

# Economic History of Europe

## Economics 4514-001

Spring 2007 TR 9:30-10:45 HLMS 241  
Course Syllabus and Reading List

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### **Objectives of the course:**

This course draws on economic reasoning to examine the transformation of European economies from a circumstance in which Malthusian population pressure on resources was the dominant historical force to one in which the growth of population and income per-capita has become the norm for industrialized countries. This transformation, covering the period from roughly 1200-1900, marks one of history's great changes, yet the underlying causes of the process are only dimly understood. This course aims to provide both historical perspective and experience in the application of economic analysis to major issues. The topics of the course divide into three chronological and logical sections. The first examines the preconditions of European economic development, paying particular attention to the demographic, technological and institutional changes that supported growth. The second section focuses on the Industrial Revolution in England and Europe, asking what exactly it was, how can it be measured and who benefited? The third examines the establishment, or not, of modern economic growth in other European economies. This course also enables us to explore the question "why are some so rich and some so poor?"

The examination of these themes will combine the historical literature with the theoretical constructs of economics. This course differs from other economics courses in that the issues come first, rather than the economics. It is my intention that this application of economic reasoning to issues that often are raised by non-economists will deepen your appreciation of the application of economics to the task of understanding the evolution of societies and the current global debate concerning north and south.

### **Requirements and Evaluation:**

This course will be a combination of lecture material and in-class discussion. Students are expected to have done the specified readings before class and will be called upon to answer questions or to discuss points raised during the class. You are responsible for all the material on the reading list.

Your grade will have the following components: a midterm exam (35%); a final exam (35%); a group presentation (10%); a group written assessment (15%); and class attendance taken randomly (5%).

## **Presentation and Assessment:**

You will each be in a group of 3 or 4, and will be responsible for a 20 minute presentation of a journal article from the reading list. This presentation will be followed by questions on your article from the class and from Professor Shiue. You will know the date and article for your presentation by the end of January. Prior to your presentation, each group will schedule a brief organizational meeting with Professor Shiue. On the day of the presentation, each group will hand in a six page written assessment of the article and a one-page handout for the class. The six page assessment will place the article in context and discuss its strengths and weaknesses. You are not being asked to provide a summary of the article.

## **Examinations:**

There will be two examinations. Both the midterm and the final will be take-home examinations. The midterm examination will be posted on the course site on Thursday, March 9 and will be due in class Tuesday, March 13. The final will be posted by Thursday, April 26 and due in my office no later than Saturday, May 5 at 2 pm. All examinations must be double spaced and typed.

Cheating and plagiarism are academic offenses and any student caught cheating or plagiarizing will be sanctioned. If there is any person in the class who is uncertain about what constitutes either cheating or plagiarism, he/she should consult me the University of Colorado Catalog. In addition, obtaining material from “pre-written” sources available on the internet is *definitely* considered an academic offense! Department policy regarding disabilities and religious holidays is given on the first page of the course site <[www.colorado.edu/Economics/courses](http://www.colorado.edu/Economics/courses)>

**Policy on Late Work:** NO makeup examinations for missed exams and NO late papers will be accepted.

## **Required Text:**

- Rondo Cameron and Larry Neal, *A Concise Economic History of the World*, 4<sup>th</sup> ed
- Joel Mokyr, *The Lever of Riches*

The articles and chapters listed below can be found either under E-Journals in the Chinook Catalogue or the course reserves on Chinook.

## Topic Outline and Readings

### 1. Introduction and Long Term Growth

The central theme of this course is the development of the modern economy in Europe. A question which must be addressed, therefore, is exactly how this modern economy differs from the traditional agrarian economy which preceded it. What are the variables one would use to distinguish between a modern and a traditional society? This, it should be realized, is the same question addressed in courses on development economics, although from a different perspective.

- Cameron and Neal, ch. 1 and 2
- Jared Diamond, *Guns Germs and Steel*, ch. 10
- Massimo Livi-Bacci (1997). *A Concise History of World Population*.

### 2. Europe First - When and Where?

- N.F.R. Crafts, *British Economic Growth During the Industrial Revolution* ch. 3
- Robert C. Allen, "The Great Divergence in European Wages and Prices from the Middle Ages to the First World War", *Explorations in Economic History*, Vol 38, October 2001: 411-47.
- Carol H. Shiue and Wolfgang Keller, "Markets in China and Europe on the Eve of the Industrial Revolution, working paper, <<http://spot.colorado.edu/~shiue/MarketsChinaEurope.pdf>>

### 3. Demography and Income

Perhaps the most important issue in a long term study of economic development is man's relationship to the environment. That relationship is probably best summarized by the numbers of humans on the one hand and the standard of living experienced on the other. For many pre-modern economies, per capita income and population were inversely related. This description is generally tied to the work of Malthus. Attempts have been made to model the many aspects of this relationship. A clear presentation can be found in:

- E.A. Wrigley and Roger S. Schofield, *The Population History of England, 1541-1871: A Reconstruction*, Ch. 11.
- Fogel, Robert. (2004). *The Escape from Hunger and Premature Death, 1700-2100, Europe, America and the Third World*, Cambridge: Cambridge University Press, pp. 1-21.

European marriage and reproduction patterns appear to be significantly different from those that prevailed in most societies. A very great deal of what we know about pre-nineteenth century British demography was the result of the massive research project that resulted in the Wrigley and Schofield volume cited above. Much of this information in Ch. 6-7 can be scanned rapidly. The material on pp. 207-215, 228-269 is particularly interesting and you should spend time on it.

**Group #1** - Deborah Oxley, "'The Seat of Death and Terror': Urbanization, Stunting, and Smallpox", *Economic History Review*, LVI, November 2003.

**Group#2** - E.A. Wrigley “Explaining the rise in marital fertility in England in the ‘long’ eighteenth century” *Economic History Review*, August, 1998.

A recent debate has looked at whether or not the famine in Ireland was a structural break in Irish economic history. One school of thought claims that price shocks in international commodity markets would have, by themselves, substantially decreased agricultural labor demand in Ireland - even in the absence of the Famine. Work on the real economic impact of the famine on Ireland includes:

Cormac O’Grada, *Black ‘47 and Beyond: The Great Irish Famine* pp. 3-46

**Group #3** - Kevin O’Rourke “Did the Great Irish Famine Matter?” *Journal of Economic History*, March 1991.

## 5. Medieval Europe: Resources and Expansion

Any study of economic change must pay attention to changes in the quantity of resources and to changes in the technology and labor. The standard of living for all pre-modern societies depended both on the level of technology and on the size of the population. Here we examine the role played by technology very broadly defined and how increases in the resource base (i.e. land available), or improvements in the way the existing resources were managed.

- Cameron and Neal, chs 3 and 5
- E.L. Jones, *European Miracle*, chs. 3 and 4
- Mokyr, *The Lever of Riches*, chs. 3 and 4

**Group #4** - Eona Karackacili, “English Agrarian Labor Productivity Rates Before the Black Death: A Case Study” *Journal of Economic History*, Vol 64, March 2004.

**Group #5** – S.R. Epstein, “Craft Guilds, Apprenticeships, and Technological Change in Preindustrial Europe,” *Journal of Economic History*, vol. 58, no. 3, September 1998, pp. 684-713.

Despite the levels of agricultural productivity experienced in Medieval England, most economic historians see the Low Countries, around the mouth of the Rhine, leading agricultural transformation in Europe. The issues are well set out in:

- Jan DeVries and A. van der Woude, *The First Modern Economy*, ch 6.
- Jan DeVries, *Dutch Rural Economy in the Golden Age*, ch. 7.

## 4. Prerequisites for Change: Agriculture in Early Modern England

An important topic for England has been enclosures. It has often been argued that changes in property rights, in the form of Parliamentary enclosures, were an extremely important episode in Britain’s ability to industrialize. Others de-emphasize the importance of enclosure as a source of

change or as a source of labor for the industrial sector. In particular, see:

- Cameron and Neal, pp. 165-168
- Robert C. Allen, "Tracking the Agricultural Revolution in England", *Economic History Review*, May 1999: 209-35.
- R.C. Allen, "The Growth of Labor Productivity in Early Modern English Agriculture" *Explorations in Economic History*, April, 1988:117-46.

**Group #6** - Bruce M. S. Campbell "Agricultural Progress in Medieval England: Some Evidence from Eastern Norfolk", *The Economic History Review*, New Series, Vol. 36, No. 1. (Feb., 1983), pp. 26-46.

**Group #7** - Gregory Clark, "Farm wages and living standards in the Industrial Revolution: England 1670-1869", *Economic History Review*, August 2001

For the effect of enclosures on women and families:

**Group #8** - Jane Humphries, "Enclosures, Common Rights, and Women: The Proletarianization of Families in the late Eighteenth and Early Nineteenth Centuries" *Journal of Economic History*, March 1990.

## 6. Institutional Change - The Rise of States and Empires: Trade and Finance

Europe differed from other parts of the world not just in its demographic characteristics but also in the size and form of government. The growth of the nation state is well documented in:

E.L. Jones, *The European Miracle*, Ch. 5, 6, 7  
Cameron and Neal, pp. 154-155

For a transaction cost analysis of event in England see:

Douglass North, and Barry R. Weingast, "Constitutions and Commitment: The Evolution of institutions Governing Public Choice in Seventeenth-Century England" *Journal of Economic History*, December 1989.

Finance is very closely tied to changes in structure. Finance in England was, in part, connected to trade but also largely connected to government finance which in turn was connected to war.

For a discussion of the relationship between firm structure, long-distance trade and finance, see:

- Ann M. Carlos "Joint-Stock Trading Companies", *Oxford Encyclopedia of Economic History*, ed. Joel Mokyr, Oxford University Press, 2003.
- Ann M. Carlos and Stephen Nicholas, "Early Chartered Companies: Analogues of the Modern Multinationals", *Business History Review*, vol. 62, Autumn, 1988.

One of the great successes of the British economy and the British state in the century before the industrial revolution was the dual accomplishment of regularizing government borrowing and the

creation of a market for that debt. A good summary is:

Larry Neal, "The Finance of Business During the Industrial Revolution", in Floud and McCloskey, ch. 7.

**Group #9** - Ann Carlos, Jennifer Key, and Jill L Dupree, "Learning and the Creation of Stock Market Institutions," *Journal of Economic History* 58 (1998) 318-34.

**Group #10** - Jean-Laurent Rosenthal, "Credit Markets and Economic Change in Southeastern France, 1630-1788" *Explorations in Economic History*, April 1993.

For an overview of the relative impact of the various forces we have examined, see:

Robert C. Allen, "Progress and Poverty in Early Modern Europe" *Economic History Review*, Vol. LVI, August 2003

## **7. The Idea of the Industrial Revolution - Technological Change: Nature and Origins**

The beginnings of modern economic growth have been associated with a relatively short period (a generation or two) in the late eighteenth century and the early nineteenth century. Exactly what the writer has in mind has varied over time. A particularly interest summary of these views on England is given in:

Cameron and Neal, ch. 7,

Measuring change and understanding the processes by which change occur are very different. Conventional wisdom indicates that technological change was an important source of growth. Our problem is that we do not know as much as we would like about technological change. One approach to the problem is suggested in:

Joel Mokyr, *The Lever of Riches*, chs. 7 and 11

## **8. Quantitative Dimensions of British Change**

No serious discussion of the transformation of the British economy can take place without some quantitative estimates of that change. Indeed, we need to think about how we measure change within an economic system. The numbers which have been accepted for more than a generation are to be found in the classic work of:

Phyllis Deane and W.A. Cole, *British Economic Growth, 1688-1959*, ch. 2.

However, much of Deane and Cole's work was based on pre-Wrigley and Schofield population estimates, with changes in those numbers, economists were forced to reevaluate all the other statistics in the system. The best current estimates come from the work of N.F.R. Crafts. A summary of the results of this work can be found in:

- N.F.R. Crafts, "British Economic Growth, 1700-1831: A Review of the Evidence", *Economic History Review*, May 1983.
- Nicholas Crafts, "Productivity Growth in the Industrial Revolution: A New Growth Accounting Perspective" *Journal of Economic History*, June 2004.

Another piece of revisionist quantitative work done on the industrial indices is that by:

- C. Knick Harley, "British Industrialization before 1841: Evidence of Slower Growth during the Industrial Revolution", *Journal of Economic History*, June 1982.

**Group #11** - Jeffrey G. Williamson "Why Was British Growth So Slow During the Industrial Revolution?", *The Journal of Economic History* > Vol. 44, No. 3 (Sep., 1984), pp. 687-712

## 9. The Standard of Living Debate

Ultimately economists have to ask how the development process has affected the standards of living of those involved. An examination of British Industrialization produces no clear picture. Both contemporaries and current historian alike are divided into optimistic and pessimistic camps. For a taste of these views refer back to the Mokyr survey and also see:

P.H. Lindert and J.G. Williamson, "English Workers' Living Standards During the Industrial Revolution: A New Look", *Economic History Review*, February 1983.

However, both of these pieces use male wages as the index for changes in the standard of living and more importantly, use those changes as the basis for changes in the standard of living for the family. We know that women worked as part of the family unit during the late eighteenth centuries. What was happening to female income over the course of the industrial revolution? Work on this subject has been done by :

**Group #12** - Sara Horrell and Jane Humphries, "'The Exploitation of Little Children': Child Labor and the Family Economy in the Industrial Revolution", *Explorations in Economic History*, vol 32, October 1995.

**Group #13**- Sara Horrell and Jane Humphries, "Women's Labour Force Participation and the Transition to the Male Breadwinner Family, 1760-1865, *Economic History Review*, XLVIII, 1995.

Because it is so difficult to get reliable monetary indices with which to measure the standard of living, an alternative approach has been to examine diet and height. These are measures which can be used as good proxies for movements in the standard of living over time.

**Group #14** - Stephen Nicholas and Richard Steckel, "Heights and Living Standards of English Workers During the Early Years of Industrialization, 1770-1815", *Journal of Economic History*, December 1991.

## 10. Continental Industrialization

Britain, as the first industrialized nation, has often been seen as representative of the process. When studying European industrialization that view is probably more misleading than helpful.

A survey of the way in which European countries industrialized can be found in:

Cameron, chs 9 and 10

François Crouzet, "The historiography of French Economic Growth in the Nineteenth Century," *Economic History Review*, LVI, May 2003.