



UNIVERSITÄT
BAYREUTH

(00291 - 2 SWS)

Case Studies in Economic History
Using Economic Theory to Understand the Past
(Fallstudienseminar in englischer Sprache)

17-19 January, 2020, Room tbd

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Please read the whole syllabus before you begin to prepare for the class! Any questions you may have are likely to be answered in it.

Course Description: Economic theory may appear abstract when it is first studied, but we find the economic forces that are represented in the classroom models at work throughout human history, not just with the emergence of a modern industrialised market economy. The goal of this class is to familiarise students with the many possibilities to apply economic theory in historical contexts. We will build on some basic theoretical concepts and look at real-world institutions and natural experiments to see how well economic theory holds up and how it can help us make sense of the past. Students will learn to rigorously analyse the discussed case studies, isolate the economic mechanisms at work and, based on this understanding, take a position and argue for it. The topics covered range across a long time span beginning in the ancient Roman economy and taking us all the way to modern financial crises. We will look, at institutions, trade, migration, firms and workers, financial crises, gender roles, and warfare across many periods and world regions. The course will be quite reading-intensive as we will draw heavily on historical literature and it is crucial that you understand the context of the case studies we are looking at. Each session will usually contain one more theoretical reading, often drawn from textbooks, that introduces the economic concepts, followed by several readings that describe the historical case study.

Times:

- 17 January 2020, 12.15pm-5pm, room tbd
- 18 January 2020, 9.15am-5pm, room tbd

- 19 January 2020, 9.15am-3.45pm, room tbd

Prerequisite(s): None.

Language of instruction: This course is taught entirely in English. All presentations, slides, handouts, questions and comments, email communication before the class, exam answers and term papers should adhere to this rule.

Assessment:

- All students: Unmarked in-class presentation. Two students will be assigned as the primary presenters for each of the ten topics listed below. Your task is to work together and hold a 30-45 minute presentation on the economic theory presented in the readings and how it is applied to the case study. This will be followed by a discussion. Students should read as many readings as possible beyond the ones assigned to them. Presentation slides or handouts should be sent to me by email **48 hours before the class**, that is noon on Wednesday, 15 January. To ensure the quality of the discussion, each pair of students will also be assigned two further topics for which they will function as the primary discussants. You will be expected to be able to comment on the presenters' application of the theory and weigh in on aspects that you find mis- or underrepresented. Furthermore, for passing the seminar course students are expected to be present for the entire seminar and participate in all seminar sessions.
- Economics (BA) and IWE students & P&E (BA) students aiming for an accreditation under Module E6 (or Ö6 under the previous examination regulations) (5 CP):
 - One hour unseen written examination. If the total number of participating students for the written examination is less than five, an oral examination may replace the written one. (Students will be informed about the form of examination as soon as possible.) The date of the examination can be found on <https://www.bwl5.uni-bayreuth.de/studiendekan/Klausurtermine/>
 - Students have to register for the examination via CAMPUSonline. Only if students cannot register via CAMPUSonline they can register via e-mail by sending an e-mail to Feriha Esen: feriha.esen@uni-bayreuth.de. This e-mail must only contain the title of the course, the student's surname, first name, ID number, and degree of study as well as a brief indication why registration via e-mail is required.
 - The registration deadline is one week in advance to the date of the examination. Later registrations will not be accepted.
- P&E (BA) Students aiming for an accreditation as a 'P4*-Seminar' (or 'P3-Seminar under the previous examination regulations) (2 CP): essay based on a selected case study of the seminar course. Further information will be announced and published during the seminar.
- P&E (BA) Students aiming for an accreditation as a 'P6.iv-Seminar' (5 CP) (or 'P3-Seminar' under the previous examination regulations (6 CP)): seminar paper ('Hausarbeit') based on a case study. Further details should be discussed with me in person during the seminar or by e-mail.

Accreditation:

- Economics (BA): Modulbereich SQ: Schlüsselqualifikation / Modul SQ3: FallstudienSeminar in englischer Sprache
- IWE: Modulbereich SQ: Schlüsselqualifikation / Modul SQ2b: FallstudienSeminar
- P&E (BA): Modulbereich P: Philosophie / Modul P4*: Grundlagen des Entscheidens II (Seminar) Modulbereich P: Philosophie / Modul P6.iv: Entscheidungstheorie (Seminar) Modulbereich E: Economics / Modul E6: Spezialisierung
- P&E (BA) (Previous examination regulations before Winter Semester 2015/2016): Modulbereich P: Philosophie / Modul P3: Grundlagen des Entscheidens II (Seminar) Modulbereich Ö: Ökonomie / Modul Ö6: Veranstaltungen eigener Wahl

Registration: There is joint registration procedure for all three case-study seminars in English language offered this winter semester:

- 00291 Case Studies in Economic History: Using Economic Theory to Understand the Past (Alexander Wulfers)
- 00294 Interactive Case Study Seminar: Introduction to Decision and Game Theory (Jonathan Schiller)
- 33030 Interactive Case-Study Seminar: Fundamentals of Decision Theory (Frank Steffen)

Further information on all seminars can be found under Teaching Winter Semester 2019/2020 on www.governance.uni-bayreuth.de.

Students have to register via e-mail by sending an e-mail to feriha.esen@uni-bayreuth.de until Thu 17 October 2019. To register the content of the e-mail should exactly follow the instructions as given. Those failing to do so will not be registered.

- Subject line: FallstudienSeminar in englischer Sprache
- Content: In the e-mail please give the following information in a comma-delimited list without any further details exactly as follows:
Last name,First name,Mat-Nr.,Degree,Semester,Seminar Preference
Note: No spaces between commas.
For the degree use the following coding: Degree = Econ, IWE, P&E
Seminar Preference: Students should use the above seminar numbers of the alternatives (00291, 00294, 33030) to order the seminars according to their preference. In case students would like to apply for one seminar or two seminars, only, they should use only one or two numbers, respectively. In case students are indifferent between two seminars an '=' should be written between the corresponding numbers.
- Examples:
Ricardo,David,1561,Econ,1,00291
Rawls,John,18752, IWE,2, 33030,00294
Mill,John,10101,P&E,35,00294=33030,00291
Smith,Adam,12501,Econ,3,00294

Allocation of seminar places will be made by Saturday, 19 October 2019. Students will be notified by e-mail. Note: Given the nature of the seminar course priority in the allocation of places will be given to Economics students in the 1st and 2nd semester. The number of participants, which can

be accepted for each seminar, is restricted to 20 students.

If you get assigned a place in the seminar, I will expect you to attend it. If there is a valid reason why you unexpectedly cannot attend, e.g. sickness, please inform me by email as early as possible! The structure of the class depends on everyone's attendance and if you don't show up without telling me, that causes major disruptions.

Responsible Student Assistants for this Seminar: All requests regarding this seminar should, in the first instance, be addressed to Feriha Esen:
feriha.esen@uni-bayreuth.de

General reading: Please start with these two classics that should give you a good introduction to why economists should care about historical case studies:

- McCloskey, D. (1976) "Does the Past have Useful Economics?" JEL 14 (2).
- Abramitzky, R. (2015) "Economics and the Modern Economic Historian." JEH 75 (4).

Tentative Course Outline:

Session	Content
0 (Fri 12.15-1pm)	Introductory remarks and housekeeping
1 (Fri 1.00-2.30pm)	The Roman Economy We think of market economies as a modern phenomenon. Does that mean that economic theory only applies in modern contexts? For this session we look at a 2000-year old example, the ancient Roman economy, and analyse to what extent we can apply economic concepts such as arbitrage trade, inflation or financial intermediation to the classical world. <ul style="list-style-type: none">• Sethi, R. et al (2017) "Rent-seeking, price-setting, and market dynamics." Unit 11 in The CORE Team, <i>The Economy</i>. Available at: http://www.core-econ.org. (subsections 11.1-11.4).• Temin, P. (2009) <i>The Roman Market Economy</i>. Princeton University Press. (chapters 1-8)

<p>2 (Fri 2.45-4.15pm)</p>	<p>Collective Action in Medieval Guilds</p> <p>Trade and crafts in the middle ages were dominated by guilds. Were guilds therefore the most efficient institutional structure that solved problems of asymmetric information and collective action? Or were they rent-seeking oligopolies that restricted market access?</p> <ul style="list-style-type: none"> • Bowles, S. et al. (2017) "The firm: Owners, managers, and employees." Unit 4 in The CORE Team, <i>The Economy</i>. Available at: http://www.core-econ.org. • Epstein, S. (1998) "Apprenticeship and Technological Change in Preindustrial Europe." JEH 58 (3). • Ogilvie, S. (2004) "Guilds, efficiency and social capital: evidence from German proto-industry." EHR 57. • Epstein, S. (2008) "Craft guilds in the pre-modern economy: a discussion." EHR 61 (1). • Ogilvie, S. (2008) "Rehabilitating the guilds: a reply." EHR 61 (1).
<p>3 (Fri 4.30-5.00pm)</p>	<p>Contract enforcement and medieval trade</p> <p>Contract enforcement is not a specifically modern phenomenon and individuals who engaged in economic activity have struggled with it throughout human history. It was especially challenging where merchants traded over a vast territory without common institutions and a supranational enforcer of laws. The medieval Maghribi traders whose networks spanned the whole Mediterranean are one example of this. Were they successful in solving the problem of contract enforcement and, if yes, how did they do it?</p> <ul style="list-style-type: none"> • Stevens, M. et al (2017) "Markets, efficiency and public policy." Unit 12 in The CORE Team, <i>The Economy</i>. Available at: http://www.core-econ.org. (subsections 12.4-12.6) • Greif, A. (1993) "Contract Enforcement and Economic Institutions in Early Trade: The Maghribi Traders' Coalition" AER 83 (3). • Edwards, J. & Ogilvie, S. (2012) "Contract enforcement, institutions, and social capital: the Maghribi traders reappraised." EHR 65 (2). • Greif, A. (2012) "The Maghribi traders: a reappraisal?" EHR 65 (2).

<p>4 (Sat 9.15am-10.45am)</p>	<p>Why did Europe Conquer the World?</p> <p>Up to the time of the Industrial Revolution and the Great Divergence, Europe was not the most advanced region on Earth, lagging behind the Middle East and China for most of its history. Nonetheless, Europeans were the ones who conquered the world in the age of colonialism. Why did that happen? Can the game theory of European warfare help explain this phenomenon?</p> <ul style="list-style-type: none"> • Cabrales, A. et al (2017) “Social Interactions.” Unit 4 in The CORE Team, <i>The Economy</i>. Available at: http://www.core-econ.org. • Reading assignment: Hoffman, P. (2016) <i>Why did Europe conquer the World?</i>. Princeton University Press. (chapters 1-4)
<p>5 (Sat 11.00am-12.30pm)</p>	<p>Institutions and Growth</p> <p>In development economics, we investigate what the necessary conditions for economic growth are. One school of thought emphasises the role of good institutions that foster an environment in which growth is possible. Does the historical record support this theory?</p> <ul style="list-style-type: none"> • Acemoglu, D., Johnson, S. & Robinson, J. (2005) “Institutions as a Fundamental Cause of Long-Run Growth” in Aghion, P. & Durlauf, S. (eds.) <i>Handbook of Economic Growth</i> Vol. 1A. Elsevier. • Engerman, S. & Sokoloff, K. (2012) <i>Economic Development in the Americas since 1500 (chapters 1-5)</i>. Cambridge University Press.

6 (Sat 1.45-3.15pm)	<p>Gender and Economic Development</p> <p>We care about economic development because it improves people's living standards. However, aggregate measures such as GDP or even household incomes do not always reflect the real living standards of all household members. This is particularly important where a power imbalance exists between individuals, as is the case in a male breadwinner economy. What indicators can we use to identify such differences. Can our understanding of bargaining theory make sense of such intra-household inequality?</p> <ul style="list-style-type: none"> • Muthoo, A. (2000) "A non-technical introduction to bargaining theory." <i>World Economics</i> 1 (2). • Meredith, D. & D. Oxley (2013) "Blood and bone: body mass, gender and health inequality in 19th century British families." • Horrell, S., Meredith, D., & D. Oxley (2016) "Measuring misery: Body mass, ageing and gender inequality in Victorian London." <i>Explorations in Economic History</i> 46 (1).
7 (Sat 3.30-5.00pm)	<p>Economic Interests and the Repeal of the Corn Laws</p> <p>In 1847 the United Kingdom repealed the corn laws and thus initiated a paradigm shift in trade policy away from mercantilist protectionism towards free trade. The Prime Minister at the time was Robert Peel who represented the interests of the landed gentry, the class who most profited from the protectionism. How can economic interests explain the political decision behind this?</p> <ul style="list-style-type: none"> • Besley, T. (2006) <i>Principled Agents? The Political Economy of Good Government</i>. (chapter 1) • Irwin, D. (1989) "Political Economy and Peel's Repeal of the Corn Laws." <i>Economics and Politics</i> 1. • Brawley, M. (2006) "Agricultural interests, Trade Adjustment and Repeal of the Corn Laws." <i>British Journal of Politics and International Relations</i> 8 (4). • Schonhardt-Bailey, C. (2006) <i>From the Corn Laws to Free Trade: Interests, Ideas, and Institutions in Historical Perspective</i>. MIT Press. (chapters 1,2,11)

<p>8 (Son 9.15-10.45am)</p>	<p>Immigrant Selection and the Age of Mass Migration Why do people leave their home country? Are those who decide to immigrate randomly selected from the source population or are some people more likely to migrate than others? In the modern world, selection of migrations is heavily biased due to the policy of the receiving country, but in the 19th century this was different. Entry from Europe into the United States was almost unrestricted and the Atlantic economy experienced an age of mass migration. This makes for a great natural experiment to test the determinants of migrant selection.</p> <ul style="list-style-type: none"> • Borjas, G. (2014) <i>Immigration Economics</i> Harvard University Press. (chapter 1 & 2) • O'Rourke, K.H. & Williamson, J.G. (1999) <i>Globalization and History – The Evolution of a Nineteenth-Century Atlantic Economy</i>. MIT Press. (chapter 7) • Abramitzky, R. & Boustan, L. (2017) “Immigration in American Economic History.” JEL 55 (4). • Bandiera, O., Rasul, I. & Viarengo, M. (2013) “The Making of Modern America: Migratory flows in the age of mass migration.” Journal of Development Economics 102.
<p>9 (Son 11.00am-12.30pm)</p>	<p>The Political Economy of Globalisation Backlash: the Marriage of Iron and Rye In the 1870s Europe experienced a backlash to globalisation. In Germany, Bismarck forged a coalition of agriculture and heavy industry, two sectors that were in favour of higher tariffs, to pass protectionist legislation. Can trade theory help us make sense of this alignment of interest groups?</p> <ul style="list-style-type: none"> • Rogowski, R. (1987) “Political cleavages and changing exposure to trade.” American Political Science Review 81. • Webb, S. (1982) “Agricultural Protection in Wilhelminian Germany: Forging an Empire with Pork and Rye”. JEH 42 (2). • Lehmann, S. (2010) “The German Elections in the 1870s: Why Germany Turned from Liberalism to Protectionism”. JEH 70 (1). • Schonhardt-Bailey, C. (1998) “Parties and Interests in the ‘Marriage of Iron and Rye’”. British Journal of Political Science 28 (2). • (optional, but fun) Gerschenkron, A. (1943) <i>Bread and Democracy in Germany</i>. Cornell University Press.

<p>10 (Son 1.30-3.00pm)</p>	<p>Rationality and Financial Crises: From the Tulip Bubble to the Great Recession</p> <p>History is rife with financial crises, from the tulip crisis in 17th century Netherlands, the South Sea bubble in the 18th century, major banking failures in the 19th century, the Great Depression in the interwar period to the most recent Great Recession. To what extent can economics help us make sense of these crises? Are they proof that the assumption of rationality is misguided?</p> <ul style="list-style-type: none"> • Sethi, R. et al (2017) “Rent-seeking, price-setting, and market dynamics.” Unit 11 in The CORE Team, <i>The Economy</i>. Available at: http://www.core-econ.org. (subsections 11.5-11.8). • Kindleberger, C. & Aliber, R. (2005) <i>Manias, panics and crashes: A history of financial crises</i>. Wiley. (chapters 1-2) • Garber, P. (2000) <i>Famous first bubbles: The fundamentals of early manias</i>. MIT Press.
<p>11 (Son 3.00-3.45pm)</p>	<p>Closing Discussion: Does the past have useful economics?</p>

Last updated: 16 September 2019