

Walton & Rockoff Chapter 1 – Introduction

What is (American) Economic History About?

I. What Is The Course About?

How and why the U.S. economy got to where it is?

Focus on the economic aspects of American history

- Δ's in what we produce
- Δ's in how and where we produce
- Δ's in income distribution (I'm not very good at this)
- Δ's in the relative size and role of government
- Business cycle history

More Specifically (ECON 40413 – The Founding Eras)

≈ 1500 – 1865: How did the United States become:

1. **Mostly European** (& African), rather than mostly Native?

It didn't happen everywhere Europeans colonized.

2. **English in terms of political and social institutions?**

How/why did the French (& Spanish) lose out?

3. **Relatively successful?** Yowza! North America is a long, costly ways from Europe. How can anyone make a living?

4. **Independent from the mother country?** What, if any, were the economic incentives behind the American Revolution?

5. **A Federal system?** The central government and state government's each have their specific powers. How did this evolve? How might it have affected U.S. development?

6. **A nation split based on slavery?** When and why did the South become the slave region? Did the contentious laws limiting slavery geographically really

do anything to limit slavery? What chances were there to eliminate slavery without fighting a Civil War?

7. **A nation poised for future economic success.** What factors during this formative period lead to the U.S.'s later (and imperfect) economic success?

II. Dimensions in the Study of (Economic) History

A. Narrative vs Theoretical

B. Positive vs Normative

C. Which one do we need most? ... Both

“Without theory, history becomes undisciplined and disorganized, shaping its material by whim or purely by rhetoric. Without history, theory loses any grounding in the actual course of human events.” William Parker

III. Steps in Doing (Economic) History

A. Positive analysis: Reconstruct/gather the facts

B & C. Write the narrative (describe the facts) ...

And Interpret the history (analyze the facts)

- . “Great man” stories of history

“History is too much about wars; biography too much about great men.” Virginia Woolf, *A Room of One's Own*

- Ex. Marx's economic determinism

“Men make their own history, but they do not make it just as they please; they do not make it under circumstances chosen by themselves, but under circumstances directly found, given and transmitted from the past.” Karl Marx

- Ex. “New Economic History”, the “Cliometric Revolution” 1960's Gather quantitative data. Use this quantitative data and economic models to test historical questions.

(Cliometrics ≡ econometrics applied to historical questions)

IV. High, Sustained Growth is a Phenomena of the last ≈200 years

Table 1.6 Life Expectancy @ Birth (Walton & Rockoff. 2009)

PLACE	MIDDLE AGES	SELECT YEARS	1950-1955	1975-1980	2002
France		30 (1800)	66	74	79
United Kingdom	20-30	36 (1799-1803)	69	73	78
India		25 (1901-1911)	39	53	64
China		25-35 (1929-1931)	41	65	71
Africa			38	48	51
World	20-30		46	60	67

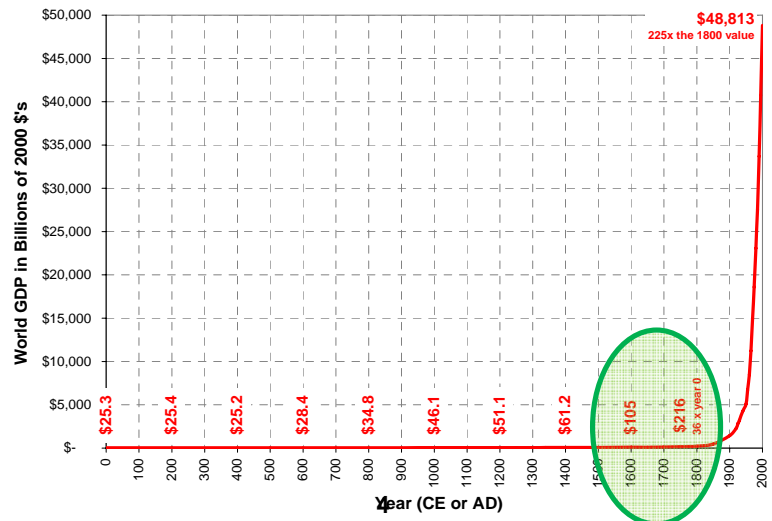
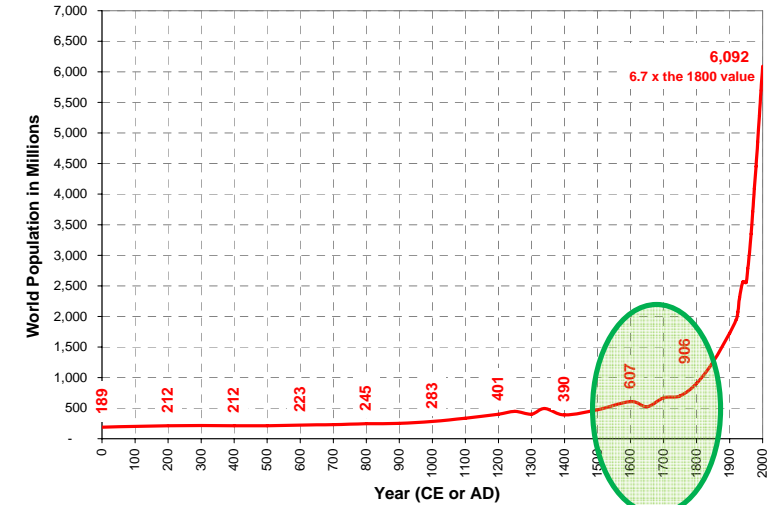
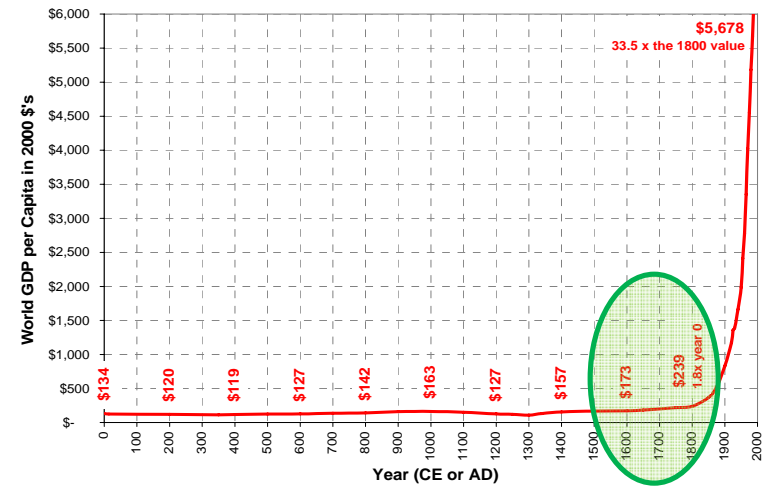
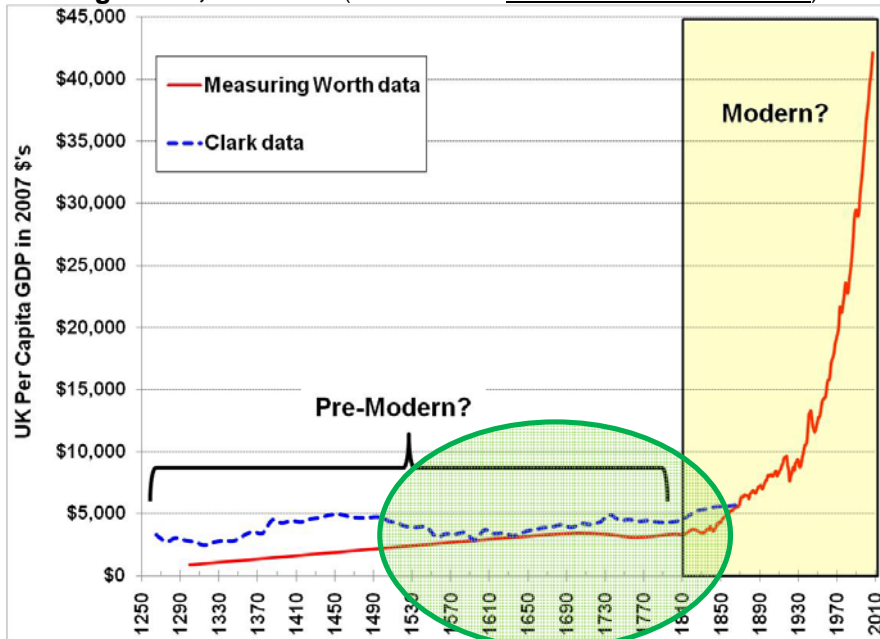
Sources: Lee and Feng 1998; Wrigley and Schofield 1981; World Resources Institute; and United Nations Development Program 1999.

Table 1.7 Real GDP/capita (Walton & Rockoff. 2009)

AREA	1000	1500	1700	1820	1900	1950	2003	
Western Europe	\$427	\$772	\$997	\$1,202	\$2,892	\$5,513	\$19,912	
USA				527	1,257	4,091	9,561	29,037
India				550	533	599	619	2,160
China	450	600	600	600	545	439	4,609	
Africa	425	414	421	420	601	893	1,549	
World	450	566	615	667	1,262	2,114	6,477	

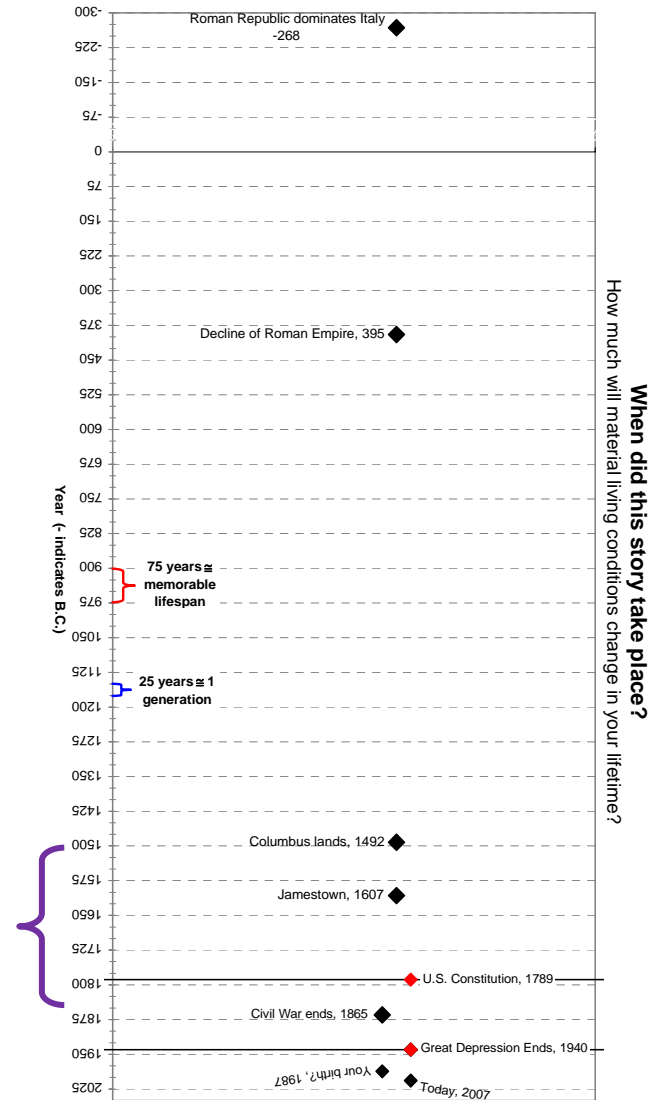
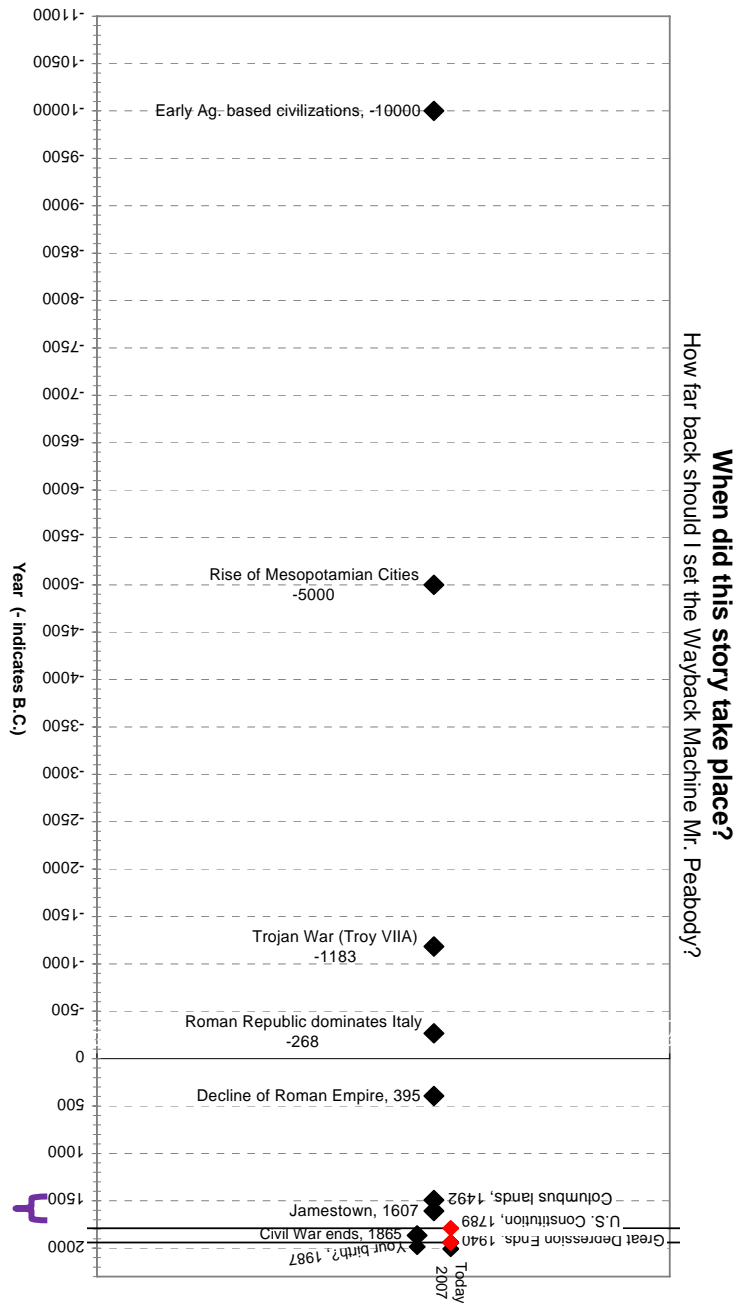
Source: Maddison 1995, 23, 24; 2007. <http://www.ggdnc.net/maddison/>.

Figure 8.2, 8.5 – 8.7: (Lovett . 2010. *Horizons in Macroeconomics*)



But, This Course is About:

A. the period just before the jump to modernity



B. why/how the British N.A. colonies differed in ways that may have set the stage for (mostly) good future development (see next page).

Chapter 1 Essay Study problems

1. What are the different ways history & historical causation has been viewed?
2. A popular textbook for Economic History classes is Attack and Passel's A New Economic History of the United States. What is "new economic history" about?
3. A defining characteristic of "modernity" is rapid and sustained increase in material living standards. I'll call this "the growth criteria". Most of our course deals with the period from about 1600 to 1800. Is this (1600-1800) period "modern" according to the growth criteria? Why or why not?