

Econ 365: Topics in Economic History

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Tuesdays and Thursdays 3:00 – 4:15 pm

Office Hrs: By appointment. Enterprise 354.

1 Course Outline

This course is an introduction to economic history. The first half the course explores the deep roots of economic development. We address the following questions: Do historical variables matter for modern-day development? What are fundamental causes of long-run growth?

The second half of the course focuses on financial crises. What are the causes and types of financial crises? How do financial disturbances transmit to the “real economy”? Does history repeat itself?

Topics

We will cover the following topics during the course:

- Introduction—History matters

- Part 1 Past and Present: Deep Roots of Development
 - Geography I: Diamond’s Hypothesis
 - Geography II: Land and Agriculture
 - Institutions I: Colonial and Pre-Colonial Institutions
 - Institutions II: Trade and Openness
 - Culture I: Measuring Culture

- Culture II: Beliefs, Values & Attitudes
 - Culture III: Gender Norms
 - Why History Matters
- Part 2: History Repeats Itself—A Case Study of Financial Crises
 - Financial Crises: Introduction
 - Debt and Default
 - The Subprime Crisis: An International and Historical Comparison
 - Causes of the Subprime Crisis
 - The Aftermath of Financial Crises

Readings

This course is more reading intensive than most economics courses and you will be expected to read historical papers on many different countries. If you are not ready to do a lot of reading and to be exposed to histories of other countries as well as of America, this may not be the course for you.

The following books are recommended:

- Jared M. Diamond, *Guns, Germs, and Steel: The Fates of Human Societies* W.W. Norton & Co., 1999
- Reinhart, Carmen M. and Kenneth S. Rogoff (2009) *This Time is Different. Eight Centuries of Financial Folly*, Princeton: Princeton University Press.

Course Requirements

- Midterm Exam. This is worth 30% of your final grade.
- Class participation. This is worth 15% of your final grade.
- Presentations. They are worth 15% of your grade.
- Paper summary. This is worth 5% of your grade.
- Research paper is worth a total of 35% of your final grade.
 - Proposal worth 10% of the final grade.
 - Final paper worth 25% of the final grade.

Midterm

The midterm will be held on March 24. You are required to take the midterm. The midterm will only be rescheduled for a University condoned reason. The midterm will consist of short definitions, true or false, multiple choice, and/or essay questions. It will focus on the readings and class lectures.

Class Participation

You are expected to attend the class. Failure to attend will affect your class participation grade. You are encouraged to make notes during class. These notes will form the basis from which you will be able to answer questions in the midterm. My slides will be made available through Dropbox, but they should not be seen as a substitute for your own notes.

Presentation

The class will form groups in the beginning of the semester. By February 17 each group should confirm their status with me, including number of group members and their tentative choice of topic (chosen from geography, institutions and culture) for the first presentation “Why History Matters.”

The presentation grade will be based on two presentations. Each group can determine its own division of labor both within each presentation and between two presentations. The tentative presentation topics are as follows:

Presentation 1: Why History Matters (March 17 and 19)

- History and Geography
- Domestic Institutions
- Cultural Norms of Behavior

I will cover a few classic papers in the class on geography, institutions and culture. To do well on this presentation, you can either read and summarize

more papers on the same topic or critique in-class papers. Each group should choose only one area, not all three areas, to focus on. Each presentation should last around 20 minutes, leaving 5 minutes for questions and discussions.

Presentation 2A: Causes of the Subprime Crisis (April 21 and 23)

Presentation 2B: The Aftermath of the Subprime Crisis (April 28 and April 30)

Each group decides whether to work on the causes or the aftermath of the subprime crisis. Comparing the subprime crisis to historical financial crises is preferred, but not required. Each presentation should last about 20 minutes, leaving 5 minutes for questions and discussions. I will summarize the presentations and provide my comments at the end of the class.

Paper Summary

You are required to submit a hard copy of the paper summary to me at the start of class on February 24. You have to write a one page (typed) summary of a paper in the folder named ‘Paper Summary’ on Dropbox. You should outline the main argument of the paper and describe the data and methodology used in the paper. For the paper summary I will not accept late work.

Research Paper

This course fulfills the Writing Intensive requirement in the Economics major. It does this through the completion of a research paper along with various assignments leading up to the paper.

You can choose your own paper topic, but you have to write a proposal detailing your plan for the paper. The proposal should include a brief literature review, data and methodology. A 2-page-long proposal (1.5 spacing) is due March 5. I will read your proposal over the spring break and return it to you on the first class after the spring break with an opinion on the feasibility of the project. I will be available to discuss your proposal with you on March 17, 19, 24 & 26. Please email me to schedule an appointment on one of the four days. The final work should be about 15 pages long (1.5 spacing and including footnotes and bibliography). Please make use of GMU’s Writing Center for tips and advice on academic writing: <http://writingcenter.gmu.edu/>.

The final paper is due May 7, 4pm. I will take half a letter grade off your grade if you don't email me when it is due and an additional half a letter grade off for every 24 hours that the paper is late.

Below are the assessment criteria I employ to assess the research paper:

- A. The essay demonstrates an excellent command of the relevant economic theory and historical context. The work is supported by a broad and rich range of readings and research. In particular, the student shows the ability to go beyond rewriting the existing source material and shows originality in their argument.
- B. The essay demonstrates a good command of the relevant economic theory and historical context and is supported by solid research. The student has a good understanding of the relevant material and is able to deploy it in a clear and effective manner.
- C. The essay demonstrates some understanding of the relevant economic theory and historical context. It shows evidence of some research. But the essay is weakened by either citing irrelevant source material or by errors in the application of economic or historical reasoning.
- D. The essay demonstrates a weak understanding of the relevant economic theory and historical context. It is supported only by weak or inappropriate evidence. The essay has serious errors or mistakes.

2 Course Policies

George Mason University Honor System and Code

George Mason University has an Honor Code, which requires all members of this community to maintain the highest standards of academic honesty and integrity. Cheating, plagiarism, lying, and stealing are all prohibited. All violations of the Honor Code will be reported to the Honor Committee.

Plagiarism

Plagiarism means using the exact words, opinions, or factual information from another person without giving that person credit. Please familiarize yourself with the Honor System and Code, as stated in the George Mason University Undergraduate Catalog.

Class Registration

Students are responsible for verifying the accuracy of their own schedules. Students need to check PatriotWeb regularly to verify that they are registered for the classes that they think they are. Faculty may not allow a student who is not registered to continue to attend class and may not grade the work of students who do not appear on the official class roster.

Deadlines each semester are published in the Schedule of Classes available from the Registrar's Web Site. After the last day to drop a class, withdrawing from this class requires the approval of the dean and is only allowed for nonacademic reasons. Undergraduate students may choose to exercise a selective withdrawal. See the Schedule of Classes for selective withdrawal procedures.

Accommodations for students with disabilities

If you are a student with a disability and you need academic accommodations, please see me and contact the Office of Disability Resources at 703-993-2474. All academic accommodations must be arranged through that office. The need for accommodations should be identified at the beginning of the semester and the specific accommodation has to be arranged through the Office of Disability Resources.

3. Class Schedule

3.1 Introduction (January 20 and 22)

History matters:

- Jared M. Diamond, *Guns, Germs, and Steel: The Fates of Human Societies*. W.W. Norton & Co., 1999. Chapter 3.
- Gregory Clark, *Farewell to Alms Princeton*, New Jersey: Princeton University Press, 2007. Chapter 1

Part 1 Past and Present: Deep Roots of Economic Development

3.2 Geography I: Diamond's Hypothesis (January 27 and 29)

- Jared M. Diamond, *Guns, Germs, and Steel: The Fates of Human Societies*. W.W. Norton & Co., 1999. Chapter 3, 5, 6, 7, 8, 9.

3.3 Geography II: Land and Agriculture (February 3 and 5)

- Putterman, Louis, and David N. Weil. "Post-1500 Population Flows and the Long Run Determinants of Economic Growth and Inequality." *The quarterly journal of economics* 125, no. 4 (2010): 1627.
- Michalopoulos, Stelios, "The Origins of Ethnolinguistic Diversity," *American Economic Review*, 2012, 102 (4), 1508–1539.

3.4 Institutions I: Colonial and Pre-Colonial Institutions (February 10 and 12)

- Acemoglu, Daron, and A. Robinson. "The Colonial Origins of Comparative Development: An Empirical Investigation." *The American Economic Review* 91, no. 5 (2001): 1369-1401.
- Michalopoulos, Stelios, and Elias Papaioannou. "Pre-Colonial Ethnic Institutions and Contemporary African Development." *Econometrica* 81, no. 1 (2013): 113-152.

3.5 Institutions II: Trade and Openness (February 17, 19)

- Jha, Saumitra. "Trade, Institutions, and Ethnic Tolerance: Evidence from South Asia." *American Political Science Review* 107, no. 04 (2013): 806-832.
- Jia, Ruixue: The Legacies of Forced Freedom: China's Treaty Ports, *Review of Economics and Statistics* 96, Nr. 596–608 2014

3.6 Paper Summary Due February 24

3.7 Culture I: Measuring Culture (February 24)

- Tabellini, Guido. "Culture and institutions: economic development in the regions of Europe." *Journal of the European Economic Association* 8, no. 4 (2010): 677-716.

3.8 Culture II: Beliefs, Values & Attitudes (February 26 and March 3)

- Guiso, Luigi, Paola Sapienza, and Luigi Zingales. Long term persistence. No. w14278. *National Bureau of Economic Research*, 2008.
- Chen, M. Keith. "The effect of language on economic behavior: Evidence from savings rates, health behaviors, and retirement assets." *The American Economic Review* 103, no. 2 (2013): 690-731.

3.9 Proposal Due March 5

3.10 Culture III: Gender Norms (March 5)

- Alberto Alesina, Paola Giuliano and Nathan Nunn, On the Origins of Gender Roles: Women and the Plough, *The Quarterly Journal of Economics* 128, Nr. 2 2013
- Xue, Melanie Meng. "Textiles and the Historical Emergence of Gender Equality in China." Working Paper, 2014.

3.11 Spring Break (March 9 – March 15)

3.12 Presentation 1: Why History Matters (March 17 and 19)

- History and Geography
- Domestic Institutions
- Cultural Norms of Behavior

3.13 Review Session (March 24)

- Special Office Hours: 10am to 3pm

3.14 Midterm (March 26)

Part 2 History Repeats Itself: A Case Study of Financial Crises

3.15 Financial Crises: Introduction (March 31 April 2)

- Reinhart, Carmen M. and Kenneth S. Rogoff (2009) *This Time is Different. Eight Centuries of Financial Folly*, Princeton: Princeton University Press. Preface & Preamble.
- Schularick, Moritz and Alan M. Taylor (2012) "Credit Booms Gone Bust: Monetary Policy, Leverage Cycles, and Financial Crises, 1870-2008," *American Economic Review* 102(2):1029-61.

3.16 Debt and Default (April 7 and April 9)

- Reinhart, Carmen M. and Kenneth S. Rogoff (2009) *This Time is Different. Eight Centuries of Financial Folly*, Princeton: Princeton University Press. Chapter 6, 7.
- The Subprime Crisis: An International and Historical Comparison (April 14 and April 16)
- Reinhart, Carmen M. and Kenneth S. Rogoff (2009) *This Time is Different. Eight Centuries of Financial Folly*, Princeton: Princeton University Press. Chapter 13.

3.17 Presentation 2A: Causes of the Subprime Crisis (April 21 and 23)

3.18 Presentation 2B: The Aftermath of Financial Crises (April 28 and April 30)

3.19 Summing up (May 5)

3.20 Deadline for Research Paper (May 7 at 4pm)