

Master seminar in Economic History: "Topics in International Economic History

I: Finance, Geoeconomics and Economic Development in the Long-Term Perspective

(E580A) ” (in English) (9 ECTS)

Literature: Your own research, please perform a keyword search with EconLit (see below).

Please look also on our internet pages for related studies

Meetings:

- **Introductory meeting:** at the beginning of the semester: see Alma and our homepage.
- **Compact seminar:** in January. *Dates, hours and room:* see Alma and our homepage.
- Additional part: practical analysis (will be announced)
- Office hours Thursdays, 16:15 (please send email the day before)

Interest in applied statistical analysis techniques and the willingness to deal (either on your own or with our help) with **advanced methods (Stata or R)** are essential for successful participation. In doing so, you will acquire **important skills** that can be very useful in their **future career, be in the university, international organization, or private firms.**

Credit Points: 9 ECTS

Requirements:

- Term paper (12-15 pages text, plus figures and tables)
- Term paper presentation (20 minutes)
- Questions to each other presentation (please write down during the presentation, not thereafter)

- Second term paper (4 pages), freely chosen among the other topics (or a sub-topic of those topics)

The **second term paper** is an additional paper on one of the topics of the Master seminar (the topic should not be closely related to the topic of the first term paper). The aim of this second paper is that you develop a broader knowledge of the seminar topic. The second paper will be turned in with the main paper and there will be no presentation of this short paper). It is an independent short essay based on at least one scholarly research paper. There are no additional rules for this second paper.

Technicalities: we are currently mainly using **Powerpoint** and Stata. Registration and

Distribution of the Topics:

- please mention your topic preferences 1, 2, and 3 (see the topic below) in the online form of the registration. Only if this does not work, send it to Joerg.baten@uni-tuebingen.de
- The topics will be assigned in chronological order, according to the incoming registrations.
- Each topic can be assigned three times maximum.
- The schedule of presentation during the two days of the compact seminar is **following the order of the topics** in the list below.
- Before registration: Please consider if you really want to attend this seminar, **have enough time** and if you are able to **perform own regressions**. De-registration causes unnecessary transactions costs and we prefer to invest our time in very good teaching than to waste it with such issues! Thank you.
- so far, we have been able to avoid a selection procedure, so that each student who is interested and eligible can participate; the Credit-Point-summary is meant for our information about your previous knowledge.
- The research for the term paper should be completed before the compact semina. The work itself can be improved afterwards up until **March 15th of the current year, the latest date to send in the two term papers via email attachment** (PDF-format). The text of the paper should not be longer than 15 pages or shorter than 12 pages (normal layout), **graphs, tables and so on count extra** (hence the total can be longer, but the text is shorter than 16 pages).

Please, integrate the most important graphs and tables in the text and do not place them in the appendix. The 15 pages is a value for your calculation.

- Not later than **three days before the compact seminar**, every student is required to present his/her main results in a 5-minute PowerPoint presentation to the supervisor (especially the most important tables and graphs. Please also bring the underlying data in stata format on a stick or drive). By then, you should be familiar with the relevant literature; data should be organized and entered, and in your analysis you should have established the core results. Therefore, your research activities are to be accomplished by then.

- The presentation of the term paper during the compact seminar lasts 20 minutes.

Hints to improve your results:

- Please, make use of the EconLit-search engine (access via UB-homepage) in search for literature and read studies in important journals already prior to the first meeting. Important: Of course, we support all those activities. But be aware of the fact, that it is not enough, if your term paper is based on only 2 or 3 research papers.

- The presentations as well as the term paper should structured by an interesting economic question.

- Usually, empirical/statistical analyses (i.e. regression analyses) are expected. In exceptional cases, students can be excused from this if they are not familiar with those methods at all. If any problems occur, you can receive support during our office hours (please send an email the day before. Bring your data files! Either in stata, or in Excel with the variable names in the first row, without missing values, and save your data definitions in separate word files!).

You will see that the best way to learn the methods of regression analysis is by trying out yourself. You find information about these methods and the application of the software STATA on our homepage. In addition, a lecture can be seen via www.timms.uni-tuebingen.de; the first three movies address basic regression analysis techniques (search timms Joerg Baten, this is in German).

- All in all, the suggestions for the Master seminar are the same as for Master theses (of course, on a slightly lower level), so please also look at the information about diploma theses on our homepage!

Topics:

(In most cases, two students can pick the same topic.)

1. The First Trade Boom in History: Mesopotamia in the Bronze Age

Trade, Merchants, and the Lost Cities of the Bronze Age

Author: Barjamovic, Gojko; Chaney, Thomas; Cosar, Kerem; Hortacsu, Ali

Author Affiliation: Harvard U; Sciences Po; U of Virginia; U of Chicago

Source: Quarterly Journal of Economics, August 2019, v. 134, iss. 3, pp. 1455-1503

Publication Date: August 2019

Abstract: We analyze a large data set of commercial records produced by Assyrian merchants in the nineteenth century BCE. Using the information from these records, we estimate a structural gravity model of long-distance trade in the Bronze Age. We use our structural gravity model to locate lost ancient cities. In many cases, our estimates confirm the conjectures of historians who follow different methodologies. In some instances, our estimates confirm one conjecture against others. We also structurally estimate ancient city sizes and offer evidence in support of the hypothesis that large cities tend to emerge at the intersections of natural transport routes, as dictated by topography. Finally, we document persistent patterns in the distribution of city sizes across four millennia, find a distance elasticity of trade in the Bronze Age close to modern estimates, and show suggestive evidence that the distribution of ancient city sizes, inferred from trade data, is well approximated by Zipf's law.

2. Conflicts During Early Economic Development Waves, the Example of the Riots in Early 19th Century England that Destroyed New Machinery:

Rage against the Machines: Labor-Saving Technology and Unrest in Industrializing England

Author: Caprettini, Bruno; Voth, Hans-Joachim

Source: American Economic Review: Insights, September 2020, v. 2, iss. 3, pp. 305-20

Abstract: Can new technology cause social instability and unrest? We examine the famous "Captain Swing" riots in 1830s England. Newly collected data on threshing machine diffusion shows that labor-saving technology was associated with more riots. We instrument technology adoption with the share of heavy soils in a parish: IV estimates demonstrate that threshing machines were an important cause of unrest. Where alternative employment opportunities softened the blow of new technology, there was less rioting. Conversely, where enclosures had impoverished workers, the effect of threshing machines on rioting was amplified.

3. The Effect of Migration on Economic Growth:

Immigrants and the Making of America

Author: Sequeira, Sandra; Nunn, Nathan; Qian, Nancy

Source: Review of Economic Studies, January 2020, v. 87, iss. 1, pp. 382-419

Abstract: We study the effects of European immigration to the U.S. during the Age of Mass Migration (1850-1920) on economic prosperity. Exploiting cross-county variation in immigration that arises from the interaction of fluctuations in aggregate immigrant flows and of the gradual expansion of the railway network, we find that counties with more historical immigration have higher income, less poverty, less unemployment, higher rates of urbanization, and greater educational attainment today. The long-run effects seem to capture the persistence of short-run benefits, including greater industrialization, increased agricultural productivity, and more innovation.

4. The Consequences of Forced Labor in Eastern Europe

The Slow Road from Serfdom: Labor Coercion and Long-Run Development in the Former Russian Empire

Author: Buggle, Johannes C.; Nafziger, Steven

Source: Review of Economics and Statistics, March 2021, v. 103, iss. 1, pp. 1-17

Abstract: This paper examines the long-run economic consequences of Russian serfdom.

Employing data on the intensity of labor coercion just prior to emancipation in 1861, we document that a 25 percentage point increase in historical serfdom (1 SD) reduces household expenditure today by up to 17%. We then provide evidence on the persistence of this relationship by studying city populations over the period 1800 to 2002. Exploring mechanisms, our findings suggest that less urban agglomeration and slower industrial development in areas with a greater degree of serfdom perpetuated the negative effects of forced labor before, during, and after the Soviet period.

5. Human Capital and Technology in the Early Growth Process:

Human Capital Formation during the First Industrial Revolution: Evidence from the Use of Steam Engines

Author: de Pleijt, Alexandra; Nuvolari, Alessandro; Weisdorf, Jacob

Source: Journal of the European Economic Association, April 2020, v. 18, iss. 2, pp. 829-89

Abstract: We examine the effect of technical change on human capital formation during England's Industrial Revolution. Using the number of steam engines installed by 1800 as a synthetic indicator of technological change and occupational statistics to measure working skills (using HISCLASS), we establish a positive correlation between the use of steam engines and the share of skilled workers at the county level. We use exogenous variation in carboniferous rock strata (containing coal to fuel the engines) to show that the effect was causal. While technological change stimulated the formation of working skills, it had an overall negative effect on the formation of primary education, captured by literacy and school enrolment rates. It also led to higher gender inequality in literacy.

6. Populist Leaders and the Economy

Authors: Funke, Manuel; Schularick, Moritz; Trebesch, Christoph; American Economic Review, December 2023, v. 113, iss. 12, pp. 40

Populism at the country level is at an all-time high, with more than 25 percent of nations currently governed by populists. How do economies perform under populist leaders? We build a new long-run cross-country database to study the macroeconomic history of populism. We identify 51 populist presidents and prime ministers from 1900 to 2020 and show that the economic cost of populism is high. After 15 years, GDP per capita is 10 percent lower compared to a plausible nonpopulist counterfactual. Economic disintegration, decreasing macroeconomic stability, and the erosion of institutions typically go hand in hand with populist rule

7. Mechanic Skills during Early Industrial Growth:

The Mechanics of the Industrial Revolution

Author: Kelly, Morgan; Mokyr, Joel; Grada, Cormac O:

Source: Journal of Political Economy, January 2023, v. 131, iss. 1, pp. 59-94

Abstract: Although there are many competing explanations for the Industrial Revolution, there has been no effort to evaluate them econometrically. This paper analyzes how the very different patterns of growth across the counties of England between the 1760s and 1830s can be explained by a wide range of potential variables. We find that industrialization occurred in areas that began with low wages but high mechanical skills, whereas other variables, such as literacy, banks, and proximity to coal, have little explanatory power. Against the view that living standards were stagnant during the Industrial Revolution, we find that real wages rose sharply in the industrializing north and declined in the previously prosperous south.

8. Can we Predict Crises Based on the Study of Economic History? Lit.: 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.

Data set is available from university computers (such as in PC-pool)<https://www.aeaweb.org/articles.php?doi=10.1257/aer.102.2.1029>

9. Measuring Geopolitical Risk.

Authors: Caldara, Dario; Iacoviello, Matteo; American Economic Review, April 2022, v. 112, iss. 4, pp. 32.

We present a news-based measure of adverse geopolitical events and associated risks. The geopolitical risk (GPR) index spikes around the two world wars, at the beginning of the Korean War, during the Cuban Missile Crisis, and after 9/11. Higher geopolitical risk foreshadows lower investment and employment and is associated with higher disaster probability and larger downside risks. The adverse consequences of the GPR index are driven by both the threat and the realization of adverse geopolitical events. We complement our aggregate measures with industry- and firm-level indicators of geopolitical risk. Investment drops more in industries that are exposed to aggregate geopolitical risk. Higher firm-level geopolitical risk is associated with lower firm-level investment.