Course Overview

BUS INST 321 is an introduction to business and economic history – the study of the structure and performance of economies through time, and the implications of economic choices in the past on today’s choices and constraints. The course will develop an understanding of the long-run process of economic growth, focusing on the factors that allow economies to grow as well as the challenges that they face to achieve economic success. The goal is to apply economic theory and quantitative reasoning to highlight the important interaction of economic theory, empirical research, and historical experience.

Among the many determinants of growth, we will pay particular attention to institutions, human capital, and the organization of firms and financial markets. Economic ills often accompany the process of growth, and the gains from economic development are not always shared equally. We will study income inequality, the effects of race and gender in the labor market, and the causes and consequences of financial crises.

The American economy is a most remarkable example of economic growth. The United States became the world’s economic leader by 1900, just a century after its founding. We will draw heavily on the economic history of the U.S., while contrasting its institutions and economic troubles with those of the rest of the world.

Prerequisites

Econ 201, Econ 202, Stat 210 or equivalent, Math 212 or 220

Course Web Page: Canvas.

Reading assignments

There is no textbook for this course. Readings are journal articles and book chapters written by economic historians, historians, and economists. All readings for this class will be available electronically.

An understanding of economic history requires a large amount of reading. To follow class discussion, you should do the assigned readings before the corresponding lecture.

Evaluation Method

(1) Exams
There will be two exams. The midterm exam will take place in class, on Wednesday February 1st. The midterm will cover all lecture and reading materials through and including
Lecture 8. The final exam will be cumulative and it will take place during Final Exam Week, on **Friday March 17, from 3:00PM to 5:00PM**.

No make-up exams are allowed. If, for an unforeseeable circumstance, you cannot take the midterm exam, then the final exam will count for 70% of the total grade. If you anticipate that you cannot take the final exam at the scheduled time, you should take the course in another quarter/year.

(2) **Empirical assignment**
There will be one empirical assignment. The goal of these assignments is to give you practice using historical data and economic reasoning to answer economic questions. For each assignment, you must hand in a report of at most 3 pages in length. Detailed instructions for the assignments will be posted on the course website at least 2 weeks before their due date.

(3) **Hypothesis assignment**
This assignment will be based on one of the readings of the class. You will be asked to identify the economic hypothesis being tested in the article, and to discuss the data used to confirm or contradict the hypothesis.

Both assignments should be submitted online on the course website, in PDF format. Detailed instructions will be provided at least two weeks before the due date.

**Grading**

1. Hypothesis assignment: 15% (75 points)
2. Empirical Assignments: 15% (75 points)
3. Midterm exam: 30% (150 points)
4. Final exam: 40% (200 points)
5. Class participation will be considered when deciding grade “ties”
   Maximum total points: 500

**Academic Integrity**

Suspected violations of academic integrity will be reported to the Dean's Office. For more information on Northwestern’s academic integrity policies, see [http://www.weinberg.northwestern.edu/handbook/integrity/index.html](http://www.weinberg.northwestern.edu/handbook/integrity/index.html).

**Accessibility**

Any student requesting accommodations related to a disability or other condition is required to register with AccessibleNU ([accessiblenu@northwestern.edu](mailto:accessiblenu@northwestern.edu); 847-467-5530) and provide professors with an accommodation notification from AccessibleNU, preferably within the first two weeks of class. All information will remain confidential.
Office Hours

Tuesdays, 2PM-3PM. Special appointments can also be requested by email to c.frydman@kellogg.northwestern.edu

Professor Frydman’s office is located at Jacobs Room 418. Note that the location for office hours may change throughout the middle of the winter quarter, as Kellogg completes its move to the new building. New instructions will be posted on the course website.
# Schedule and Reading List

## Part I

### Lecture 1
- **Title:** Long-Run Economic Growth  
- **Date:** January 3, Tuesday  
- **Reading:**  

## Lecture 2
- **Title:** Why isn’t the whole world developed?  
- **Date:** January 4, Wednesday  

## Part II

### Lecture 3
- **Title:** Main Factors in the Process of Economic Growth  
- **Date:** January 9, Monday  
- **Reading:**  

### Lecture 4
- **Title:** Human capital: Labor markets and immigration  
- **Date:** January 11, Wednesday  
- **Reading:** L. P. Boustan and Ran Abramitzky, “Immigration in American Economic History,” *Journal of Economic Literature*, forthcoming

### Lecture 5
- **Title:** Human capital: Education  
- **Date:** January 16, Monday  

### Lecture 6
- **Title:** Industrialization: Mass production and technological change  
- **Date:** January 23, Monday  
- **Reading:** D. Hounshell, *From the American System to Mass Production* (Johns Hopkins Press, 1984), chap. 1 (pp. 1-13).  

### Lecture 7
- **Title:** Industrialization: The rise of big business  
- **Date:** January 25, Wednesday  

### Lecture 8
- **Title:** Industrialization: The managerial revolution / Midterm Review  
- **Date:** January 30, Monday  

## Wednesday, February 1
- **Midterm Exam:** In class

### Lecture 9
- **Title:** Industrialization: Corporate governance  
- **Date:** February 6, Monday  

### Lecture 10
- **Title:** Financing growth: Corporate finance  
- **Date:** February 8, Wednesday  

### Lecture 11
- **Title:** Innovation and the patent system  
- **Date:** February 13, Monday  
Part III: Challenges for the Process of Economic Growth

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<tr>
<th>Lecture 12</th>
<th>Income inequality</th>
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<th>Lecture 14</th>
<th>Racial differences in economic outcomes*</th>
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<th>Lecture 15</th>
<th>Evolution of the female labor force</th>
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**NOTE:** Second assignment due

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<th>Lecture 16</th>
<th>Financial instability: Banking panics in history</th>
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<tr>
<th>Lecture 17</th>
<th>Financial Instability: The Great Depression</th>
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<tr>
<th>Lecture 18</th>
<th>Choice Topic / Final Review</th>
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<tr>
<td>Monday, Mar 6</td>
<td>Students select final topic: Transportation / Health / Housing Markets / New Deal / Others?</td>
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| Wed Mar 8 – Sun Mar 12 | Reading Period |

| Friday, March 17 | Final Exam, 3:00 to 5:00PM. Location TBD |

*Warning: This lecture will include an economic analysis of the slave system.*