

ECON 2200 H

Economic Development of the United States

Professor Bateman

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Office Hours: Monday & Wednesday, 3:30 – 5:00 P.M., or by appointment

This course will focus on the growth and development of the American economy from its beginnings until the present. Although a wide range of topics is explored, the central theme will be the course, causes, and consequences of industrialization. Pedagogically, the course goal is twofold: to provide an understanding of how the U.S. economy reached its present form and to demonstrate how economic analysis can be used to explain change over time. Special topics in business development will be included.

Text: Jeremy Atack and Peter Passell, A New Economic View of American History, Second Edition (paperbound).

Thomas Friedman, The World is Flat (most recent edition; should be available in paperbound).

Exam Policy: There will be two exams during the semester plus the final. There also will be random exit quizzes based on that day's lecture.

Group Project: Class will be divided into groups, each of which will make a presentation on the economy of a 20th century decade.

Attendance Policy: Regular attendance is expected and excessive unexcused absences will lower your grade if it is at the margin.

Course Requirements: The course will be based on lecture format, but students also are encouraged to be involved in classroom discussion.

Throughout the course additional handout material will be distributed. A basic printed overview – a “road map” for the course – will guide you through the course. The goal is to bring the historical investigation up to the present.

Make-up Exam Policy: Make-up exams will be given only in cases where verified medical or emergency situations prevent taking the regular exam.

Academic Honesty Policy: The university policy will apply in this class. The pertinent policy is on the Internet at <http://www.uga.edu/~vpaa/pol-proc/ahpol/main.html>.

Class List Serve: ECON 2200H@listserv.uga.edu

Please feel free to meet with me in my office, by phone, or by email to discuss any aspect of the course.

TOPICS

Before Industrialization

Economics, History and Growth: Overview, Chapter 1
Markets and U.S. Growth: The “Unending” Revolution, lecture notes
The U.S. as Isolated Economies: Local and Regional Patterns, lecture notes
Creating the Infrastructure: banking, Transportation, and Trade, Chapters 4, 5, 6
Population Growth and Westward Expansion, Chapters 8, 9
The Jeffersonian Dream: Northern Agriculture Before 1860, Chapter 10
Business Before Industrialization: Growth Potential? Lecture notes

America Industrializes

Big Business Before the Age of Big Business, lecture notes
The Hamilton Dream: Manufacturing Emerges, Chapter 7

The Turning Point

The Build up toward Interregional Conflict, Chapters 11, 12
The Economics of the Civil War, Chapters 13, 14
The 1870s and the Reordering of the Economy, lecture notes
Agriculture’s “Decline” and Agrarian Revolt, Chapter 15
Railroads and Growth, Chapter 16
Ascendancy of Corporate Big Business, Chapters 17, 18
Working in the Factory: Labor and Large-Scale Enterprise, Chapter 19

The Modern Industrial Economy: War, Depression, Government

Economic Change during World War I and the Rise of Consumerism, Chapter 20
The Great Depression and World War II: Changing the Rules of the Economic Game, Chapters 21, 22, 23
The Great Recovery: Economic Expansion, 1945 – 1994, lecture notes and handouts
Structural Change: Reordering of the U.S. Economy – lecture notes and handouts
The South’s Great Rebound, 1945-2007

Can the Past Help Indicate the Future?

The U.S. Economy in the Twenty-First Century
A Service Economy in a Changing Global Economy
The New Business Environment

EXAMS

Exam Questions will consist of multiple choice, short answer, and essay (on the final exam). The questions will be drawn from the lectures, assigned text chapters, and handouts. There will be questions from the group presentations on the final exam.

The “exit quizzes” will be a brief question from that day’s lecture. These quizzes will be kept and used at the end of the semester for making decisions on semester grades that are on the margin.

A Comment on Studying Economics:

Learning economics need not be painful. Nor should it be considered the “dismal science,” as it has been called. It is not just a bunch of graphs and it is not related just to business. Economics is a way of thinking, a framework for analysis of a wide range of issues that confront individuals and groups. Its basic premise is that there is not enough to go around. More specifically it presumes, on the basis of empirical information, that societies as well as individuals lack sufficient resources to have and do everything it wants. This gives rise to *SCARCITY*. Since there is not enough to go around, people are forced to make *CHOICES UNDER CONSTRAINT* to *ALLOCATE THESE RESOURCES*. Presumably these individuals and groups would like to get the most out of the scarce resources that they have at their disposal. Economics is the study of this allocation process.

Because of what was just stated, in economics virtually everything has a cost. The way that economists measure cost is within the concept of *OPPORTUNITY COST*. Sometimes referred to as alternative cost, this concept gives rise to the phrase, “There’s no such thing as a free lunch.” In economic thinking there essentially is no free anything. When you produce or consume one good or service, you are sacrificing whatever could have been produced or consumed with those same resources. Thus economic decision-making and choice involves *TRADE-OFFS*. There are extensions to this idea. Time is a very limited resource. Time has economic value. So even very wealthy people are forced to make economic choices under constraint. A student making choices about what and how long to study as well as a family deciding how much time to spend together or what kind of television set to buy are engaged in economic decision-making as much as does a large business.

Because there is not enough to go around and because humans are self-interested individuals, societies have to establish institutional arrangements to allocate scarce resources. Thus throughout history all have created an economy for this purpose. An economy is a conflict-resolution mechanism. Economies have taken many forms. In the United States individual markets have been used to allocate resources. Markets rely upon individual decision-making and choice. People respond to signals informing them about relative scarcities and demands on those resources. These signals are *PRICES*. Prices whether for goods, services, workers, investments or whatever, summarize enormous amounts of information about scarcity and demand. They are thus highly efficient sources of information to consumers and producers. While government has replaced individual markets in allocating resources since the depression of the 1930s, the majority of resources are still allocated through private markets.

Economies are not static. In this course we will examine the evolution of the American economy over time. It is a study of the economic growth and development process that has been accomplished primarily through individuals acting through private markets. Government

provided public capital and infrastructure, including education, transportation and the legal system, but reliance on allocating resources and for growth of the economy has rested on markets. The country has never had a central plan or national investment policy. Only during the limited times of the Great Depression and World War II did government run a large command economy. For the most part, *INCENTIVES*, both positive and negative, have been signaled to the public through individual prices. The U.S. economy provides a classic case of an economy that developed in this manner.

The purpose of this course is twofold. First, it offers an illustration of how economics actually works, using history as the basis. Second, it provides a different view of history, focusing on the economy and economic change. The goal is to provide a fuller understanding of economics as a logical way of thinking and to appreciate how economic events affect historical development. The texts were selected to achieve this goal; the lectures and discussion are designed to integrate economics with historical change in the economy.