Econ 40423: U.S. Economic History II – Rise of the Modern Era
John Lovett, Fall 2018

The Basics

Office: Scharbauer Hall, Room 4112
Office Hours: T, R: 10:00 – 12:00, or by appointment
e-mail: j.lovett@tcu.edu
Course Web Site: http://faculty.tcu.edu/jlovett, then go to U.S. Economic History
Text: Reading packet from Cognella.com (available at the TCU bookstore or on-line)

Description of the Course

Econ 40423 investigates the development of the modern characteristics of the United States economy. Some of these developments are common to (most of the world day). These common elements include the industrial revolution and the advent of the technological age(s). In addition historical elements particular to the U.S. are examined. These American particulars include the U.S’s federal system of government, limitations of economic and civil rights in the post-bellum South, governmental institutions designed provide financial stability, etc. While this course is not limited to a set chronological period, it centers on the years 1820 to 1940. During this time period, the United States transitioned from a pre-modern (pre-modernity) to one with most of the basic features we see today.

Our goals are to:
1) Describe the developments. What technological and social changes took place?
2) Understand some of the effects of these developments. For example, how did falling transportation costs affect the number of manufacturing firms and the level of competition each faced.
3) Investigate why these developments (might have) took place when and where they did.

Econ 40423 is a Historical Traditions and Writing Emphasis course under the TCU Core. ECON 40423 counts as an economics “Historical Context” course for Econ majors. It can alternatively serve as an economics elective for both Econ majors and minors.

Grading

Possible points are shown at right. Course grades are assigned as shown below.

<table>
<thead>
<tr>
<th>Item</th>
<th>Possible Points</th>
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<tbody>
<tr>
<td>Exams 1 – 3</td>
<td>3 x 100 = 300</td>
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<tr>
<td>+ Final (non-comprehensive)</td>
<td>100</td>
</tr>
<tr>
<td>+ Best 5 (of 6) Problem Sets</td>
<td>5 x 20 = 100</td>
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<tr>
<td>+ Statement of interest for Paper</td>
<td>50</td>
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<tr>
<td>+ Paper</td>
<td>150</td>
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<tr>
<td>+ Participation (+50 to -45)</td>
<td>50*</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>= 750</strong></td>
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Statement of Interest: You will research and write 1 Paper. For this, you will pick and research a topic in Economic History, preferably a topic that closely compliments the course material. About midway through the semester you will write a Statement of Interest for your paper. In this Statement of Interest, you describe your topic area, what questions you intend to investigate, and review several sources. This Statement of Interest serves several purposes. The main one is that it gives you a deadline thereby pushing you to develop your paper in a timely manner. Researching and writing a good paper take time, lots of time. It especially takes a lot of time to mull one’s thesis over and conduct research into your topic. The second reason for the Statement of Interest is so that I can give you feedback regarding your topic, thesis, sources, etc.

Paper: Your final Paper will likely be due on the last Monday of class.

Exams: Exams are generally 30% essay, 70% “objective”.

Final Exam: The final is basically your exam 4. It is non-comprehensive and the same length as other exams. Like the other exams, it is roughly 30% essay, 70% “objective”.

Problem Sets: Your best 5 problems sets, of about 7, count toward your grade. The rest are dropped.

Participation is based on attending class, being alert, and interacting in class. You start with 50 participation points. You can miss one day with no penalty. After that, each class you miss costs you 2 points unless it is excused (see next paragraph). Please note that your participation score can be negative if you miss enough classes. This is akin to courses in which you lose a letter grade after X number of absences.

I will excuse an absence if: 1) you miss class for an official TCU (not fraternity or sorority) activity, medical emergency, etc. and, 2) you provide documentation or an e-mail from Campus Life. If an absence is excused, I drop it from both the numerator and the denominator.

Classroom behavior such as showing up late, texting, disruptive conversations, shooting tranquilizer darts, unleashing poisonous snakes, etc., can also cost you participation points.

Finally, I reserve the right to make minor changes to syllabus to facilitate a better student experience.

Students With Disabilities

Texas Christian University complies with the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973 regarding students with disabilities. Eligible students seeking accommodations should contact the Coordinator of Student Disabilities Services in the Center for Academic Services located in Sadler Hall, 11. Accommodations are not retroactive, therefore, students should contact the Coordinator as soon as possible in the term for which they are seeking accommodations. Further information can be obtained from the Center for Academic Services, TCU Box 297710, Fort Worth, TX 76129, or at (817) 257-7486.

Adequate time must be allowed to arrange accommodations and accommodations are not retroactive; therefore, students should contact the Coordinator as soon as possible in the academic term for which they are seeking accommodations. Each eligible student is responsible for presenting relevant, verifiable, professional documentation and/or assessment reports to the Coordinator. Guidelines for documentation may be found at http://www.acs.tcu.edu/disability_documentation.asp.
Students with emergency medical information or needing special arrangements in case a building must be evacuated should discuss this information with their instructor/professor as soon as possible.

**Academic Misconduct Policy**

Don’t cheat or facilitate cheating! Definitions of academic misconduct, as well as possible sanctions for academic misconduct, can be found in the TCU Student Handbook. A “Procedures for Dealing With Academic Misconduct” can be found at the Department of Campus Life and the AddRan College Dean’s office.

We will discover that one of the best predictors of economic success for a nation is low levels of corruption. Both theory and empirical evidence strongly support this. Nations in which cheating, bribery, favoritism, and bending the rules is the main to get what you want are almost universally poor and underdeveloped. They also are usually rife with great social problems such as incredible inequality.

Why am I telling you this now? Playing fair is not just a good thing in the moral sense. Playing fair is also good for society. Societies where breaking the rules is the norm, people often get their positions and contracts based on who is the best cheater, not who is the best at doing the job or making the product. If cheating is pervasive, your doctor is not one of the best at providing medical care. Instead, he or she is simply one of the best at cheating on exams, etc. If cheating is prevalent, the company building the bridges you drive over is not particularly good at building safe, low cost bridges. Instead, they build unsafe, over-priced bridges, but sure know how to bribe and cheat their way into contracts. The point is that a cultural acceptance of cheating is a major scourge for both academia any society. Accordingly, I will punish any incidents of academic dishonesty I discover.

**And now for the really cool stuff …**

**Why Study Economic History?**

Welcome to U.S. Economic History II – The Rise of the Modern Era. I hope and expect you will find this course a voyage of wonder and awe. Like all great voyages, this one will require much work and bring stressful moments. I am confident, however, that you find it very worthwhile in the end. Before I give you a preview of where we’re going (Course Outline, below), let’s consider why we are on this voyage.

**There are three reasons to study economic history, 1) the professional, 2) the social, and 3) the personal.** Professional motivations involve getting ahead in your career. This class puts you one step further to your degree. The knowledge you gain can also help you in your future career. You may be better able understand and explain the effects of shipping costs as you help prepare a report for your company. You may be able to give your future students more insight into the effects of the railroad, etc. For me, however, the main drivers for studying history, especially economic history, are the social and personal.
The Social: For Society as a Whole

Knowing the past gives members of a society a sense of place and purpose.

*When the past no longer illuminates the future, the spirit walks in darkness.*  
Alexis de Tocqueville

History also society’s laboratory. The past provides analogies to guide today’s decisions. We can better discern what parts of our modern world need to be changed and how those changes can be made.

*I have but one lamp by which my feet are guided, and that is the lamp of experience. I know no way of judging of the future but by the past.*  
Edward Gibbon (18th cent. English Historian)

Economics gives our study of the past a focus. While material living conditions are not the only aspect of human lives, they certainly are important. If I were to transport someone from the past to today, they would likely be more amazed at changes in the economic world than changes in political leadership or religion. Further, economics gives our view of the past a reality constraint. We cannot whimsically state that A led to B which led to C and therefore the Southern United States adopted slavery more than the North. Our description of history has to fit economic models.

*History would be an impossible area of human reflection if there were no recurrent attributes of human nature.*  
Willson H. Coates (20th century British Historian)

The Personal: For Yourself

Why do I love economic history? I love economic history primarily because it is one great story. Like the creation myths of old, it tells me how and why the world as I know it came to be the way they are. It helps satisfy my thirst for stories and adventure. The setting is exciting and different from today. Unlike fiction, the characters are real and always believable

*The past is a foreign country; they do things differently there.*  
L. P. Hartley (20th cent. novelist)

There is both personal drama; people responding to challenges with the both failure and success possible. There is also the “greater than thou”, and a sense that something very large, the shape of human society itself, is at stake.

*History at its best is vicarious experience.*  
Edmund S. Morgan (20th century U.S. historian)

Course Outline

Our main goal is to investigate the transition from a pre-modern to a modern economy using the United States as our subject of study. I will try to present the material as a series of stories. The many stories are not mutually exclusive. All likely have some element of truth. Nonetheless, some stories are likely more important than others in explaining the relative success of the American economy.

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1 All the quotes with the exception of the 2nd Santayana quote are from: *Quotes About History* by Ferenc M. Szasz. History News Network. [http://hnn.us/articles/1328.html](http://hnn.us/articles/1328.html). Accessed August 2007.
<table>
<thead>
<tr>
<th>Story</th>
<th>Readings</th>
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| Well Howdy!! | • Syllabus  
• Meet Diana Boerner, world famous Research Librarian |
| Why the story is pretty amazing (defining modernity). | • Lovett, Chapter 8 |
| It’s about resources per capita. | • Lovett, Chapter 9  
• Lovett, Chapter 10 |
| It’s about property rights and rule of law. | • Lovett, Chapter 11 |
| It’s about equality. | • Lovett, Chapter 12 |
  pp 35 - 46. Chapter 2 - *Taking Aim at the South and a President: Congressional Reconstruction, 1867 - 1869*.  
  pp 65-86. Chapter 4 - *Fighting Old and New Enemies: The South, 1865 - 1877*.  
  pp 56 - 80. Chapter 4: *The Demise of the Plantation*. |
<table>
<thead>
<tr>
<th>Story</th>
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<tbody>
<tr>
<td>... and government’s response to industrialization.</td>
<td>• Hughes and Cain. (2011). <em>American Economic History</em>. pp 367 - 384 (e-mailed to you)</td>
</tr>
<tr>
<td>It’s about efficient financial intermediation.</td>
<td>• Lovett. Chapter 20. (e-mailed to you)</td>
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<tr>
<td></td>
<td>• Lovett. Chapter 21. Selected readings … maybe (e-mailed to you)</td>
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<tr>
<td>revisited).</td>
<td>• Overview of the Great Depression (Handouts in class)</td>
</tr>
<tr>
<td>... or maybe a better theme is that government has ratcheted up too</td>
<td>• Some handouts on the growth of government</td>
</tr>
<tr>
<td>much, i.e. the increase in gov’t has been mostly bad</td>
<td>• Higgs. (2015). “The World Wars” from <em>Government and the American Economy: A New Economic History</em>.</td>
</tr>
</tbody>
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- All of the readings except for those labeled “e-mailed to you” are in your reading packet.
- **Lovett** refers to John Lovett’s *Horizons in Macroeconomics: an Introduction to the Macroeconomy*.

John at the Natural Science Museum in London with 3 of his best (& only?) friends: Stephenson’s "Rocket" steam locomotive, a Bessemer Convertor, and a steam hammer forge.

John and Queen Victoria at the National Railway Museum in York, England. The evidence is clear that U.S. railroads had better technology than Brits in the late 1800’s. Now, John and Queen Vic just read Rousseau & Sylla (2005). Did the U.S. also have a superior financial system too?