

SYLLABUS

Two purchases are required: (1) “WR” = Gary M. Walton and Hugh Rockoff, *History of the American Economy*, 10th edition (2005), at the UCD Bookstore. (2) “The Packet” = selected copied readings, available at ASUCD Classical Notes, 165 Memorial Union. All the assigned readings are in these two sets of readings and in lecture handouts.

Readings marked “A” here = assigned readings.

Readings marked “R” = just readings recommended for deeper study of the same issues.

A. Race and the South since the Civil War (lectures Sept. 27, Oct. 2, 4; sections Oct. 2 and 4)

Just before World War II the South was still a very backward region of the U.S. economy. The relative position of blacks was even worse, both in the South and in the North. Explaining why these regional and racial gaps were not narrowed for three-quarters of a century is a central task for economic history, even though they have been reduced since 1940. How much of the backwardness of the South can be explained by the direct destructive effects of the Civil War? To what extent can blacks’ disadvantage be attributed to the legacy of slavery, and to what extent was it due to new institutions imposed after the Civil War? Did the development of the American market economy reinforce or offset these inequalities? Which did more for American blacks, government or the marketplace? Finally, what forces caused the rapid progress for the South and for blacks between 1940 and 1975?

A: (1) WR, Ch. 14 on war, recovery, and regional divergence; pp. 580-584.
(2) Jeremy Atack and Peter Passell, *A New Economic View of American History* (1994), Ch. 14 on The South after the Civil War (pp. 376-401), in The Packet.
(3) Gavin Wright, *Old South, New South* (1986), Ch. 8 on the new economy of the postwar South (pp. 239-274, notes on 299-303), in The Packet.

R: (r1) Roger Ransom and Richard Sutch, *One Kind of Freedom* (1977). (r2) Margo, Robert A. *Race and Schooling in the South, 1880-1950* (1990). (r3) John Donoghue and James Heckman, “Continuous versus Episodic Change: The Impact of Civil Rights Policy on the Economic Status of Blacks,” *Journal of Economic Literature*, March 1991. (r4) Richard Freeman and John Bound, “What Went Wrong? The Erosion of Relative Earnings and Employment among Young Black Men in the 1980s,” *Quarterly Journal of Economics*, February 1992.

B. The Farm Problem: “Raising Less Corn and More Hell”
(lectures October 9 and 11, sections October 9 and 11)

Why did farmers protest in the late 19th century?
Why did farmers protest in the 1920s and 1930s?
Why did farmers protest off and on ever since?
Why did the size of the farm sector decline so much, and what has government done about it? When did farm fortunes rise and when did they fall?

A: WR, Ch. 15 (Agriculture’s western advance), 440-442 (farmers in the ‘20s), 479-485 (agriculture and the New Deal), and 530-535 (postwar agriculture).

R: (r1) Gary Libecap, “The Great Depression and the Regulating State: Federal Government Regulation of Agriculture, 1884-1970,” in M. Bordo, C. Goldin, and E. White, *The Defining Moment: The Great Depression and the American Economy in the Twentieth Century* (1998), pp. 181-224. (r2) Alan L. Olmstead and Paul Rhode, chapter on Northern agriculture in *Cambridge Economic History of the United States*, vol. 3 (2000).

C. Immigration Then and Now (lectures October 11 and 16, sections October 11 and 16)

The rising tide of immigration since the 1960s has sparked controversy over the effects of immigrants on job markets and government budgets. Yet the immigration before World War I was even faster. What effects did it have then, and are the effects of immigration different today?

A: (1) WR, pp. 348-358 (pre-1914 immigration), 584-586 (postwar immigration).
(2) Susan Carter and Richard Sutch, “Historical Background to Current Immigration Issues,” in James P. Smith and Barry Edmonston (eds.) *The Immigration Debate* (1998), pp. 289-314, 331-352, in the Packet.
(3) Roger Lowenstein, “The Immigration Equation”, *New York Times*, July 9, 2006, in The Packet.

•• **FIRST MIDTERM**, Thursday, October 18 (30% of the course grade) ••

D. Macroeconomic History and the Great Depression

(lectures Oct. 23 through Nov. 8; no section Oct. 23; Tuesday sections = October 30 and November 6; Thursday sections = October 25, November 1, and November 8)

Before World War I, what was the importance of currency and banking questions? What difference did it make whether the United States was on the gold standard? Who gained and who lost from the gold standard policy after 1879? How did it relate to farmers? If this country didn’t establish a central bank until 1913, did the banking system work better with a Federal Reserve System than it had worked without one before 1913?

Turning to the interwar period, was there any inherent flaw in the economy of the 1920s that set us up for the Great Depression of the 1930s? Why was U.S. macroeconomic policy faced with so severe a downturn in the first year after the Wall Street crash? With hindsight, what

alternative policies can we say the Fed and the government should have followed? Why didn't they? Why did the depression last so long? What finally ended it?

Looking at monetary and fiscal policy after World War II, can you say we have learned the lessons of history and got it right? How do you explain the inflation, unemployment, deficits, and S&L defaults of the 1970s and 1980s?

- A: (1) WR Ch. 19 on money and finance in the postbellum era;
(2) WR Chs. 22-25 on the 1920s, the Great Depression, the New Deal, and the U.S. economy in World War II;
(3) WR Ch. 27 on monetary and fiscal policy after World War II.
(4) Robert J. Shiller, *Irrational Exuberance* (2000), pp. 3-14, 60-68, in the Packet.

R: Hugh Rockoff, "The 'Wizard of Oz' as a Monetary Allegory," *Journal of Political Economy*, August 1990, pp. 739-760. (Relates to WR, Ch. 19, and also to Unit B of this course.)

•• **SECOND MIDTERM**, Tuesday, November 13th (25%) ••

E. Trends in American Inequality (lectures November 15, 20; sections November 15 and 20)

Are our incomes and our wealth getting more unequal or less unequal? Are we more or less unequal than in the nineteenth century? It turns out that America, like other countries, has gone through some pronounced swings in the gaps between rich and middle and poor. This unit charts those movements and explains what we know about why they happened, including the possible roles of international trade and migration.

- A: (1) WR, pp. 442-443, 587-589, 600-602.
(2) Reading on inequality trends in "The Packet."

R: (r1) Jeffrey G. Williamson and Peter H. Lindert, *American Inequality: A Macroeconomic History* (1980). (r2) Peter H. Lindert and Jeffrey G. Williamson, "Does Globalization Make the World More Unequal?" in Michael D. Bordo, Alan M. Taylor, and Jeffrey G. Williamson (eds.), *Globalization in Historical Perspective* (2003), pp. 227-270. (r3) Peter H. Lindert, "Economic Inequality," in Susan Carter, Scott Gartner, Michael Haines, Alan Olmstead, Richard Sutch, and Gavin Wright (eds.), *Historical Statistics of the United States*, Millennial Edition (2006), vol. 3. (r4) Claudia Goldin and Lawrence Katz, "Decreasing (and then Increasing) Inequality in America: A Tale of Two Half Centuries," in Finis Welch (ed.), *The Causes and Consequences of Increasing Inequality* (2001): 37-82.

F. What Went Right and Wrong in American Education (lectures November 27 and 29; sections November 27 and 29)

America has been one of the world leaders in public education since the middle of the nineteenth century. How did a country that wanted low taxes lead the way in taxes for schools? Today we are still a leader in the attainment of high school and college education. Yet there are definite signs that the *quality* of the inputs and outputs of American primary and secondary

schooling has slipped relative to other countries since the 1960s. Why is America a leader, and what might explain the quality decline?

A: (1) Claudia Goldin “The Human Capital Century and American Leadership: Virtues of the Past.” *Journal of Economic History* (June 2001): 263-292, in the Packet.

(2) Peter H. Lindert, “Public Education in the Twentieth Century: What Happened to American Leadership?” Chapter 6 of *Growing Public: Social Spending and Economic Growth since the Eighteenth Century* (2004), in the Packet.

R: (r1) John H. Bishop, “Is the Test Score Decline Responsible for the Productivity Growth Decline?” *AER* 79, 1 (March 1989): 178-197. (r2) Hanushek, Eric A. and S.G. Rivkin, “Understanding the Twentieth Century Growth in U.S. Education Spending.” *Journal of Human Resources* 32, 1 (1997): 35-68.

G. Work and Wages for American Women (lectures Dec. 4, 6; sections December 4 and 6)

When did women's employment decline, and when did it rise? Why? Has the wage gap between men and women widened or narrowed across U.S. history? When and why? What roles were played by changes in government policy or by changes in private discrimination?

A: (1) Claudia Goldin, *Understanding the Gender Gap* (1990), pp. 58-82 (the gender gap in earnings and occupations), 185-210 (the political economy of gender), in "The Packet."
(2) WR, pp. 358-360, 576-580.

R: (r1) Claudia Goldin, "The Rising (and then Declining) Significance of Gender" NBER Working Paper 8915 (April 2002). (r2) (r3) Francine Blau, "Trends in the Well-Being of American Women, 1970-1995," *J. Econ. Lit.* March 1998. (r4) Francine Blau and Lawrence Kahn, "Swimming Upstream: Trends in the Gender Wage Differential in the 1980s," *J. Labor Econ.*, January 1997; and their "Understanding International Differences in the Gender Pay Gap." NBER Working Paper 8200. April 2001. (r5) Jane Waldfogel, "Understanding the 'Family Gap' in Pay for Women and Children," *J. Econ. Perspectives*, Winter 1998. (r6) Claudia Goldin, "The Quiet Revolution that Transformed Women's Employment, Education, and Family," NBER Working Paper 11953 (January 2006).

•• **FINAL EXAM**, Tuesday December 11, 6:00-8:00 pm (45% of the course) ••
(Tentatively, about 20% of the final exam
will cover material from before the first midterm,
25% will cover material from between the midterms,
and 55% will cover material from after the midterms.)