Instructor: Robert R. (Bob) Keller, Ph.D.
Professor of Economics
Office: C 325 Clark
Phone: 491-6778
E-Mail: Robert.Keller@Colostate.Edu
Office Hours: W 3 to 4, TR 1 to 2; and by appointment (e-mail me with days and times you can meet).

Learning Objectives

Content
1. To comprehend the power of historical perspectives and analyses for understanding the present.
2. To understand the sources of U. S. economic growth from colonial times to the present.
3. To compare and contrast the First, Second, and Third Industrial Revolutions.
4. To examine the transformation of the U. S. economy from an agrarian society to an industrial economy and then to a service economy.
5. To understand the reactions and responses to the problems of market forces, industrialization, and transformation of the economy and society.
6. To explore the co-evolution of institutions such as Big Business and Big Government and their roles in promoting economic growth and increasing the concentration of power.
7. To explore the relationship between economic growth, the standard of living, and shared prosperity.
8. To examine the hypothesis of sluggish growth and secular stagnation in the future?

Skills
1. To develop communication skills.
2. To enhance reading comprehension.
3. To develop analytical and reasoning skills.
4. To encourage learning communities by having class discussion and by distributing study questions before the exams.

Contact Hours and Workload
1. Attend lecture: 2.5 hours/week
2. Read required readings before lecture and before exams: ~ 4.5 hours/week
3. Review class notes: ~ 0.5 hours/week
4. Study for quizzes, exams, and write the final project: ~ 1.5 hours/week
TOTAL ~ 9.0 hours/week

Weights for Evaluation of Performance
1. Five multiple choice quizzes (top 4 count): 20 percent
2. First Exam, mostly essay with multiple choice: 35 percent
3. Second Exam, mostly essay with multiple choice: 25 percent
4. Final Project: 3 page paper that explains recent slowing of economic growth: 15 percent
5. Up to five (5) points for discussion or top performance on exams/final project: 5 percent

Grading
1. An absolute grading scale is used:
Grades on the border will be given a plus or a minus.

2. **Absences:** Please note this is **NOT** an on-line course. It is an in-residence course and attendance during every class period is expected. Your final course grade may be reduced up to one full grade for excessive absences—6 or more. If your schedule interferes with attending class, please consider taking an on-line course. If you miss class for legitimate reasons such as illness or University-sanctioned extra curricular/co-curricular activities please provide written documentation (in advance, if known). Make-ups for missed assignments will be given only if written documentation for an excused absence is presented to me.

**Academic Integrity**

This course will adhere to the Academic Integrity Policy of the Colorado State University General Catalog and the Student Conduct Code. You will be asked to sign an Honor Pledge such as: **“I will not give, receive, or use any unauthorized assistance”** on course assignments. Please refer to Academic Integrity in the General Catalog: [http://facultycouncil.colostate.edu/files/manual/sectioni.htm#I.5](http://facultycouncil.colostate.edu/files/manual/sectioni.htm#I.5)

**Disabilities**

If you have any diagnosed or suspected physical or learning disability which may require a reasonable accommodation, please make an appointment to see me as soon as possible.

**Required Readings:**

I am not using a text because the price is prohibitive, $250. Instead the course will be organized around required readings from book chapters, journal articles, and my class presentations. The assigned articles and book chapters are on the course outline. Book chapters are on electronic reserve [E-Reserve] at: University Libraries: [http://lib.colostate.edu/access/ereserve](http://lib.colostate.edu/access/ereserve) [Click on View E-Reserve Materials]

**Reading Assignments:**

You are expected to peruse the assigned readings before lecture and discussions. Please keep a journal and take informal notes that identify the readings’ main ideas and your questions. Thoroughly read the assignments after the presentations and before the quizzes and exams.

**Class Discussion**

All students are expected to engage, at least occasionally, in informal class discussion and this may contribute up to 5 percent toward your final grade.

**Examinations**

There are two examinations in the course. The exams are scheduled for **Thursday, October 16** and **Thursday, November 20**. Please note these dates on your calendar and re-arrange your schedule, if necessary, to take the exams on these dates. Study questions for the exam will be distributed at least one week before the exam date and I hope having the questions encourages you to study with other students in the class.

**Final Project**

The final project is a typed, double spaced, three-page paper that explains sluggish growth in potential and actual GDP in the first 14 years of the 21\textsuperscript{st} century and the prospects for future growth. Your
answer should include why U. S. growth was robust from say 1870 to 1970 and why it diminished thereafter. Your sources are the required readings on the syllabus. The paper is due by 11 a. m., Tuesday, December 16th in my office, C 325 Clark or in the Department of Economics office, C 306 Clark.

My Class Presentations
Please take thorough notes on both my presentations and relevant discussion. The presentations are a road map to organizing the material, a short-cut to identifying the most important material from the readings, and they contain information not found in the required readings. I highly recommend that you rewrite your notes before the next lecture. This is another reason for my expectation that you attend all class sessions.

Office Hours
Office hours are an integral part of the course because they provide opportunities for one-on-one discussion, asking questions, and answering questions. Further, office hours contribute to the distinct advantage of in-residence courses over on-line courses, namely non-electronic face-to-face communication where we can get to know one another better and personalize the educational process.

COURSE OUTLINE AND REQUIRED READING ASSIGNMENTS

Introduction [August 26 to September 2.]
1. The study of economic history.
2. The use of historical analysis to understand the present.
   • The economics and history of QWERTY, Atack and Passell, pp. xiv-xv. [E-reserve]
3. An overview of long run economic growth--the role of human capital, physical capital, natural resources, and technical change and productivity.
   • Atack and Passell, Chapter 1, “American Economic Growth: A Long-Run Perspective,” pp. 1-25. [E-reserve]
5. So what? Why does economic growth matter and what are the adverse consequences of growth?

Sources of U. S. Economic Growth: The Interplay of Competitive Markets and Government
[September 4 to September 11]
The sources of U. S. growth include private property, expanding markets, government policies, innovations and technical change, entrepreneurs and workers (including immigrants), and a pool of varied and abundant natural resources. The focus in this section is on competitive markets and government and how an optimal combination of both can promote efficiency, economic growth, and shared values such as security and fairness. It is impossible to have private property and competitive markets without government providing and enforcing the rules of the “game.” As we shall see, the government can do much to promote economic growth whenever there are positive externalities.
1. Private property, law, markets, and economic growth.
2. The positive role of state and federal governments for U. S. economic growth and development.
Special Topics: Explaining Economic Growth in the 19th Century [September 16 to October 2]
In the beginning, the U. S. economy was characterized by a small (tiny!) population and an immense pool of potential natural resources such as agricultural land, rivers, forests, and minerals. The scarce economic input was people (labor) and labor was economized through production techniques that substituted water, animal, and machine power for labor. These techniques were also natural resource using and so the American system of production can aptly be characterized as ripping through abundant resources (sod, forests, minerals, etc.). Transportation improvements were vital because they brought people to resources and resources to people, and they expanded markets which led to greater specialization and higher productivity.

The First Industrial Revolution: Water, Steam, and Railroads. [September 16 to September 23]
   • Atack & Passell, “The Transportation Revolution.” Chapter 6, pp. 143-174 [E-Reserve]
2. Early industrialization.
   • Hughes and Cain, Chapter 11, “The Early Industrial Sector,” pp. 208-232. [E-Reserve]

The Second Industrial Revolution: Mechanization, Mass Production, Electricity, Internal Combustion Engine, Running Water, Indoor Toilets, Petroleum, and Chemicals. [September 25 to October 2]
1. Industrialization from the Civil War to World War I.
   • Hughes and Cain, Chapter 17, “Industrialization, Entrepreneurship, and Urban Growth, pp. 338-366. [E-Reserve]
2. The U. S. advantage of large pools of varied, non-renewable mineral resources in industrial production.

The Consequences of Growth, Industrialization, and Transformation [October 7 to October 14]
The latter half of the 19th century to World War I was characterized by rapid economic growth and increasing levels of average per capita income. When the substrata of economic growth and the average standard of living are exposed, there are many adverse consequences that accompanied the rise of the U. S. to the world’s leading economic power. There were colossal fortunes for the wealthy, conspicuous consumption, the rise of capitalist power (monopolies), workers and farmers felt oppressed by monopoly capital, and democracy was threatened. Biometric data show people were getting shorter and that may reflect declining nutrition. And there is environmental decay and congestion and pollution in big cities,
1. The rise of Big Business.
2. The rise of federal government intervention.
   • Hughes and Cain, Chapter 18, “Big Business and Government Intervention,” pp. 367-384. [E-Reserve]
3. The Populists and Progressives: Grievances and expanding the role of government. [lecture]
4. Lecture on selected topics from Otto Bettman, The Good Old Days: They were Terrible! The book captures the flip side of the coin of the positives of economic growth. [lecture]
Twentieth Century Economic History: 1920s, Great Depression, and New Deal [October 21 to November 6.]  
This period was sandwiched between World War I and World War II. The 1920s was a period of rapid productivity and economic growth. It was also an era where the distribution of income and wealth was increasingly concentrated among the wealthy. The decade ended with the Great Crash in the stock market which triggered the Great Depression. Beginning in 1933, the New Deal greatly expanded the scope and scale of the federal government which reflected efforts at economic recovery and the reform of institutions to moderate future economic downturns, and to provide more security.

1. The “Prosperous” Decade of the 1920s.
   • Peter Fearon, “The Economy during the 1920s,” Chapter 3, War, Prosperity, and Depression: The U. S. Economy, 1917-45, pp. 48-70. [E-Reserve]

2. The Great Depression.
   • Peter Fearon, “Is there an Explanation for 1929-1933?” Chapter 9. [E-Reserve]

3. The New Deal.

4. Did World War II end the Great Depression?

The Post-World War II Economy: From Rapid Growth and Shared Prosperity to Sluggish Growth and Prosperity for the 1%. [November 11 to December 12]  
This era is composed of a period of rapid economic growth with shared prosperity from 1948 to 1973. The latter period from 1974 to 2014 featured three stock market crashes, a housing market crash, the Great Recession, and income and wealth increases going mostly to the 1%. The concentration of income and wealth is reminiscent of the “Gilded Age” of the late 19th century and “Prosperity Decade” of the 1920s.

What are the Major Structural Changes from 1948 to 2014? [November 11 to November 18]

1. From the Old Economy to the New Economy.
   • Hughes, and Cain, Chapter 29, “Postwar Industry and Agriculture,” pp. 589-619.

2. The “Golden Age” of U.S. capitalism and the end of shared prosperity.
   • Barry Bluestone & Bennett Harrison, Chapter 1, “Growth with Equity,” Growing Prosperity, pp. 1-26. [E-Reserve]
   • Joseph Stiglitz, “Why it Matters.” Chapter Four, The Price of Inequality, pp. 104-147, paperback. [E-Reserve]

SECOND EXAM: THURSDAY, NOVEMBER 20TH

FALL BREAK: NOVEMBER 22ND TO NOVEMBER 30TH

Will the Third Industrial Revolution of Information Technology restore Growth with Equity? [December
1st to 12th]

1. The “Great Productivity” slowdown.
   • Bluestone & Harrison, Chapter 3, “America’s New Growth Potential,” pp. 50-56. [E-Reserve]
2. The Great Recession Era: recession, slow growth, and jobless recovery.
3. Bluestone & Harrison say that growth with equity may be restored.
   • Bluestone & Harrison, Chapter 3, pp. 66-79. [E-Reserve]
4. Robert Gordon and Larry Summers say we are doomed to slower growth and stagnation.

Final Project

The final project is a typed, double spaced, three-page paper that explains sluggish growth in potential and actual GDP in the first 14 years of the 21st century and the prospects for future economic growth. Your answer should include why U. S. growth was robust from say 1870 to 1970 and why it diminished thereafter. Part of your answer should focus on the impact of two recessions on economic growth and on other on factors that may explain secular stagnation. This is a constrained research paper where your sources are the required readings on the syllabus. Please cite ideas and quotations by the author’s last name and page number. A more detailed writing assignment will be distributed later in the semester.

Your papers are due by 11 a. m. on Tuesday, December 16th in my office, C 325 Clark, or the Department of Economics office, C 306 Clark.