjustments to this syllabus. Any change will be notified with at least two classes in advance, but it is your responsibility to keep informed if you do not attend all the classes.

## 5 PREREQUISITES

Econ 2010, Econ 2020, and College Algebra are required for this course. In addition, you may find the course more rewarding if you are familiar with the broad outlines of US history.

## 6 ASSIGNMENTS AND GRADING

### 1. EXAMS

There will be two exams in this course, a midterm and a final. Both will be takehome essay exams. They will be handed out in class and due one week from the day I give them to you. Exams must be brought to class in hard copy. See the course schedule below for the relevant dates.

### 2. RESEARCH PAPER

You will also choose a topic to pursue in greater detail for a final research paper that should run between 3600 and 4500 words. It is possible to write this in groups, though I would prefer no more than 2 people co-author a paper. We will say more about this assignment in class. In general, there are several steps in this process:

- (a) You must turn in a written proposal for the paper. This proposal will include a description of your topic, and a list of potential sources with full citations. This list should contain at least 3 academic sources that cannot be found on our syllabus. In addition, you are to write a brief description of the source and how it might be useful for your paper.
- (b) A rough draft will then be submitted for peer evaluation. Each of you are to give detailed and useful comments on your peers draft.
- (c) Your final, revised draft of you paper will then be submitted to the instructor in class as a hardcopy as well as uploaded to “turnitin” via WebCT. The hardcopy of the paper should have the peer edited draft attached.

### 3. PRESENTATION OF RESEARCH

An important part of communicative writing is the presentation of reasearch. Each of you shall write a presentation version of your paper. This can be in the form of a power point or lecture notes. You will then give a 10 minute presentation to your peers who will grade you.

#### WEIGHTING OF ASSIGNMENTS

Midterm	25%
Final Exam	25%
Topic Proposal	10%
Research Paper	25%
Presentation	15%

## 7 Econ 3905 (Modes of Learning)

Econ 3905 is a one-credit course which provides additional instruction in writing research papers and essays in economics. It is *not* necessary to register for Econ 3905 to fulfill the communication requirement (successful completion of Econ 5470 fulfills the requirement). Nonetheless, some students will find enrolling in Econ 3905 useful, both because it will provide an additional hour of credit and because it will give you access to resources which will help you improve your writing and thereby improve your grade in Econ 5470 (and in other classes).

## 8 Course Outline and Reading List (Readings from the textbooks are denoted by “A&P” )

### 1. OVERVIEW OF GROWTH AND ITS FUNDAMENTAL CAUSES

#### 8/22 Overview of Global Growth and American Growth

1. No reading

#### 8/24 - 8/29 Fundamental Causes of Growth - Culture and Geography

1. Landes, D. (1998): *The wealth and poverty of nations: Why some are so rich and some so poor*, WW Norton New York. Ch. 3
2. Diamond, J. (1999): *Guns, Germs and Steel: The Fates of Human Societies*, W. W. Norton. Ch. 4

#### 8/31 - 9/5 Fundamental Causes of Growth - Institutions and Demand

1. Acemoglu, D., S. Johnson, and J. Robinson (2002): “Reversal of Fortune: Geography and Insitutions in the Making of the Modern World Income Distribution,” *The Quarterly Journal of Economics*, 117:4, 1231-1294
2. Kaldor, N. “Capitalism and Industrial Development: Some Lessons from Britain’s Experience,” *Cambridge Journal of Economics*, 1:2, 193-204

## 2. THE COLONIAL PERIOD

#### 9/7 The European World

1. Cameron, R. and Neal, L. (2003): *A Concise Economic History of the World*, 4th edition, Oxford University Press. Ch. 6.

2. Reinert, E., S. Reinert (2005): “Mercantilism and Economic Development: Schumpeterian Dynamics, Institution-Building and International Benchmarking,” in *The Origins of Development Economics*, ed. by K.S. Jomo and E. Reinert, Zed Books.

#### **9/12 The Colonial Period**

1. A&P Ch. 2
2. Henretta, J.A. (1978): “Families and Farms: Mentalite in Pre-Industrial America,” *William and Mary Quarterly*, 35:1, 3-32

### **3. THE REVOLUTION AND CONSTITUTION**

#### **9/14 The Revolution**

1. A&P Ch. 3

#### **9/19 The Constitution**

1. Selections from the Constitution
2. Beard, C. (1998): *An Economic Interpretation of the Constitution*, Transaction Publishers. Ch. 6

### **4. INDUSTRIALIZATION AND ECONOMIC DEVELOPMENT**

#### **9/21 Manufacturing and Economic Growth**

1. Thirlwall, A.P. (1983): “A Plain Man’s Guide to Kaldor’s Growth Laws,” *Journal of Post Keynesian Economics*, 5:3, 345-358.

#### **9/26 - 9/28 Early US Manufacturing**

1. A&P Ch. 7
2. Sokoloff, K. L. (1992): “Invention, Innovation, and Manufacturing Productivity Growth in the Antebellum Northeast,” in *American Economic Growth and Standards of Living Before the Civil War*, ed. by R. Gallman and J. J. Wallis, University of Chicago Press, 345-384.

**10/3 Trade and Industrialization**

1. A&P Ch. 5
2. Chang, H. (2002): *Kicking Away the Ladder: Development Strategy in Historical Perspective*, Anthem Press. Ch. 2

**TOPIC PROPOSAL FOR FINAL RESEARCH PAPER DUE  
10/3**

**5. THE ANTEBELLUM FINANCIAL SYSTEM**

**10/5 - 10/17 The Antebellum Financial System**

1. A&P Ch. 4
2. Sylla, R. (1999): "Shaping the US Financial System, 1690-1913: the Dominant Role of Public Finance," in *The State the Financial System and Economic Modernization*, ed. by R. Sylla, R. Tilly, and G. Tortella, Cambridge Univ Press.
3. Sylla, R. (2002): "Financial Systems and Economic Modernization," *The Journal of Economic History*, 62:2, 277-292

**MIDTERM HANDED OUT 10/17**

**6. THE RISE OF BIG BUSINESS AND LABOR**

**10/19 Industrial Structure**

1. A&P. Ch. 17
2. O'Brien, A. (1988): "Factory Size, Economies of Scale, and the Great Merger Wave of 1898-1902," *Journal of Economic History*, 48(3), 639-649

**10/24 Labor Markets**

1. Walton, G. and R. Roberston (1983): *History of the American Economy*, Harcourt Brace. Ch. 20.
2. Freidman, G. (1988): "Strike Success and Union Ideology: The United States and France, 1880-1914," *The Journal of Economic History*, 48(1): 1-25.

**MIDTERM IS DUE 10/24**

**7. THE 19TH CENTURY DOMESTIC AND INTERNATIONAL  
FINANCIAL SYSTEM**

### **10/27 The National Banking System and The Creation of the Federal Reserve**

1. A&P Ch. 18
2. Greider, W. (1987): *Secrets of the Temple: How the Federal Reserve Runs the Country*, Simon and Schuster, Ch. 9.

### **10/31 The Gold Standard**

1. Eichengreen, B. (2008): *Globalizing Capital: A History of the International Monetary System*, Princeton University Press. Ch. 2

## **8. THE GREAT DEPRESSION**

### **11/2 - 11/7 Causes of the Great Depression**

1. Eichengreen, B. (1992): “The Origins and Nature of the Great Slump Revisited,” *Economic History Review*, 45, 213–239.
2. Kindleberger, C. (1986): *The World in Depression, 1929-1939*, Univ. of California Press. Chap. 14.

### **11/9 - 11/14 Recovery from the Great Depression**

1. Eichengreen, B. and J. Sachs (1985): “Exchange rates and economic recovery in the 1930s,” *The Journal of Economic History*, 45, 925–946.
2. Romer, C. (1992): “What Ended the Great Depression?” *The Journal of Economic History*, 52, 757–784.
3. Perry, N. and M. Vernengo (2011): “What Ended the Great Depression? Reevaluating the Role of Fiscal Policy,” *Levy Economics Institute*, Working Paper No. 678

## **9. POST-WWII INSTITUTIONS AND MACROECONOMIC PERFORMANCE**

### **11/14 Post-War Economic Performance**

1. Glyn, A., A. Hughes, A. Lipietz, and A. Singh (1990): “The Rise and Fall of the Golden Age,” in *The Golden Age of Capitalism*, ed. by S. Marglin and J. Schor, Clarendon Press, 39-125.

**ROUGH DRAFT OF RESEARCH PAPER DUE 11/14**

**11/16 Post-War Financial Institutions**

1. Vernengo, M. (2003): "Bretton Woods," in *The Elgar Companion to Post Keynesian Economics*, ed. by J.E. King, Edward Elgar, 30-34
2. Pasinetti, L. (1997): "The Social 'Burden' of High Interest Rates," in *Capital Controversy, Post-Keynesian Economics and the History of Economics*, ed. by P. Arestis, G. Palma, and M. Sawyer, 149-155.G

**11/21 The Role of Military Expenditures**

1. Pivetti, M (1992): "Military Spending as a Burden on Growth: An 'Underconsumptionist' Critique" *Cambridge Journal of Economics*, 6, 373-384
2. Medeiros, C.A. (2003): "The Post-War American Technological Development as a Military Enterprise"

**PEER REVIEW EDITS DUE 11/21**

**11/23-28 The Collapse of the Golden Age**

1. Helleiner, E. (1994): *States and the Reemergence of Global Finance*, Cornell University Press, 1-22.
2. Levy, F. and P. Temin (2007): "Inequality and Institutions in 20th Century America," NBER Working Paper No. 13106.

**FINAL DRAFT OF RESEARCH PAPER DUE 11/28**

**10. LONG RUN ROOTS OF THE CURRENT CRISIS**

**11/30 Long Run Roots of the Current Crisis**

1. Barba, A. and M. Pivetti (2009): "Rising Household Debt: Its Causes and Macroeconomic Implications - a Long-Period Analysis," *Cambridge Journal of Economics*, 33:1, 113-137.
2. Crotty, J. (2009): "Structural Causes of the Global Financial Crisis: A Critical Reassessment of the 'New Financial Architecture,'" *Cambridge Journal of Economics*, 33:4, 563-580.

**12/5 - 12/7 WILL BE STUDENT PRESENTATIONS OF RESEARCH.**

**THE FINAL EXAM WILL BE HANDED OUT ON 12/5 AND DUE 12/12**

\* This syllabus is subject to change as the course progresses. In the likely even that topics or readings are added/ dropped you will be notified in class and via WebCT.