

THE UNIVERSITY OF WISCONSIN-MADISON  
 Department of History  
 Semester I, 1993-94

History 901

Professor Lindstrom

Readings in American Economic History  
 Course Outline

Topics:

September 13: Economic Development: An Overview

Since economic history has migrated to the domain of economics, many historians do not know what economic historians do or why. I intend to address those questions drawing upon the most recent research. We begin with the two topics that have dominated the field for the last 30 years--growth and welfare. The first reading offers an optimist's summation of the consequences of economic growth and productivity change. We then turn to three essays that sketch the dynamics of nineteenth and twentieth century growth. As you read these essays, you should: 1. master the terminology. Gallman provides an excellent introduction to the jargon. 2. develop an appreciation for the magnitudes. For example, in Gallman's essay you discover that for much of the nineteenth century, labor accounted for better than 70 percent of GNP, capital 20 percent, and resources 10 percent. 3. Identify the authors' arguments. We will be returning to these topics throughout the semester, so there will be ample opportunity to discuss the findings in detail. You do not need to write a weekly summary on these materials which are on reserve at the State Historical Society.

"A Century of Productivity Improvement: Revolution in American Living Standards," in William J. Baumol, Sue Ann Batey Blackman, and Edward N. Wolff, Productivity and American Leadership (1989), 30-64.

Robert Gallman, "The Pace and Pattern of American Economic Growth," in Lance Davis, Richard Easterlin, and William Parker, et. al., American Economic Growth: An Economist's History of the United States (1972), 15-60. [Caution: The next essay you read will challenge the approach taken in this classic essay. Subsequent research has undermined the income inequality speculations.]

Moses Abramovitz, "The Search for the Sources of Growth: Areas of Ignorance, Old and New," Journal of Economic History (JEH), (June, 1993), 217-43.

Richard Nelson and Gavin Wright, "The Rise and Fall of American Technological Leadership," Journal of Economic Literature (December, 1992), 1931-64.

September 20: The Colonial Economy

Two approaches have dominated discussions of the colonial economy. They are summarized in this week's readings. We will also discuss the differences between growth and development, analyze factor proportions and their impact upon economic change, and look at sectoral rates of productivity improvement. The second hour will be devoted to the commercial sector.

John J. McCusker and Russell R. Menard, The Economy of British North America (1985), 5-88.

Menard, "The Tobacco Industry in the Chesapeake Colonies, 1617-1730: An Interpretation," Research in Economic History, V, 69-113.

\*Thomas Doerflinger, A Vigorous Spirit of Enterprise (1986).

Gary M. Walton and James F. Shepherd, The Economic Rise of Early America (1979), 113-37.

#### September 27: Early American Agriculture

As much as we associate modern economic growth with industrialization, most Americans labored in agriculture. In the first hour we will investigate the sources of low productivity in agriculture and that sector's contribution to industrialization. The second hour will be devoted to the "market or mentalitie" debate.

"Economic Growth and the Contribution of Agriculture" in Simon Kuznets, Economic Growth and Structure (1965), 236-56.

Thomas Weiss, "Long Term Changes in U.S. Agricultural Output per Worker, 1800 to 1900," National Bureau of Economic Research Working Paper Series on Historical Factors in Long Run Growth, 23 (February, 1991).

\*Winifred Rothenberg, From Market-Places to a Market Economy.

#### October 4: The First Phase of Industrialization

American industrialization began in earnest after 1815. While most American historians know the story of the textile industry, recent research emphasizes a smaller scale, nonmechanized variety of production. In the first hour we will look at international industrialization with particular emphasis upon the British Industrial Revolution. The second hour will investigate why and how the United States industrialized, when England enjoyed what would appear to be an overwhelming comparative advantage in manufacturing.

Paul Bairoch, "International Industrialization Levels from 1750 to 1980," Journal of European Economic History (Spring, 1982), 269-310.

Joel Mokyr, "The Industrial Revolution and the New Economic History," in Mokyr (ed.) The Economics of the Industrial

Revolution (1985), 1-51.

\*Kenneth Sokoloff, Industrialization and the Growth of the manufacturing Sector in the Northeast, 1820-50 (PhD dissertation, Harvard, 1982).

Sokoloff, "Investment in Fixed and Working Capital during Early Industrialization: Evidence from U.S. Manufacturing Firms," JEH (June, 1984), 545-56.

Sokoloff and David Dollar, "Agricultural Seasonality and the Organization of Manufacturing during Early Industrialization: The Contrast between Britain and the U.S.," NBER Working paper Series, 30 (September, 1991).

#### October 11: The Transportation Revolution

In a ten volume Economic History of the United States series launched in the 1940s, the volume published for the period 1815-1860 was entitled The Transportation Revolution. In the first hour we will analyze transportation's contribution to economic growth in the nineteenth century. The second hour will be devoted to Robert Fogel's "social savings" controversy. This debate more than any other split American economic historians into two camps.

Albert Fishlow, "Internal Transportation," in Davis, Easterlin, and Parker, American Economic Growth, 468-547.

\*Robert Fogel, Railroads and American Economic Growth: Essays in Econometric History (1964).

William Cronon, Nature's Metropolis (1991), 55-93.

#### October 18: Antebellum Government

In the contest of economic systems with the Soviet Union, Americans emphasized the limited role of government in our early development. We will evaluate the extent to which Americans adhered to Smithian laissez faire by reading selections from two of the nation's most prominent legal historians. In the second hour, we will look at antebellum banking.

J. Willard Hurst, Law and the Conditions of Freedom (1956), 1-70.

Harry Schieber, "Federalism and the American Economic Order, 1789-1910," Law and Society Review (Fall, 1975), 57-118.

\*Peter Temin, The Jacksonian Economy (1969).

"Banks and Money before the Civil War," in Susan Previat Lee and Peter Passell, A New Economic View of American History (1979), 108-29.

Naomi Lamoreaux, "Banks, Kinship, and Economic Development," JEH (June, 1986), 647-67.

## October 25: Slavery

This topic has absorbed more energy than any other in the last thirty years. We will divide the subject into two parts. In the first we look at the economics of slavery, focusing upon profitability and viability. We will ask whether slavery promoted or retarded Southern development. The second part will look at recent research on slave fertility and mortality.

Robert Fogel, Without Consent or Contract (1989), 17-113.  
Gavin Wright, The Political Economy of the Cotton South (1978), 89-127.

\*Fogel, Without Consent or Contract, 114-98.

Richard Steckel, "A Peculiar Population: The Nutrition, Health, and Mortality of American Slaves from Childhood to Maturity," JEH (September, 1986), 721-41.

Steckel, "The Fertility of American Slaves," Research in Economic History, VII (1982), 239-86.

## November 1: The Industrial Labor Force

Historians and economists have offered diametrically opposed views of the impact of industrialization upon the working classes. Economists have highlighted high and rising real wages and by implication improved living standards, while historians have documented deskilling, labor protest, and immiseration. New research on living standards and inequality may facilitate a reconciliation of these two views. The first hour will be devoted to an American version of the "standard of living" debate; the second will ask whether modern growth generates increasing inequality.

Richard Steckel, "Stature and Living Standards in the United States," NBER Working Paper Series, 24 (April, 1991).

Robert Fogel, Without Consent or Contract, 354-62.

Diane Lindstrom, "Economic Structure, Demographic Change, and Income Inequality in Antebellum New York," in John Mollenkopf (ed.), Power, Culture and Place, 3-22.

Jeffrey Williamson and Peter Lindert, "Three Centuries of American Inequality," in Research in Economic History, I, 69-113.

Scott Grosse, "On the Alleged Antebellum Surge in Wage Differentials: A Critique of Williamson and Lindert," and Williamson and Lindert, "Antebellum Wage Widening once Again," JEH (June, 1982), 413-22.

Richard H. Steckel, "Poverty and Prosperity: A Longitudinal Study of Wealth Accumulation, 1850-1860," NBER Working Paper Series, 8 (December, 1989).

Kenneth Sokoloff and Georgia Villaflor, "The Market for Manufacturing Workers during Early Industrialization: The American Northeast, 1820 to 1860," NBER Working Paper Series, 28

(July, 1991).

November 8: Postbellum South

The postCivil War South has drawn considerable attention because of its legacy of poverty and racism. In the first hour we will discuss dramatic war-related decline in Southern incomes and the region's inability to catch up with the North. During the second hour, we will focus upon black incomes and welfare.

Gavin Wright, Old South, New South (1986).

\*Robert Margo, Race and Schooling in the South, 1890-1950 (1990).  
Margo, "The Competitive Dynamics of Racial Exclusion: Employment Segregation in the South, 1900-1950," NBER Working Paper Series, 14 (August, 1990).

Margo, "Explaining Black-White Wage Convergence, 1940-1950: The Role of the Great Compression," NBER Working Paper Series, 44 (March, 1993).

William A. Sundstrom, "Last Hired, First Fired? Unemployment and Urban Black Workers During the Great Depression," JEH (June, 1992), 415-29.

November 15: American Industrial Leadership

In the 1890s, the United States surpassed Great Britain to become the world's largest manufacturing nation. We review Wright's argument in the first hour and turn to a case study of iron and steel in the second hour.

Gavin Wright, "The Origins of American Industrial Success, 1879-1940." American Economic Review (September, 1990), 651-68.

Lindstrom, "How Can We Know So Much and Understand So Little? American Industrialization at the Turn of the Century," (mimeo).

\*Robert Allen, "The Peculiar Productivity History of American Blast Furnaces, 1840-1913," JEH (September, 1977), 605-33.

Allen, "International Competition in Iron and Steel, 1850-1913," JEH (December, 1979), 911-37.

Peter Temin, Iron and Steel in Nineteenth Century America: An Economic Inquiry (1964).

November 22: Big Business and the International Economy

These two topics will be treated separately. We begin with two summary chapters from Alfred Chandler's latest book, Scale and Scope. The second hour will be devoted to Jeffrey Williamson's most recent work on international trade, capital and labor flows since the 1830s.

Alfred Chandler, Scale and Scope (1990), 14-89.

Chandler, "The Rise and Evolution of Big Business," in Glenn Porter (ed.), The Encyclopedia of American Economic History, II,



619-37.

\*Alan Taylor and Jeffrey Williamson, "Capital Transfers to the New World as an Intergenerational Transfer," NBER Working Paper Series, 32 (December, 1991).  
 Williamson, "The Evolution of Global Labor Markets in the First and Second World Since 1830: Background Evidence and Hypotheses," NBER Working Paper Series, 36, (February, 1992).  
 Kevin O'Rourke and Williamson, "Were Heckscher and Ohlin Right? Putting the Factor-Price Equalization Theorem Back into History," NBER Working Paper Series, 37, (June, 1992).  
 Timothy Hatton and Williamson, "International Migration and World Development: A Historical Perspective," NBER Working Paper Series, 41 (September, 1992).  
 Hatton and Williamson, "What Drove the Mass Migrations from Europe in the Late Nineteenth Century?" NBER Working Paper Series, 43 (November, 1992).  
 O'Rourke, Taylor, and Williamson, "Land, Labor, and the Wage-Rental Ratio: Factor Price Convergence in the Late Nineteenth Century," NBER Working Paper Series, 46 (May, 1993).

November 29: The Great Depression and Beyond

Economists and historians have debated the causes of the Great Depression ever since it began. The recovery, when, how, and why, has been no less controversial. You will read the latest (highly acclaimed) contributions to the topic. The second hour will focus upon development of macroeconomic policy since the New Deal.

Peter Temin, Lessons from the Great Depression (1989).  
 Christina Romer, "What Ended the Great Depression?" JEH (December, 1992), 757-84.

\*Nicholas Spulber, Managing the American Economy from Roosevelt to Reagan (1990).  
 Will Marshall and Martin Schram, Mandate for Change (1993).

December 6: The American Half-Century

We return to the first readings for this course as we look at American leadership in the mid-twentieth century. Both hours will be devoted to an open discussion of "American competitiveness."

Nelson and Wright, "The Rise and Fall of American Technological Leadership."  
 Michael Porter, The Competitive Advantage of Nations (1990), 284-306 and 507-34.  
 Robert Reich, The Work of Nations (1991).