
INTRO TO ECONOMIC HISTORY in Fall 2018 (EC3001)

Course Code	EC3001	Professor(s)	Maria Bach
Prerequisites	None	Office Number	G205
Class Schedule	MR: 12:10-13:30 in A-3	Office Hours	Wednesdays 17:00 – 19:00 (By appointment)
Credits	4	Email	mbach@aup.edu
Semester	Fall 2018	Office Tel. Ext.	

Course Description

This course is an introduction to economic history. The course examines the transformation from primitive economic structures into modern industrial states in historical perspective across international boundaries and from the viewpoint of the great economic theories of the past. Students will be taught to weigh various factors and indicators from demographic shifts in the population to technological adaptation as preconditions for the process of economic development and sustained growth. The course examines the historical context of different global regions, and what thinkers at the time and now thought about the economic changes taking place. The first few weeks goes through the history using our required text to understand both the context and the relevant thinkers. The middle of the course will explore six economic concepts (scarcity, division of labour, supply and demand, opportunity cost, competition, increasing and diminishing returns): when they were conceptualised and the relevant historical contexts. The course also critically analyses how useful they may be for us to understand our economy. The last part of the course will examine variances in economic growth across the world.

Course Learning Outcomes

Describe the major economic changes since the industrial revolution.
Explain the concepts of division of labour, supply and demand, increasing and diminishing returns, scarcity and their various authors and key historical moments.
Recognise the dynamics of economic growth and how they have played out differently in various regions of the world.
Evaluate how useful economic history and the listed concepts above are in understanding economic trends and changes.
Identify and examine appropriate case studies for studying economic history.

General Education

Course Outline

SUBJECT TO CHANGE

All required reading marked with an *

A. **Global History** (~ 8 lectures)

1. *Course Introduction and Narrative*

“We shall be going back to rediscover the roots of our own society in the welter of social patterns that the great economists discerned, and in so doing we shall come to know the great economists themselves – not merely because their personalities were often colorful, but because their ideas bore the stamp of their originators” (Heilbroner, 1999, p. 17)

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Reading: Heilbroner, chapter 1*

2. *The Economic Revolution:* How the world commercialised or built a market system, and how it opened up the intellectual space to think about the economy.

Reading: Heilbroner, chapter 2*

3. *Progress vs. Regress:* The difference between the promise of Adam Smith’s world, to Thomas Malthus and David Ricardo’s later gloomier context.

Reading: Heilbroner, chapters 3-4*

4. *The different responses to miserable factory conditions:* As more stories surfaced about the awful conditions of the working classes, economists started to come up with better political systems such as Socialism and Marxism to alleviate and prevent the misery.

Reading: Heilbroner, chapters 5-6*

5. *Imperialism:* The different regions of the world: how they fared, and how they were perceived and treated.

Reading: Heilbroner, chapter 7*

6. *The cut throat world of competitive markets:* The role of institutions in the competitive world of capitalism.

Reading: Heilbroner, chapter 8*

7. *Economic Crises:* The Great Depression of 1929 and the economists' response.

Reading: Heilbroner, chapter 9*

8. *The end of scarcity?* The Golden Age after the World Wars.

Reading: Heilbroner, chapter 10*

B. **Scarcity** (~ 2 lectures)

Scarcity means that there are limited resources for unlimited wants. Lionel Robbins' definition and use of scarcity to define economics is probably the most renowned: Economics is the science which studies human behaviour as a relationship between given ends and scarce means which have alternative uses. We will also look at how scarce resources in poor areas of the world has an impact on contemporary economic development.

Reading:

1. Robbins, *An Essay On The Nature And Significance Of Economic Science*, chapter 1*
<https://ia801603.us.archive.org/34/items/in.ernet.dli.2015.186859/2015.186859.An->

2. Montani, "scarcity," The New Palgrave Dictionary of Economics*
<http://proxy.aup.fr/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=cat06138a&AN=AUPL.181764&site=eds-live&scope=site> search: scarcity
3. Barbier and Hochard, "Development, ecology and the environment"* (on blackboard)
4. Mukherjee, Scarcity and Crime: A Study of 19th century Bengal
<http://proxy.aup.fr/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=edsjsr&AN=edsjsr.4399372&site=eds-live&scope=site>
5. Burke, "Thoughts and details on scarcity"
http://oll.libertyfund.org/titles/burke-select-works-of-edmund-burke-vol-4/simple#lf0005-04_head_011

C. Division of labour (~ 2 lectures)

The idea of the division of labour explains how dividing up work amongst several individuals increases efficiency. Adam Smith famously explained the example of a pin factory where the tasks were split between the workers increasing the output massively. A hundred years later Emile Durkheim wrote his PhD thesis on the *Division of Labour in Society*. We explore what these and other thinkers thought about the idea, the pros and the cons, and how it affects our economy.

Reading:

1. Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, chapter 1-3*
http://files.libertyfund.org/files/220/0141-02_Bk.pdf
2. Silvermintz, "Plato's Supposed Defense of the Division of Labor: A Reexamination of the Role of Job Specialization in the Republic"*
<https://doi.org/10.1215/00182702-2010-036>
3. Dziak, "The division of Labour," Salem Press Encyclopedia*
<http://proxy.aup.fr/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=ers&AN=89406309&site=eds-live&scope=site>
4. Durkheim, *The Division of Labour in Society*, book I, chapter 1*
<https://ia801602.us.archive.org/32/items/in.ernet.dli.2015.233884/2015.233884.The-Division.pdf>

D. Supply and demand (~ 2 lectures)

The supply and demand mechanism explains how the output of each new worker will decrease and how our desire for something decreases the more we already have. In other words, producers face diminishing returns for each additional unit of input and consumers experience diminishing utility for each additional unit of good. We explore to what extent the mechanism is useful and if it applies to the real economy.

Reading:

1. Locke, "Some Considerations of the Consequences of the Lowering of Interest and the Raising the Value of Money"*
<https://www.marxists.org/reference/subject/economics/locke/part1.htm>
2. Goodwin, *Economix*, pp. 67-71* (on blackboard)
3. Dewey, "Supply and Demand," Salem Press Encyclopedia*
<http://proxy.aup.fr/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=ers&AN=87997463&site=eds-live&scope=site>
4. Keen, *Debunking Economics: The Naked Emperor Dethroned*, chapter 5*
<http://proxy.aup.fr/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=eds&AN=393534&site=eds-live&scope=site>

E. Opportunity cost (~ 2 lectures)

Economists and economic historians research how and why we make decisions. Opportunity cost refers to the foregone value of an option that was not chosen. For example, you can either buy a coffee or a croissant at the local bakery, your opportunity cost of the coffee is a croissant and vice versa. We discuss how the concept helps us understand our economy and examine if it takes all aspects of decision making into account.

Reading:

1. Hooper, "Opportunity Cost," Salem Press Encyclopedia*
<http://proxy.aup.fr/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=ers&AN=90558415&site=eds-live&scope=site>

2. The Opportunity Cost Doctrine*

<http://www.hetwebsite.net/het/essays/margrev/oppcost.htm>

3. Banerjee and Duflo, *Poor Economics*, chapter 4*

http://proxy.aup.fr/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=eds_ebk&AN=591663&site=eds-live&scope=site

4. Levy and Wadycki, "What Is the Opportunity Cost of Moving? Reconsideration of the Effects of Distance on Migration"*

<http://proxy.aup.fr/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=edb&AN=6284535&site=eds-live&scope=site>

F. Competition (~2 lectures)

In economics, competition is when individuals and/or companies compete for demand to sell their goods. In some schools of thought, competition is thought to lead to lower prices, innovation and better-quality goods and services. In other schools of thought, competition is said to lead to the rich getting richer and the poor getting poorer. The idea of competition is highly linked to the conditions of no competition (monopoly) and little competition (oligopoly). We explore how competition at one point helped Britain industrialise and then the very opposite, deindustrialise.

Reading:

1. Eatwell, "Classical Competition," The New Palgrave Dictionary of Economics*

<http://proxy.aup.fr/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=cat06138a&AN=AUPL.181764&site=eds-live&scope=site> search: classical competition

2. Allen, "Why the industrial revolution was British: commerce, induced invention, and the scientific revolution"*

<http://proxy.aup.fr/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=edsjsr&AN=edsjsr.41262428&site=eds-live&scope=site>

3. Crafts, "British relative decline revisited: the role of competition"* <https://doi.org/10.1016/j.eeh.2011.06.004>

G. Increasing and diminishing returns (~ 2 lectures)

The law of diminishing returns first appeared with Anne-Robert-Jacques Turgot – a French Physiocrat. Thomas Malthus then included it into his essay on population and Adam Smith seems to allude to it in his works. It was later picked up and further developed by David Ricardo. The law of diminishing returns states that the returns to additional labourers must decrease at a certain point in the agricultural sector. The conceptualisation of such an idea in England is not unsurprising as empirically the agricultural output was decreasing in England at the turn of the 18th century. The law of increasing returns, on the other hand, explains how each additional output leads to increasing returns. This law applies to the industrial sector. We explore how diminishing returns can have negative effects on the economy and the need for countries to develop industries that have increasing returns to develop.

Reading:

1. Cannan, "The Origin of the Law of Diminishing Returns, 1813-15"*
<http://proxy.aup.fr/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=edsjsr&AN=edsjsr.10.2307.2955940&site=eds-live&scope=site>
2. Turgot, The Turgot Collection, chapter 6 on Observations on the Paper by Saint-Peravey on the Subject of Indirect Taxation *
https://ia801909.us.archive.org/11/items/TheTurgotCollectionWritingsSpeechesAndLettersOfAnneRobertJacquesTurgotBaronDeLaune2/The%20Turgot%20Collection%20Writings%2C%20Speeches%2C%20and%20Letters%20of%20Anne%20Robert%20Jacques%20Turgot%2C%20Baron%20de%20Laune_2.pdf
3. Reinert, "Diminishing Returns and Economic Sustainability; The Dilemma of Resource-based Economies under a Free Trade Regime"*
<http://www.othercanon.org/uploads/SUM%20paper%20diminishing%20returns.doc>
4. Brian, Increasing Returns and Path Dependence in the Economy, chapters 1-3 <http://proxy.aup.fr/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=nlebk&AN=310008&site=eds-live&scope=site>
5. Schumpeter, A History Of Economic Analysis, Part II, chapter 5 <https://ia800405.us.archive.org/19/items/HISTORYOFECONOMICANALYSISJOSEPHALOISCHUMPETER/HISTORY%20OF%20ECONOMIC%20ANALYSIS%20JOSEPH%20ALOIS%20SCHUMPETER.pdf>

H. The Inquiry into the Nature and Causes of Economic Growth (~ 2-3 lectures)

In the last part of the course, we explore different definitions and interpretations of economic growth. Why and how does economic growth come about? Why do some regions seem to have less, whereas others have plenty? Does economic growth come and go? How might the six

concepts we explored above help us to answer these questions? How might they not help us?

Reading:

1. Dasgupta, *An inquiry into well-being and destitution*, chapter 5*
<http://proxy.aup.fr/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=nlebk&AN=1203093&site=eds-live&scope=site>
2. Acemoglu et al, "The Colonial Origins of Comparative Development: An Empirical Investigation"*
<http://proxy.aup.fr/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=edsjsr&AN=edsjsr.2677930&site=eds-live&scope=site>
3. Piketty, *Capital in the twenty-first century*, chapter 8*
<http://proxy.aup.fr/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=nlebk&AN=663460&site=eds-live&scope=site>
4. Heilbroner, chapter 11, the End of Worldly Philosophy?*
5. Hudson, *Economic Growth: How it works and how it transformed the world* <http://proxy.aup.fr/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=nlebk&AN=1222762&site=eds-live&scope=site>
6. Woolf, "Economics failed us before the global Crisis" (on blackboard)
7. Bowles, "How to fix university economics courses" (on blackboard)

I. Midterm, Final Review and Essay Workshop Lectures (3 lectures)

Exam preparation for Midterm (1 lecture) and for Final (1 lecture). The Midterm review will come about a week before the midterm and the final review will happen in our last class. The essay workshop will take place after the Midterm.

Activities:

1. Key Concept Definition: around the circle game
2. Understanding Key Models
3. Writing a Persuasive Argument in Economics (essay workshop)

Questions:

1. What can get you full marks on the exam?
2. How do you plan your answer out first?
3. What is a good way to manage your time during the exam?
4. Which key pieces of information should you memorise and write down as you soon as the exam starts?

Reading and Resources:

For exam preparation:

1. Exam preparation tips: <https://www.topuniversities.com/student-info/health-and-support/exam-preparation-ten-study-tips>
2. Exam preparation tips: <https://www.indiatoday.in/education-today/tips-and-tricks/story/9-study-tips-for-exam-preparation-html-1143960-2018-01-12>
3. Time management tips: <https://www.topuniversities.com/blog/7-time-management-tips-students>
4. AUP's Health and Wellness Division offers workshops on time management: <https://www.aup.edu/student-life/support/health-wellness/workshops>

For writing:

1. McCloskey, Deidre. 2000. *Economical Writing*. 2nd edition. Long Grove, IL: Waveland Press.
 1. Copy exists at library on reserve:
<http://proxy.aup.fr/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=cat06138a&AN=AUPL.184412&site=eds-live&scope=site>
 2. See executive summary here:
https://www.deirdremccloskey.com/docs/pdf/Article_309.pdf
 3. See my top take-aways from the book here:
<https://twitter.com/mvsbach/status/993065420352520194>
2. Advice on taking notes while you read relevant literature:
<http://advice.writing.utoronto.ca/researching/notes-from-research/>

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3. How to write a paragraph: <http://blogs.lse.ac.uk/writingforresearch/2017/07/17/how-to-write-paragraphs-in-research-texts-articles-books-and-phds/>
 4. Top Ten Style Checks: <http://blogs.lse.ac.uk/writingforresearch/2017/07/17/top-ten-style-checks/>
 5. The OECD Writing Style Guide: <https://www.oecd.org/about/publishing/OECD-Style-Guide-Third-Edition.pdf>

Textbooks

Title	Author	Publisher	ISBN	Required
The Worldly Philosophers: The Lives, Times And Ideas Of The Great Economic Thinkers, updated Seventh Edition	Robert L. Heilbroner	Touchstone	9780684862149	Yes

Attendance Policy

Students studying at The American University of Paris are expected to attend ALL scheduled classes, and in case of absence, should contact their professors to explain the situation. It is the student's responsibility to be aware of any specific attendance policy that a faculty member might have set in the course syllabus. The French Department, for example, has its own attendance policy, and students are responsible for compliance. Academic Affairs will excuse an absence for students' participation in study trips related to their courses.

Attendance at all exams is mandatory.

IN ALL CASES OF MISSED COURSE MEETINGS, THE RESPONSIBILITY FOR COMMUNICATION WITH THE PROFESSOR, AND FOR ARRANGING TO MAKE UP MISSED WORK, RESTS SOLELY WITH THE STUDENT.

Whether an absence is excused or not is ALWAYS up to the discretion of the professor or the department. Unexcused absences can result in a low or failing participation grade. In the case of excessive absences, it is up to the professor or the department to decide if the student will

receive an “F” for the course. An instructor may recommend that a student withdraw, if absences have made it impossible to continue in the course at a satisfactory level.

Students must be mindful of this policy when making their travel arrangements, and especially during the Drop/Add and Exam Periods.

Grading Policy

	Description	Percentage of grade	Due date
In class Quizzes	Multiple Choice Questions on readings at the beginning of most classes.	10%	Every week
Midterm exam	Exam on all contents before Spring break	20%	25 October in class
Final exam	Exam on all course contents	40%	17 December 12:00pm
Essay	Use a concept. Explain history. Choose case study to critique concept.	30%	10 December in class

Other

IMPORTANT DATES:

10 September (Monday) - Classes begin

16 September (Sunday) - Last day to DROP/ADD courses online

24 October (Wednesday) - Mid-semester

26 October (Friday) - Mid-semester grades due

31 October - 4 November (Wednesday to Sunday) - Fall Break (no classes)

9 November (Friday) - Last day to withdraw from a course/no credit option

12 December (Wednesday) - Last day of Classes

13 December - 16 December (Thursday to Sunday) - Reading Days

17 December (Monday) - 21 December (Friday) - Final Exams

3 January (Thursday) - All grades due