

**Master Degree in Social Sciences - Universidad Carlos III de Madrid**

**Historical Analysis of Economic Change**

**Academic Year 2023-2024 - Spring Term**

**Syllabus**

**Lecturers:**

Dr. Dácil Juif

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**Organisation:**

The course meets on Monday from 10:00 to 13:00 in classroom 18.1.A.04

**Office Hours:** Monday 14:00-15:00

**Course Description**

Economic History is the study of economic development in the past. Why should you care? Because it can help us understand why we live longer and healthier lives than our ancestors and why there are still people in the world living on 2 Dollar per day while others live in great affluence. Why are some countries so much richer than others? Why do we live longer lives than our great-grandparents? And how does being born in one place (or migrating to another one) affect your life chances? Economic History provides a way of answering these big questions by looking over our shoulders to the past and—unlike other history disciplines—by using quantitative data.

Understanding Economic History also matters because development (or its absence), along with any other social process, is an inherently historical process. Not all choices are available at any given moment in time, as they are restricted by previous choices. We cannot make informed choices about future directions without a full understanding of how we got here.

This introductory course spans large world regions over many centuries. We will start before 1800, when all countries were very poor by today's standards: economic growth was exceptional and poverty unavoidable for most people everywhere. The Industrial Revolution changed this: sustained economic growth driven by continuous technological change became increasingly normal across large swathes of the globe. At the same time, industrialization ushered in a world of huge economic inequality between countries and regions.

The course is composed of 13 sessions, and each session is organized in two parts. In the first part the instructors will give a lecture on the weekly topic. Lectures will provide students with the basic understanding on the weekly topic. The lecture will focus on the basic facts and their explanations, as well as on the state of the academic debates. One or two background readings will provide students with a synthetic introduction to the weekly topic. Students are expected to read it in advance of the lecture. Lecturers could provide additional readings for specific topics not entirely covered in the weekly background reading(s).

The second part consists of a seminar-like workshop where students will debate in detail cutting-edge forms of empirical research related to the weekly topic. All students must read these discussion readings, and submit their discussion points ahead of the session (no later than Sunday at 11:59). Every week, a student will take charge of a critical presentation of one of the relevant discussion readings, and will lead the group discussion on it. The debate should focus on the nature of the research question at hand, how it relates to the broader literature on the topic (and to other social sciences problems relevant in other contexts), as well as on the methodology used by the authors. Discussion readings shall also provide students with a model for research agendas in preparation of their Master thesis.

## **Objectives**

During this course, students will:

- Understand the contours of the most fundamental changes in long-term economic development.
- Critically engage with the most influential explanations for the origins of global economic inequality.
- Learn to work with quantitative economic and social data, including critically assessing data quality and interpreting data visualizations based on historical sources.
- Develop their analytical and rhetorical skills and reasoned debate based on empirical evidence

## **Assessment**

Final Exam: 40 % [a minimum grade of 4 is needed in the final exam to pass the course]

Continuous 60 %: 30% presentation of a research paper, following instructions provided by the instructors. 30% in-class participation in discussions and exercises/tests.

## Calendar 2024

Date - Lecturer	Lecture Topic
Jan 29 - Pablo	Introduction. Neolithic Revolution
Feb 5 - Pablo	Pre-Industrial Economics and Rise of the West
Feb 12 - Pablo	The Industrial Revolution
Feb 19 - Dácil	The First Globalization
Feb 26 - Dácil	Economic Inequality
Mar 4 - Dácil	Gender in economic history
Mar 11 - Pablo	WWI and the end of the First Globalization
Mar 18 - Pablo	The Great Depression
Mar 25	<u>NO CLASS</u>
Apr 1	<u>NO CLASS</u>
Apr 8 - Pablo	The Golden Age of Economic Growth
Apr 15 - Pablo	End of the Golden Age and the Path to the 21st Century
Apr 22 - Dácil	Growth and Poverty in Africa
Apr 29 - Dácil	Development and Divergence in Latin America
May 6 - Dácil	Late industrialization in Asia

## Readings

There is no single textbook for this course. Instead, there will be one or two essential readings every week, which will be the basis of the discussion ('Discussion Readings') and which all students must read in detail ahead of the relevant session. In addition, there will be two additional suggested readings ('Background Readings'), providing the context and the standard basic reference for the topics explained in the relevant lecture. Students are expected to read the Background Readings ahead of the relevant lecture.

The essential readings will be uploaded to Aula Global at least a week before the practical class. Instructors will provide further readings on specific topics. In case you have problems finding some of the additional readings, let the instructor know. If you are a presenter of the weekly discussion reading, it is strongly recommended to read both the essential and the relevant suggested readings, as well as some interesting text(s) beyond those (ask your tutor or lecturer if you want hints).

If you would like to have a short general textbook for reference, we recommend:

Allen, R.C. (2011). *Global Economic History: A Very Short Introduction*. Oxford: OUP.

A somewhat longer - but still reasonably short - general introduction (with strong emphasis in the most recent scholarly debates) can be found here:

Koyama, M., & Rubin, J. (2022). *How the world became rich: The historical origins of economic growth*. John Wiley & Sons.

For specific topics, instructors will provide the necessary complementary bibliography.

## Course Schedule

**N.B.: Discussion papers for presentations are marked with an asterisk (\*).**

### Session 1. Introduction. The Neolithic Revolution and State Formation (January 29th)

#### **Background readings:**

Acemoglu D, Robinson J (2012) *Why Nations Fail. The origins of Power, Prosperity and Poverty*. New York: Crown, pp. 70-95 (chapter 3 “The making of prosperity and poverty”).

Allen, R. C. (2024) “The Neolithic Revolution in the Middle East: A survey and speculation article for the Economic History Review”, *The Economic History Review*, forthcoming.

#### **Discussion readings: [N.B.: DUE NEXT WEEK, NO DISCUSSION IN THE FIRST SESSION]**

[\*Mayshar, J., Moav, O., and Pascali, L. (2022) “The origin of the state: Land productivity or appropriability?”, *Journal of Political Economy*, 130(4), 1091-1144.]

### Session 2 Pre-industrial Economics and the ‘Rise of the West’ (February 5th)

#### **Background readings:**

Douglass C. North and Robert P. Thomas (1973), *The Rise of the Western World. A New Economic History*, Ch. 1 “The Issue” (pp. 1-8), 2 “An Overview” (pp. 9-18) and 8 “Fiscal Policy and Property Rights” (pp. 91-101), Cambridge, UK: Cambridge University Press.

Voigtländer, N., and Voth, H.-J. (2013) “Gifts of Mars: Warfare and Europe’s Early Rise to Riches”, *Journal of Economic Perspectives*, 27(4), pp. 165-186.

#### **Discussion readings:**

\*Dittmar, J. and Meisenzahl, R. (2020) “Public Goods Institutions, Human Capital, and Growth: Evidence from German History”, *The Review of Economic Studies*, Volume 87, Issue 2, March 2020, Pages 959–996, <https://doi.org/10.1093/restud/rdz002>.

\*Mayshar, J., Moav, O., and Pascali, L. (2022) “The origin of the state: Land productivity or appropriability?”, *Journal of Political Economy*, 130(4), 1091-1144.

### Session 3 The Industrial Revolution (February 12th)

#### **Background readings:**

Allen, R. C. (2011). *Global Economic History: A Very Short Introduction*. Oxford: Oxford University Press, pp. 1-39.

Koyama, M., & Rubin, J. (2022). *How the world became rich: The historical origins of economic growth*. Polity Press (Chapter 8 “The Industrial Revolution” and Chapter 9 “The Rise of the Modern Economy”).

### **Discussion readings:**

De Pleijt, A., Nuvolari, A. and Weisdorf, J. (2020) "Human Capital Formation During the First Industrial Revolution: Evidence from the Use of Steam Engines", *Journal of the European Economic Association*, 18(2), pp. 829–889, DOI: 10.1093/jeea/jvz006.

\*Mokyr, J., Sarid, A. and van der Beek, K. (2022) "The Wheels of Change: Technology Adoption, Millwrights and the Persistence in Britain's Industrialisation", *The Economic Journal*, 132 (July), pp. 1894–1926, <https://doi.org/10.1093/ej/ueab102>.

### **Session 4 The First Globalization (February 19th)**

#### **Background readings:**

Abramitzky, R. and Boustan, L. P. (2017), "Immigration in American Economic History", *Journal of Economic Literature*, 55, 1311-1145.

Findlay R, O'Rourke K (2007) *Power and Plenty: Trade, War, and the World Economy in the Second Millennium*, Princeton University Press, pp. 365-424 (Chapter 7 "World Trade 1780-1914").

#### **Discussion readings:**

\*Chilosi, D., Federico, G., & Tena-Junguito, A. (2023). Terms of trade during the first globalization: new evidence, new results. *European Review of Economic History*, 27(1), 91-122.

\*Tabellini, M. (2020). Gifts of the immigrants, woes of the natives: Lessons from the age of mass migration. *The Review of Economic Studies*, 87(1), 454-486.

### **Session 5 Economic inequality (February 26th)**

#### **Background readings:**

Alfani, G. (2021), "Economic inequality in preindustrial times: Europe and beyond", *Journal of Economic Literature*, 59(1), 3-44.

Ravallion, M. (2018). "Inequality and globalization: A review essay." *Journal of Economic Literature* 56, no. 2: 620-642.

#### **Discussion readings:**

\*Bartels, C., Kersting, F., & Wolf, N. (2023). Testing Marx: Capital Accumulation, Income Inequality, and Socialism in Late Nineteenth-Century Germany. *The Review of Economics and Statistics*, 1-44.

Hoffmann, F., Lee, D. S., & Lemieux, T. (2020). Growing income inequality in the United States and other advanced economies. *Journal of Economic Perspectives*, 34(4), 52-78.

### **Session 6 Gender in economic development (March 4th)**

#### **Background readings:**

Alesina, A., Giuliano, P. and Nunn, N. (2013) "On the Origins of Gender Roles: Women and the Plough", *The Quarterly Journal of Economics*, 128 (2), pp. 469–530.

Merouani, Y., & Perrin, F. (2022) "Gender and the long-run development process. A survey of the literature", *European Review of Economic History*, 26(4), 612-641.

**Discussion readings:**

\*Bühler, M., Vollmer, L., & Wimmer, J. (2023) "Female education and social change", *Journal of Economic Growth*, 1-41.

\*de Pleijt, A. M., van Zanden, J. L., & Carmichael, S. (2019) "Gender relations and economic development: hypotheses about the reversal of fortune in Eurasia", *Cliometrics of the Family*, 149-172.

**Session 7 World War I and the End of Globalization (March 11)**

**Background readings:**

Charles H. Feinstein, Peter Temin and Gianni Toniolo (2008), *The World Economy between the World Wars*, Oxford, UK: Oxford University Press, Ch. 2 "The Legacy of the First World War" (pp. 21-38) and Ch. 3 "The 1920s: Crises and Currency Stabilizations" (pp. 39-51).

Balderston, Theo (2002) *Economics and Politics in the Weimar Republic*, Chapter 2 "Treaty, reparations and 'capacity to pay'", pp. 10-33, and Chapter 3 "Inflation, 1918-1923", pp. 34-60.

**Discussion readings:**

\*Galofré-Vilà, G. (2023) "Spoils of War: the Political Legacy of the German Hyperinflation", *Explorations in Economic History*, Vol. 88, 101479, <https://doi.org/10.1016/j.eeh.2022.101479>

López, J. A. and Mitchener, K. J. (2020) "Uncertainty and Hyperinflation: European Inflation Dynamics after World War I", *The Economic Journal*, 131, pp. 450-475, DOI: 10.1093/ej/ueaa067.

**Session 8 The Great Depression (March 18th)**

**Background readings:**

Eichengreen (1992) *Golden Fetters. The Gold Standard and the Great Depression 1919-1939*, Ch. 1 "Introduction" pp. 3-28.

Charles H. Feinstein, Peter Temin and Gianni Toniolo (2008), *The World Economy between the World Wars*, Oxford, UK: Oxford University Press, Ch. 6 "The Onset of the Depression", pp. 93-112, and Ch. 8 "The Fragmented World of the 1930s", pp. 135-159.

**Discussion readings:**

\*Doerr, S., Gissler, S., Peydró, J.-S. and Voth H.-J. (2022) "Financial Crises and Political Radicalization: How Failing Banks Paved Hitler's Path to Power", *The Journal of Finance*, 77 (6), pp. 3339-3372.

\*Ellison, Martin, Sang Seok Lee, and Kevin Hjortshøj O'Rourke (2024) "The Ends of 27 Big Depressions", *American Economic Review*, 114 (1), pp. 134-68. DOI: 10.1257/aer.20221479

### **Session 9 The Golden Age (April 8th)**

#### **Background readings:**

Eichengreen, B. (2007) *The European Economy since 1945. Coordinated Capitalism and Beyond*, Chapter 1 "Introduction", pp. 1-14, and Chapter 2 "Mainsprings of Growth", pp. 15-51.

Gordon, R. J. (2016) *The Rise and Fall of American Growth*, Chapter 16, "The Great Leap Forward from the 1920s to the 1950s: What Set of Miracles Created it?", pp. 535-561.

#### **Discussion readings:**

\*Giorcelli, M. (2019) "The Long-Term Effects of Management and Technology Transfers", *American Economic Review* 109(1), pp. 121–152.

\*Gross, D. P., and Sampat, B. N., "America, Jump-Started: World War II R&D and the Takeoff of the US Innovation System", *American Economic Review*, 113(12), pp. 3323–3356, <https://doi.org/10.1257/aer.2022136>.

### **Session 10 The End of the Golden Age and the Path to the 21st Century (April 15th)**

#### **Background readings:**

Baldwin, R. (2016) *The Great Convergence. Information Technology and the New Globalization*, especially chapter 3 "ICT and Globalization's Second Unbundling", pp. 79-110.

Eichengreen, B. (2007) *The European Economy since 1945: Coordinated Capitalism and Beyond*, Chapter 8 "Mounting Payments Problems", pp. 225-251, and Chapter 11 "Integration and Adjustment", pp. 335-378.

#### **Discussion readings:**

Acemoglu, D. and Restepo, P. (2019) "Automation and New Tasks: How Technology Displaces and Reinstates Labor", *Journal of Economic Perspectives*, 33 (2), pp. 3–30.

\*Ehrlich, M. v., and Seidel, T. (2018) "The Persistent Effects of Place-Based Policy: Evidence from the West-German Zonenrandgebiet." *American Economic Journal: Economic Policy*, 10 (4), pp. 344-74, DOI: 10.1257/pol.20160395.

### **Session 12 Growth and poverty in Africa (April 22nd)**

#### **Background readings:**

Frankema, E., & Van Waijenburg, M. (2018) "Africa rising? A historical perspective", *African Affairs*, 117(469), 543-568.

Michalopoulos, S., & Papaioannou, E. (2020). Historical legacies and African development. *Journal of Economic Literature*, 58(1), 53-128.

### **Discussion readings:**

\*Jedwab, R., Meier zu Selhausen, F. & Moradi, A. (2022) "The economics of missionary expansion: Evidence from Africa and implications for development", *Journal of Economic Growth*, 27: 149–192.

Kerby, E., Moradi, A., & Odendaal, H. (2022) "African time travellers: what can we learn from 500 years of written accounts?", *Oxford Economic and Social History Working Papers*, No. 201 (October 2022).

### **Session 13 Development and Divergence in Latin America (April 29th)**

#### **Background readings:**

Bértola, L., Ocampo, J.A. (2023). Latin American Economic History in the Light of the Recent Economic Cycles. In: Valencia Caicedo, F. (eds) *Roots of Underdevelopment*. Palgrave Macmillan, Cham.

Sokoloff, K. L., & Engerman, S. L. (2000). Institutions, factor endowments, and paths of development in the New World. *Journal of Economic Perspectives*, 14(3), 217-232.

#### **Discussion readings:**

\*Méndez, E., & Van Patten, D. (2022). Multinationals, monopsony, and local development: Evidence from the united fruit company. *Econometrica*, 90(6), 2685-2721.

\*Fuentes-Vásquez, M. J., & España-Eljaiek, I. (2023). Coffee tastes bitter: education and the coffee economy in Colombia in the late nineteenth and early twentieth centuries. *European Review of Economic History*, 27(2), 174-195.

### **Session 14 Late Industrialization in Asia (May 6th)**

#### **Background readings:**

Amsden, A. H. (1991) "Diffusion of development: The late-industrializing model and greater East Asia", *The American Economic Review*, 81(2), 282-286.

Naughton, B. (2019), "Economic Reform and Structural Change: The Chinese Experience" (Chapter 20), in Monga, C. and Yifu Lin, J. (2019, Eds.), *The Oxford Handbook of Structural Transformation*, Oxford University Press (UK).

#### **Discussion readings:**

Alder, S., Shao, L., & Zilibotti, F. (2016). Economic reforms and industrial policy in a panel of Chinese cities. *Journal of Economic Growth*, 21, pp. 305-349.

\*Zhu, X. (2012). Understanding China's growth: Past, present, and future. *Journal of Economic Perspectives*, 26(4), 103-24.