

# ECON-271: Topics in Development

## The Political Economy of Early America

**Time of class:** TTR: 4:30PM-5.50PM

**Room:** COLL 200.

**Instructors:** Jesús Fernández-Villaverde (JFV, Primary), Fernando Arteaga (FA, Secondary) and Mike Dotsey (MD, Secondary).

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**TAs:** Rodrigo Morales Mendoza and Alejandro Sánchez.

**Office hours:** Thursdays, 10-12 a.m, PCPE 208.

### 1. Course Outline

This course will study the political economy of Early America, from the British Settlement to c. 1820. In particular, we will explore the forces behind the economic growth of the British colonies, the economic forces behind the Revolution, the consequences of the Revolution, the political economy of the constitutional convention and ratification, the role of SCOTUS in creating a national market, and the opposing Hamilton-Jefferson views of an American economy.

Early America is a fascinating and rich historical period, and we will need to skip many issues of interest. Nevertheless, we hope to provide you with a good overview of how a group of small peripheral colonies created an institutional arrangement that allowed them, in less than two centuries, to become the biggest economy in the world.

### 2. Textbook

Please purchase *The Economy of British America, 1607-1789*, by John J. McCusker and Russell R. Menard. You can get a kindle version at Amazon at a much lower price than the physical copy. We will refer to this book as *M&M*. In addition, there will be two readings posted on Canvas and three readings widely available online.

### 3. Course Requirements and Grades

The evaluation of this class will be based on three items: two midterms and eight reports.

#### 3.1. Exam

There will be two closed-book midterms. The first midterm will be on March 5 and the second midterm will be on April 28.

Each midterm will consist of three essay type questions, each worth 6 points, and four short questions, each worth 3 points, for a total of 30 points. As we get closer to the exam, we will present some examples of each type of question.

If you have a problem with the dates of the midterms, please let us know *before* January 30. After January 30, we will NOT accommodate your requests. Note that travel, job interviews, or non-emergency family matters are NOT acceptable reasons to re-arrange the exam.

### 3.2. Class Participation

There are eight written reports due at the *start* of the lectures on January 28, February 6, February 18, March 3, March 17, March 31, April 14, and April 23.

Each written report will be graded out of 5 points. Note that, since if you hand in the eight required reports, you might get up to 40 points.

I will post an example of a written report for you to have a guideline on how to prepare it and grading standards. Also, note that I will be *strict* in enforcing that late reports will get a zero grade.

## 4. Grading

Students taking the course for a letter grade will receive grades from A through D or an F. Students that take the class on a Pass/Fail basis need at least a D+ to pass the class. Poor performance is not a valid reason for an incomplete (I). An incomplete is given only under exceptional circumstances and requires satisfactory completion of a substantial part of the course. Any incomplete must be arranged **before** April 1.

Points will be equal to:

$$\text{Points} = \text{first midterm} + \text{second midterm} + \sum_{i=1}^8 \text{grade written report}_i.$$

The mapping of points into letter grades is:

Points Achieved	Letter Grade	Points Achieved	Letter Grade
95 - 100	A +	66 - 69.75	C +
90 - 94.75	A	62 - 65.75	C
85 - 89.75	A -	58 - 61.75	C -
80 - 84.75	B +	54 - 57.75	D +
75 - 79.75	B	50 - 53.75	D
70 - 74.75	B -	less than 50	NP

## 5. Contents of the Course

In the next pages, we present an outline of the topics that we intend to cover and the dates when we intend to do so. We may re-arrange some material once we see how the class develops.

## Part I: Colonial America

- **Lecture 0, January 16:** Cancelled.
- **Lecture 1, January 21:** Administrative details. Introduction to political economy (JFV).
- **Lecture 2, January 23:** Pre-Columbian North America (JFV).
- **Lecture 3, January 28:** The Atlantic World I (JFV).  
**Report 1 due:** *M&M*, The Curse of Economic Growth, 51-70, The Centrality of Trade, 71-88, and New England and Atlantic Canada, 91-116.
- **Lecture 4, January 30:** The Atlantic World II (JFV).
- **Lecture 5, February 4:** Galo Nuno: The Atlantic World.
- **Lecture 6, February 6:** Slavery and the American Colonization I (FA).  
**Report 2 due:** *M&M*, The Upper South, 117-143, The West Indies, 144-168, and The Lower South, 169-188.
- **Lecture 7, February 11:** Slavery and the American Colonization II (FA).
- **Lecture 8, February 13:** The Navigation Acts and Mercantilism I (MD).
- **Lecture 9, February 18:** The Navigation Acts and Mercantilism II (MD).  
**Report 3 due:** *M&M*, The Middle Colonies, 189-208, The Growth of Population, 211-235, and The Colonial Labor Force, The Pattern of Urbanization, and the Spread of Settlement, 236-257.
- **Lecture 10, February 20:** Farley Grubb: Money and Currency in the Colonies.
- **Lecture 11, February 25:** The Road to Independence: Imperial Reforms and Constitutional Conflicts I (JFV).
- **Lecture 12, February 27:** The Road to Independence: Imperial Reforms and Constitutional Conflicts II (JFV).
- **Lecture 13, March 3:** Review for midterm (FA).  
**Report 4 due:** *M&M*, Wealth and Welfare, 258-276, Consumption, the Import Trade, The Domestic Economy, 277-294, and Early American Agriculture, 295-308.
- **Midterm I, March 5.**

## Part II: The Early Republic

- **Lecture 14, March 17:** The Economics of the Revolution (JFV).  
**Report 5 due:** *M&M*, Colonial Manufacturing and Extractive Industries, 309-330, Government, Business, and the Colonial Economy, 331-348, and Economic Growth, Revolution, and the Consequences of Independence, 351-377.
- **Lecture 15, March 19:** The Political Economy of the Constitution (JFV).
- **Lecture 16, March 24:** How Different Was the Independence of the Spanish Empire? (FA).
- **Lecture 17, March 26:** John Marshall and the U.S. economy (JFV).
- **Lecture 18, March 31:** Hamilton's Economic Program I: Debt (MD).  
**Report 6 due:** *Alexander Hamilton*, First and Second Report on the Public Credit:  
<https://founders.archives.gov/documents/Hamilton/01-06-02-0076-0002-0001>.  
<https://founders.archives.gov/documents/Hamilton/01-07-02-0229-0003>.  
and Report on Manufactures:  
<https://founders.archives.gov/documents/Hamilton/01-10-02-0001-0007>.
- **Lecture 19, April 2:** Hamilton's Economic Program II: A National Bank (MD).
- **Lecture 20, April 7:** Hamilton's Economic Program III: Infant Industries (MD).
- **Lecture 21, April 9:** Matthew P. Dziennik: The Highland Soldier in British America.
- **Lecture 22, April 14:** Slavery Revived I (MD).  
**Report 7 due:** *Stanley L. Engerman and Robert A. Margo*, Free Labor and Slave Labor.
- **Lecture 23, April 16:** Slavery Revived II (MD).
- **Lecture 24, April 21:** The Panic of 1819 (JFV).
- **Lecture 25, April 23:** Review for midterm (FA).  
**Report 8 due:** *Robert Whaples*, Where Is There Consensus Among American Economic Historians? The Results of a Survey on Forty Propositions.
- **Midterm II, April 28.**