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VWL VII – QUANTITATIVE ECONOMIC HISTORY

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Winter Term 2019/2020

Foundations of Economic History I: Growth & Crises

Lecture and Tutorial: Wednesdays, 10.15-11.45 and 12.15-13.45, H27 (GWII)

Please note: The course will begin on Wednesday, 16th of October, at 12.15, i.e., there will be no 10.15-11.45 session in Week 1.

Summary: The course gives an overview over different periods of economic growth and economic crises, using examples from the economic history of Western Europe and US from early modern history to the recent past. Where did economic growth originate from? Why did it accelerate in some historical situations and slowed down in others? How did technical innovations influence economic growth, education and the formation of human capital? What are the causes and consequences of economic crises in history?

The objective of this course is to provide a systematic overview of the central scientific issues, research approaches, empirical measurement and findings in economic history to better understand economic growth, development and crises. We will start off with explanations of population growth and the “Malthusian trap”, elaborate on the European industrial revolution and the Great Divergence, and discuss modern growth periods like Europe’s “Economic Miracle” of the 1950s. We will give an overview of the most common “growth theories” in economics from Solow to Galor and then discuss Depression periods in modern economic history, like the Great Depression of the 1930s and the recent Financial crises.

Organization: The course will be taught in English. Lecture notes and tutorial questions will be made available before each lecture/tutorial on the e-Learning platform. Grading of the course will be based on a written 90-minute exam.

Basic literature: There is no single textbook for this course. However, you may find the following books useful as background reading.

Acemoglu, Daron and James A. Robinson (2012). *Why Nations Fail: The Origins of Power, Prosperity and Poverty*. New York: Crown.

Aliber, Robert Z. and Charles P. C. Kindleberger (2015). *Manias, Panics and Crashes: A History of Financial Crises*. New York: Wiley and Sons.

Clark, Gregory (2007). *A Farewell to Alms: A Brief Economic History of the World*. Princeton University Press.

Eichengreen, Barry S. (1996). *Golden Fetters. The Gold Standard and the Great Depression, 1919-1939*. Oxford University Press.

The CORE Team (2017). *The Economy. Economics for a Changing World*. Oxford University Press.

Readings for specific topics will be listed on the lecture slides.

Schedule (preliminary)

Week 1: 16.10.2019
<p>1. Introduction: Economic Growth in History</p> <p><u>Tutorial</u>: Recap: Regression Analysis</p>
Part I. Drivers and Patterns of Economic Growth: Selected Historical Episodes
Week 2: 23.10.2019
<p>2. Population Growth and the “Malthusian Trap”</p> <p><u>Tutorial</u>: Chaney, Eric and Richard Hornbeck (2016). Economic Dynamics in the Malthusian Era: Evidence from the 1609 Spanish Expulsion of the Moriscos. <i>Economic Journal</i> 126(594): 1404-1440.</p>
Week 3: 30.10.2019
<p>3. Measuring Growth: From the Middle Ages to the Great Divergence</p> <p><u>Tutorial</u>: Allen, Robert (2000): Economic Structure and Agricultural Productivity in Europe, 1300-1800. <i>European Review of Economic History</i> 4(1): 1-25.</p>
Week 4: 6.11.2019
<p>4. The Role of Technology: The Industrial Revolution in Great Britain, 1780-1830</p> <p><u>Tutorial</u>: Alexandra de Pleijt, Alessandro Nuvolari and Jacob Weisdorf (2019). Human Capital Formation During the First Industrial Revolution: Evidence from the Use of Steam Engines. <i>Journal of the European Economic Association</i>, forthcoming.</p>
Week 5: 13.11.2019
<p>5. The Role of Institutions: The Legacy of European Colonialism</p> <p><u>Tutorial</u>: Acemoglu, Daron, Simon Johnson and James A. Robinson (2001): The Colonial Origins of Comparative Development: An Empirical Investigation. <i>American Economic Review</i> 91(5): 1369-1401.</p>
Week 6: 20.11.2019
<p>6. The Role of Inequality: Long-run Trends Since 1850</p> <p><u>Tutorial</u>: Corak, Miles. 2013: Income Inequality, Equality of Opportunity, and Intergenerational Mobility. <i>Journal of Economic Perspectives</i> 27 (3): 79-102.</p>
Week 7: 27.11.2019

<p>7. Europe's Golden Age and Germany's "Economic Miracle"</p> <p><u>Tutorial</u>: Temin, Peter (2002). The Golden Age of European Growth Reconsidered. <i>European Review of Economic History</i> 6(1): 3-22.</p>
<p>Part II. Theories of Economic Growth</p>
<p>Week 8: 4.12.2019</p>
<p>8. Neoclassical Growth Theory</p> <p><u>Tutorial</u>: Abramovitz, Moses (1986) Catching Up, Forging Ahead, and Falling Behind. <i>The Journal of Economic History</i> 46(2): 385–406.</p>
<p>Week 9: 11.12.2019</p>
<p>9. New Growth Theories</p> <p><u>Tutorial</u>: Mankiw, N. Gregory, Romer, David and David Weil (1992). A Contribution to the Empirics of Economic Growth. <i>The Quarterly Journal of Economics</i> 107(2): 407-437.</p>
<p>Part III. Economic Crises in History</p>
<p>Week 10: 18.12.2019</p>
<p>10. Monetary regimes and crises in history</p> <p><u>Tutorial</u>: Manuel Funke, Moritz Schularick and Christoph Trebesch (2016). Going to Extremes: Politics after Financial Crises, 1870–2014. <i>European Economic Review</i> 88:227-260.</p>
<p>Week 11: 8.1.2020</p>
<p>11. The Great Depression</p> <p><u>Tutorial</u>: Doerr, Sebastian, Stefan Gissler, José-Luis Peydró and Hans-Joachim Voth (2019). From Finance to Fascism: The Real Effect of Germany's 1931 Banking Crisis. <i>CEPR Discussion Paper</i> no. 12806.</p>
<p>Week 12: 15.1.2020</p>
<p>12. The Global Financial Crisis and the Euro Crisis</p> <p><u>Tutorial</u>: Algan, Yann, Sergei Guriev, Elias Papaioannou and Evgenia Passari (2017). The European Trust Crisis and the Rise of Populism. <i>Brookings Papers on Economic Activity</i>: 309-382.</p>
<p>Week 13: 22.1.2020</p>
<p>13. Repetition</p> <p><u>Tutorial</u>: Exam preparation</p>
<p>Week 14: 29.1.2020</p>
<p>14. Examination</p>