

Course Information

1. Course Title: Economic History
2. Department Name: Economics
3. Course Number: ECO 222a
4. Course Credits: 3 AUBG credits; 6 ECTS credits
5. Semester Offered: Fall 2014
6. Course Meeting on: Fridays, 10:45-12:00 and 14:15-15:30; room BAC 002
7. Prerequisites: ECO 101 Micro, ECO 102 Macro
8. Course Website: <http://home.cerge-ei.cz/pstankov/teaching/ehistf14.htm>

Instructor Information:

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3. Office Location: Office 315 at the AUBG; Office 4022 at the UNWE, Sofia
4. Office Hours: Fridays, 13:00-14:00; 15:30-16:00 in office 315@AUBG
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Contents:

1. **Course Description:** The interrelationship between history and economics is used to explore the ever-present role of economics as both cause and effect in given historical events. Rather than delivering a procession of facts over time within a given region or across regions, the course takes an agent-based approach to economic history.

Specifically, the course presents the major economic agents and markets in a historical context, in three parts. In part one, the course reviews the development wealth and economic growth. It searches for the reasons for the “great divergence” of wealth across countries. It also reviews the development of firms and consumer practices over time. It further introduces the change in the role of the government in the economy in the last few centuries. In part two, the course reviews the evolution of the product-, financial- and labor markets over the observable human history, and presents the remarkable economic achievements of the human civilization, especially after the first industrial revolution of the 18th century. The last part advances the crucial long-term role of growth-promoting economic institutions, presents a brief history of socialist and transition economies and analyzes the role of financial and economic crises, such as the Great Depression and the Great Recession, for shaping economic institutions and policies. The course concludes with a discussion on how students perceive the development of business, consumers and economic policies in the near future in Europe and beyond.

There is no single textbook for the entire course. Rather, the most appropriate chapters from various texts or easily readable journal articles will be used to illustrate the core concepts and ideas discussed in class. Some relevant handouts from The Economist and the Wall Street Journal could also be discussed, especially those related to the modern history of business and government. Most course materials will be available on the course website, exclusively for teaching purposes.

2. Student Learning Outcomes

This course counts towards the University’s General Education requirements in Social and Cultural Analysis. The learning outcomes for Social and Cultural Analysis are that students are able to:

- Understand the role of conceptualizing our social experience into specific concepts and how we use different methodological tools to develop these concepts,
- Understand how existing theories help organize concepts into explanations of societal phenomena,
- Understand how to critically evaluate competing theoretical explanations,
- Present social and cultural analysis through writing and/or oral presentation.

More specifically, after passing the course, the students will be able to:

- a. Describe key events and long-term trends leading to present-day business and consumer practices;
- b. State reasons behind the changing role of the government over long periods of time;
- c. Analyze the factors behind the economic development miracles and failures;
- d. Be aware of key events in the history of money and banking, and the rapidly changing conditions in the labor market, especially in the 20th century;
- e. Discuss some of the determinants of the divergence in the economic prosperity in Central and Eastern Europe in the last 25-30 years;
- f. Understand how economic and financial crises in the 20th century affected policies in various sectors of the economy;
- g. Speculate over possible future developments in economic history.

3. Texts and Resources

The course draws on three main texts. A more comprehensive list of suggested readings for each topic is presented after the course schedule. The most widely used texts in the course are:

- a. Walton, Gary M., and Hugh Rockoff, (2010). *History of the American Economy: Eleventh Edition*. South-Western Cengage Learning, Mason, OH
- b. Persson, Karl, (2010). *An Economic History of Europe. Knowledge, Institutions and Growth, 600 to the Present*. Cambridge University Press, Cambridge, UK
- c. Clark, Gregory, (2007). *A Farewell to Alms. A Brief Economic History of the World*. Princeton University Press, Princeton, NJ

4. Online Components of the Course

Most of the relevant class materials will be available on the course website before the given lecture starts, exclusively for teaching purposes.

5. Assessment/Assignments

The course grade will be determined by using a variety of methods. First, students take a midterm and a final exam. Second, they will also have one individual term paper of no more than 2000 words each. Third, attendance will be taken at each class for each student. To ensure that students prepare on a weekly basis, pop-up quizzes may also be handed out, and the number of these quizzes is unknown to the students in advance. If a pop-up quiz is given, it will be at the expense of the attendance stake in the final grade. Additional details and guidelines on each grade component will be given at the first class.

6. Grading methods

| Activity | POINTS | DESCRIPTION |
|--------------|--------|--|
| Midterm exam | 30 | A comprehensive, multiple-choice exam encompassing the |

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|---------------|------------------------------------|--|
| | | material covered up to, and including the last class before the exam. The exam will include <i>up to</i> 30 questions and will last 75 minutes. Each question has only one correct answer. |
| Final Exam | 40 | A comprehensive multiple-choice exam. The exam will include <i>up to</i> 40 questions and will last 75 minutes. Each question has only one correct answer. |
| A pop-up quiz | 5 (if given at all) | Same as a standard exam, <i>up to</i> 10 questions. |
| Attendance | 5 (or 10 if a pop-up is not given) | Attendance will be checked for each student every. |
| Term Papers | 20 | See full description below |
| TOTAL | 100 | |

The Term Papers

Since this is a historical research course, a crucial part of your grade will be determined by how well you formulate and defend a research idea in a written form. When you find a given idea from what you read at home or from our class discussions interesting, you are encouraged to put a provocative (yet informative!) title on it and develop it along the following lines:

- 1. (4 pts.) Introduction and Motivation:** tell me why I should care about your idea, what is interesting in it for you, and what novel idea you expect to bring to the historical research table. The introduction should end with a specific hypothesis or a position you are trying to argue for or – why not – test by using empirical methods, including econometric methods.
- 2. (4 pts.) Literature:** tell me how other researchers approached your topic. Be specific about what they did, how they did it, and especially what they did **not** do: this is **the gap** you will be filling in. Compare the various sources on your topic and how they build upon each other. Use as many references as you can from top-tier economic journals. Give preference to more recent papers. By the end of the literature review, you should be clear about what gap in the literature you are trying to fill.
- 3. (4 pts.) Research Methods:** tell me exactly how you are going to fill the gap you just identified. For example, if you are arguing in favor of a specific position you want to defend, tell me the steps you go through to convince me your position is right. Further, if you have formulated a hypothesis, tell me how you are going to test it, including a brief but informative data description.
- 4. (4 pts.) Results:** tell me what you got from empirically testing your hypothesis or from arguing on purely logical grounds in favor of your position. I will be also looking to see if your results flow naturally from applying your methods.
- 5. (4 pts.) Conclusion:** tell me what you did, how you did it, and what new I learned from reading your paper. In other words, can you formulate your contribution to the topic you have just discussed?
- 6. References:** you must use APA reference style (6th ed.) when citing your sources. Your references should come after your conclusion. Penalties apply for mis-specified references.

Specifics about the points on your term paper: Within each component of your paper, I will be giving you points as follows: 4 pts. for an excellent presentation, 3 pts. for a good one, 2 pts. for a mere satisfactory level argument, and just 1 point for a poorly written component. In rare cases, up to 2 bonus points could be given for an exceptionally well written term paper: a paper in which every component is in its right place, the flow of thoughts is coherent and natural, the hypothesis is testable and has indeed been tested, it is very easy to follow the argument, and I learn a new thing from reading it.

Volume of work: Your term paper should not exceed 2000 words, and penalties of 1 pt. apply for each 10% above the 2000 word limit. Please note that your term papers WILL be checked for plagiarism at turnitin.com

Due dates: A **proposal** of what you want to do with your term paper **is due Midnight, Oct. 5** (end of Week 5). The proposal is a rough draft of your idea but it should contain all the above-mentioned elements: intro, literature, etc. I will be in touch with each one of you with further guidance on how to improve your idea during Week 6. The Oct. 5 deadline is important, as those of you who do not submit a proposal by this deadline will be advised to withdraw from the course by the end of Week 7. After you get feedback on your proposal from me, you will finalize the research paper. **The deadline for full papers is Midnight, Nov. 2 by email** (the day your midterm break ends). This is a **hard deadline** and late submissions will be penalized with 10% of your term paper grade for each day of delay. No exceptions will be made for anyone. You must submit your proposals **and** full papers through www.turnitin.com. Username and pass for the website will be provided by email.

The final grade:

I will keep a record for each student's performance on Attendance, Midterm and Final, Quizzes and the Term Paper. I will add up the points after your final exam. Then, your **final grade** will be determined according to the following table:

| Points | GRADE | Points | GRADE |
|--------|-------|--------|-------|
| > 90 | A | > 65 | C |
| > 86 | A- | > 60 | C- |
| > 82 | B+ | > 55 | D+ |
| > 78 | B | > 50 | D |
| > 74 | B- | <=50 | F |
| > 70 | C+ | | |

7. Class Policies

a. Academic Honesty Policy

Students are expected to adhere to the Academic Honesty Policy stated in the Catalog and the Student Handbook. Consequences for violations are included in the Catalog and the Student Handbook. In this course, if a student cheats on an exam or plagiarizes a term paper, he or she will fail the course, and the case will be discussed with the Dean for possible further penalties.

b. Student Attendance and Participation

In accordance with the University policies, class attendance is required and classes will start on time. Students are expected to be on time and to return promptly from breaks. Excessive lateness may constitute a class absence and may negatively affect your final grade. Further, if a student is absent from the course for more than 3 classes before week 7, they will be withdrawn from the course, and if they are missing from more than half of the classes, they **will** receive a failing grade for the entire course.

Absences from tests will NOT be tolerated, unless for proven medical reasons. Special arrangements for additional and make-up exams will NOT be possible, unless for proven

medical reasons. If you have a medical condition precluding you from attending an exam, inform me at least 12 hours before the exam by email.

c. Other Class Policies

- 1) Mobile phones can be switched on but their sound **MUST** be off! Mobile phone usage is **NOT** allowed during a class. If you need to use your phone, please quietly leave the room.
- 2) Laptops are allowed in class for taking notes only. At all times, they should be offline, unless students are instructed otherwise.
- 3) All emails to the teacher regarding either a class question or a request for an appointment will have the subject: "Econ history: a question." If you do not address the email in the above way, it risks being considered as spam by the mail filters.
- 4) All appointments will be arranged for on the premises of the AUBG. It is strongly advised that students use the office hours provided instead of scheduling a special appointment. In that way, their question or request will be dealt with much more efficiently.
- 5) Ideally, all class materials and presentations will be distributed **BEFORE** each lecture on the class web-site or on the group email, so that students can print them and take notes on them. Therefore, students are responsible for checking the class webpage at least once a week, and their emails more often. Additional class policies may be distributed via email. The class webpage will be provided in due course.
- 6) Please be aware of the academic calendar for starting and finishing date of the semester and of midterm and final exam weeks.
- 7) Those who fail to show up for the final exam will fail the course, unless missing for proven medical reasons.
- 8) Additional class policies may be enforced in due course to address pressing issues. Those will be distributed on the group email. Please inform me by email of your group email.

8. Course Schedule

| <i>Week</i> | <i>Topic</i> |
|-------------|--|
| 1 | Course preliminaries. A History of Wealth and Growth |
| 2&3 | A History of Business and the Consumer |
| 4 | A History of Government Intervention |
| 5 | A History of Money and Banking |
| 6 | Midterm exam |
| 7 | A History of Labor and Leisure |
| 8 | A History of Energy Markets |
| 9 | Midterm break |
| 10 | A History of Economic Institutions |
| 11 | A History of Socialism and Transition to Market |
| 12 | A History of Economic and Financial Crises |
| 13 | An Economic History of Art |
| 14 | Any remaining topics + Term papers workshop |
| 15 | Revision of material |

Please note that the above schedule is only indicative and will be adjusted according to the specific course dynamics.

9. Reading

Please find the corresponding readings for each course topic below. The **mandatory** reading items are in **bold and are underlined**, while the sources of those readings are marked with ***. The rest of the readings help build the class discussions and are very useful when students develop their paper proposals and actual term papers: they contain numerous further references.

9.1. A History of Wealth and Economic Growth

- *** Clark, Gregory, (2007). *A Farewell to Alms. A Brief Economic History of the World*. Princeton University Press, Princeton, NJ [**Chapter 10: Modern Growth: The Wealth of Nations**; Chapter 15: World Growth since 1800; Chapter 16: The proximate Causes of Divergence; Chapter 17: Why Isn't the Whole World Developed?]
- *** Acemoglu, Daron, (2008). *Introduction to Modern Economic Growth*. Princeton University Press, Princeton, NJ. [**Chapter 1. Economic Growth and Economic Development: the Questions; Chapter 24. Epilogue: Mechanics and Causes of Economic Growth**]
- Persson, Karl, (2010). *An Economic History of Europe. Knowledge, Institutions and Growth, 600 to the Present*. Cambridge University Press, Cambridge, UK. [Chapter 6: Knowledge, Technology Transfer and Convergence].
- Hausmann, Ricardo, and Pritchett, Lant, and Dani Rodrik, (2005). Growth Accelerations. *Journal of Economic Growth*, Vol. 10, 303–329, <http://www.jstor.org/stable/40216082>
- Rodrik, Dani, (2005). Growth Strategies. In: *Handbook of Economic Growth*, Volume 1A, Chapter 14. Edited by Philippe Aghion and Steven N. Durlauf, 2005 Elsevier B.V.

9.2. A History of Business and the Consumer

- *** Clark, Gregory, (2007). *A Farewell to Alms. A Brief Economic History of the World*. Princeton University Press, Princeton, NJ [**Chapter 1: Introduction**; Chapter 11: The Puzzle of the Industrial Revolution; Chapter 12: The Industrial Revolution in England; **Chapter 13: Why England? Why not China, India, or Japan?**]
- *** Walton, Gary M., and Hugh Rockoff, (2010). *History of the American Economy: Eleventh Edition*. South-Western Cengage Learning, Mason, OH [**Chapter 10: Market Expansion and Industry in First Transition**; Chapter 17: Industrial Expansion and Concentration; Chapter 20: Commerce at Home and Abroad; Chapter 22: The Roaring Twenties; Chapter 28: Manufacturing, Productivity and Labor].
- Means, Howard, (2001). *Money and Power. The History of Business*. John Wiley & Sons, Inc., New York, NY
- Acemoglu, Daron, and Johnson, Simon and James Robinson (2005). The Rise of Europe: Atlantic Trade, Institutional Change, and Economic Growth. *The American Economic Review*, Vol. 95, No. 3 (Jun., 2005), pp. 546-579, American Economic Association. Stable URL: <http://www.jstor.org/stable/4132729>
- Schröter, Harm G. (2005). *Americanization of the European Economy. A Compact Survey of American Economic Influence in Europe since the 1880s*. Springer, Dordrecht, The Netherlands

9.3. A History of Government Intervention

- *** Walton, Gary M., and Hugh Rockoff, (2010). *History of the American Economy: Eleventh Edition*. South-Western Cengage Learning, Mason, OH [**Chapter 26: The Changing Role of the Federal Government**].
- Persson, Karl, (2010). *An Economic History of Europe. Knowledge, Institutions and Growth, 600 to the Present*. Cambridge University Press, Cambridge, UK. [Chapter 10: The Era of Political Economy: From the Minimal State to the Welfare State in the Twentieth Century].
- Szostak, Rick, (2009). *The Causes of Economic Growth. Interdisciplinary Perspectives*. Springer-Verlag Berlin Heidelberg, Germany. [Chapter 11: Integrating Diverse Views of the Role of Government].
- Thornton, Mark, (1991). *The Economics of Prohibition*. University of Utah Press, Salt Lake City, UT
- Kroszner, Randall S., and Philip E. Strahan, (1999). What Drives Deregulation? Economics and Politics of the Relaxation of Bank Branching Restrictions, *Quarterly Journal of Economics*, Vol. 114, No. 4 (Nov., 1999), pp. 1437-1467, The MIT Press. Stable URL: <http://www.jstor.org/stable/2586968>

9.4. A History of Money and Banking

- *** Persson, Karl, (2010). *An Economic History of Europe. Knowledge, Institutions and Growth, 600 to the Present*. Cambridge University Press, Cambridge, UK. [**Chapter 7: Money, Credit and Banking**].
- *** Walton, Gary M., and Hugh Rockoff, (2010). *History of the American Economy: Eleventh Edition*. South-Western Cengage Learning, Mason, OH [**Chapter 19: Money, Prices and Finance in the Postbellum Era**; Chapter 27: Monetary Policy, Fiscal Policy, and the Business Cycle after World War II].
- Chown, John (2005). *A History of Money From AD 800*. Taylor and Francis e-library. [Chapter 3: Money in Europe to 1250; Chapter 5: The Great Debasement of Henry VIII's Reign; Chapter 15: The Development of Banking and Finance; Chapter 24: The American Revolution and the Birth of the Dollar]
- Hetzel, Robert L. (2008). *The Monetary Policy of the Federal Reserve. A History*. Cambridge University Press, New York, NY. [Chapter 12: The Political Economy of Inflation; Chapter 15: Greenspan's Move to Price Stability; Chapter 19: Boom and Bust].
- Friedman, Milton and Anna Schwartz, (1963). *A Monetary History of the United States, 1867-1960*. Princeton University Press, Princeton, NJ. [Selected chapters].

9.5. A History of Labor and Leisure

- *** Clark, Gregory, (2007). *A Farewell to Alms. A Brief Economic History of the World*. Princeton University Press, Princeton, NJ [Chapter 4: Fertility; **Chapter 14: Social Consequences**]
- *** Walton, Gary M., and Hugh Rockoff, (2010). *History of the American Economy: Eleventh Edition*. South-Western Cengage Learning, Mason, OH [Chapter 11: Labor during the Early Industrial Period; Chapter 13: The Entrenchment of Slavery and Regional Conflict; Chapter 18: The Emergence of America's Labor Consciousness; **Chapter 28: Manufacturing, Productivity, and Labor**].

Peltzman, Sam, (2009). Mortality Inequality. *Journal of Economic Perspectives*, 23(4), 175–190. Retrieved from <http://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.23.4.175>

9.6. A History of Energy Markets

*** Sachs, Jeffrey D. and Andrew M. Warner, (1999). The Big Rush, Natural Resource Booms And Growth, *Journal of Development Economics*, 59(1), 43-76. (**Only intro and conclusions**) [you can download the NBER working paper version [here](#)]

Beattie, Alan, (2009). *False Economy. A Surprising Economic History of the World*. Riverhead Books, New York, NY. [Chapter 4: Natural Resources: Why are Oil and Diamonds More Trouble than they are Worth?]

9.7. A History of Economic Institutions

*** **North, Douglass C. (2005). Institutions and the Performance of Economies over Time.** In: C. Menard and M. M. Shirley (eds.), *Handbook of New Institutional Economics*, 21–30.

*** Acemoglu, Daron and James A. Robinson, (2005). *Economic Origins of Dictatorship and Democracy*. Cambridge University Press, New York, NY. [Chapter 1: Paths of Political Development; **Chapter 2: Our Argument; Chapter 11: Conclusions and the Future of Democracy**].

Coase, Ronald H. (2005). The Institutional Structure of Production. In: C. Menard and M. M. Shirley (eds.), *Handbook of New Institutional Economics*, 31–39.

Boettke, Peter (2007). Daron Acemoglu and James Robinson, Economic Origins of Dictatorship and Democracy (A Book Review). *Constitutional Political Economy*, Vol. 18, p. 319-323

Acemoglu, Daron, Johnson, Simon and James A. Robinson (2001). The Colonial Origins of Comparative Development: An Empirical Investigation, *American Economic Review*, Vol. 91, No. 5 (Dec., 2001), pp. 1369-1401, Stable URL: <http://www.jstor.org/stable/2677930>

Acemoglu, Daron, (2001). Constitutions, Politics, and Economics: A Review Essay on Persson and Tabellini's *The Economic Effects of Constitutions*, *Journal of Economic Literature*, Vol. 43, No. 4 (Dec., 2005), pp. 1025-1048, Stable URL: <http://www.jstor.org/stable/4129382>

Banerjee, Abhijit, and Lakshmi Iyer (2005). History, Institutions, and Economic Performance: The Legacy of Colonial Land Tenure Systems in India, *American Economic Review*, Vol. 95, No. 4 (Sep., 2005), pp. 1190-1213. Stable URL: <http://www.jstor.org/stable/4132711>

9.8. A History of Socialism and Transition to Market

*** **Campos, Nauro F. and Fabrizio Coricelli, (2002). Growth in Transition: What We Know, What We Don't, and What We Should.** *Journal of Economic Literature*, Vol. XL, pp. 793–836

Hayek, Friedrich A., (1935) 1950. The Nature and History of the Problem. In: F. A. Hayek (ed.) *Collectivist Economic Planning*. London: Routledge & Kegan Paul. 4th ed. Pp. 1-40.

Hayek, Friedrich A., (1935) 1950. The Present State of the Debate. In: F. A. Hayek (ed.) *Collectivist Economic Planning*. London: Routledge & Kegan Paul. 4th ed. Pp. 201-43.

Manove, Michael, (1971). A Model of Soviet-Type Economic Planning, *American Economic Review*, Vol. 61, No. 3, Part 1. (Jun., 1971), pp. 390-406.

Svejnar, Jan, (2002). Transition Economies: Performance and Challenges. *Journal of Economic Perspectives*, Vol. 16, No. 1, (Winter, 2002), p. 3-28. Full text [here](#).

Murrell, Peter, (2005). Institutions and Firms in Transition Economies. In: C. Menard and M. M. Shirley (eds.), *Handbook of New Institutional Economics*, 667–699.

9.9. A History of Economic and Financial Crises

*** Walton, Gary M., and Hugh Rockoff, (2010). *History of the American Economy: Eleventh Edition*. South-Western Cengage Learning, Mason, OH [**Chapter 23: The Great Depression**; Chapter 24: The New Deal].

*** **Eichengreen, Barry, and Kevin O'Rourke, (2010). A tale of two depressions. What do the new data tell us?** Retrieved from www.voxeu.org (direct link [here](#))

Bernanke, Ben, (2000). *Essays on the Great Depression*. Princeton University Press, Princeton, NJ. [Chapter 1: The Macroeconomics of the Great Depression: A Comparative Approach; Chapter 2: Nonmonetary Effects of the Financial Crisis in the Propagation of the Great Depression].

Kindleberger, Charles P., and Robert Z. Aliber, (2005). *Manias, Panics and Crashes. A History of Financial Crises. Fifth Edition*. Palgrave Macmillan, New York, N.Y. [Chapter 1: Financial Crisis: a Hardy Perennial; Chapter 2: Anatomy of a Typical Crisis; Chapter 10: Policy Responses: Letting it Burn Out, and Other Devices; Chapter 13: The Lessons of History and the Most Tumultuous Decades Ever]

Garber, Peter M., (2000). *Famous First Bubbles: The Fundamentals of Early Manias*. The MIT Press, Cambridge, Massachusetts. [Part I: The Bubble Interpretation; Part II: The Tulipmania Legend].

9.10. A Brief History of the Future (tentative; reading list may differ from the actual one)

*** Walton, Gary M., and Hugh Rockoff, (2010). *History of the American Economy: Eleventh Edition*. South-Western Cengage Learning, Mason, OH [**Chapter 29: Achievements of the Past, Challenges for the Future**].

Anderson, Chris, (2012). *Makers: The New Industrial Revolution*. Crown Business, a division of Random House, Inc., New York, NY. [Part I: The Revolution].

Watson, Richard, (2010). *Future Files: A brief history of the next 50 years*. Nicholas Brealey Publishing, Boston, MA. [Chapter 1: Society and Culture: Why We'll Take Longer Baths in the Future? Chapter 2: Science and Technology: The Rise of the Machines; Chapter 12: Conclusions: Where to Next?]

10. Disclaimer

This syllabus is subject to modification. The instructor will communicate any changes in the schedule or the assignments by email.

Best of luck!

P.Stankov

www.pstankov.com