

January 14, 2009

The World Economy in the Twentieth Century

Economics 115
Spring 2009
Tues. & Thurs. 12:30-2:00 p.m.
390 Hearst Mining

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Syllabus and Reading List

Economics 115 is an upper division course for undergraduates. Economic concepts, where used, are developed from first principles, although students who have taken Intermediate Macroeconomics and Microeconomics will find the material most accessible. Some knowledge of International Economics is also helpful. Class meets three hours a week, section one hour a week.

Learning Goals for Economics Students. This course will stress the Economics Department's first and fourth learning goals (Critical Thinking Skills and Specialized Knowledge and Problem-solving Skills). For details on learning goals see http://emlab.berkeley.edu/econ/ugrad/ugrad_goals.shtml

In Lieu of Handouts. This syllabus, midterms, and the final are the only materials that will be distributed in class. All other materials will be available exclusively on the Economics 115 web page: http://emlab.berkeley.edu/users/webfac/eichengreen/e115_sp08/e115_sp08.shtml

Office Hours. The instructor's office hours are on Wednesday 2-4 PM, in 603 Evans Hall. Please make an appointment by emailing Cheryl Applewood at capple@econ.berkeley.edu or calling 643-9044.

Graduate Student Instructors. Below is the contact information for the three GSIs for this course:

Josh Hausman: jhausman@econ.Berkeley.edu
Alvaro Ramos-Chaves: ramos.alvaro@gmail.com
Yong Paik: ywpaik@econ.Berkeley.edu

Admission. By Department policy, you must attend your first section meeting or your space in this course will be given to another student. The instructor and TAs do not have the power to admit students (or to readmit you if you are dropped). Students seeking admission should consult the following website for instructions: <http://emlab.berkeley.edu/econ/ugrad/enrollmentproc.shtml>. Economics Department policies and not your instructor and TAs determine admissions priorities.

Sections. Consult the online schedule of classes for the most up-to-date information.

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Readings. Items with web links should be accessible by linking to the UC Library at <http://sunsite2.berkeley.edu:8000>.

Readers and Course Text. Readers are available from Copy Central on Hearst at Euclid by North Gate. Only items that cannot be downloaded from the web are included in the reader. A few items are not available in the reader or the web because permission to reprint or link was denied. Copies of these items are on reserve at Moffitt Library.

The text for the course is Barry Eichengreen, *Globalizing Capital* (Second Edition) (Princeton University Press, paperback, 2008), for sale at the ASUC store and your favorite on-line bookseller. The book and reader are also on reserve at Moffitt. You may encounter copies of last year's reader and the first (1996) edition of *Globalizing Capital*.

Be aware that the reading list has been updated (some of this year's material is not in last year's reader) and that Chapter 6 of *Globalizing Capital*, which covers the most recent decade, does not appear in the first edition.

Grades. Your grade will be based on one problem set handed out and collected in section (20% of your grade), two in-class midterms (each of which will account for 20% of your grade) and a final exam (40%). Your TA can award extra credit points for active and informed verbal interventions and questions in class and section.

Exams. The exam group for this course is 15. This means that the final exam will be administered on Tuesday, May 19, 5:00-8:00 p.m.

If you require special accommodation for exams due to learning or other disability, you should speak with your TA at the beginning of the semester. You will need to provide your TA with documentation from the Disabled Students Program.

No make-up exams will be administered. Students should plan to take the midterms and final exam at the scheduled time. *This is your notice that alternative times will not be possible; please don't request these later in the semester.* Students inconvenienced by our inability to offer make-up exams or to allow them to take the midterms and final at other times should consider a different course.

Your flexibility will not go unrewarded. Students missing one midterm will have the weights on the remaining midterm adjusted to 40% and the final to 60%. (However, students missing two midterms or the final should not expect to pass the course.)

Any form of cheating on an exam will result in a grade of zero and the student being reported to the Office of Student Conduct.

Reading List

January 20: Introductory Meeting

Partha Dasgupta, "Prologue," Chapter 1 in Partha Dasgupta, *Economics: A Very Short Introduction*, Oxford 2007, p.1-13. On reserve at Moffitt.

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Paul David, "Clio and the Economics of QWERTY," *American Economic Review Papers and Proceedings* 75: 2 (May 1985), pp. 332-337. <http://www.jstor.org/stable/1805621>

January 22: Modern Economic Growth

Lant Pritchett, "Divergence, Big Time," *Journal of Economic Perspectives* (Summer 1997), pp.3-17 <http://www.jstor.org/stable/2138181>

Richard Sylla and Gianni Toniolo, "Introduction," in Richard Sylla and Gianni Toniolo (eds.), *Patterns of European Industrialization During the 19th Century*, London: Routledge (1991), pp.1-26. On reserve at Moffitt.

January 27: Globalization at the Beginning and End of the Century

Richard E. Baldwin and Philippe Martin, "Two Waves of Globalisation: Superficial Similarities, Fundamental Differences," NBER Working Paper no. 6904 (January 1999). <http://papers.nber.org/papers/w6904.pdf>.

Michael Bordo, "Globalization in Historical Perspective," *Business Economics* (January 2002). <http://people.ucsc.edu/~hutch/Econ143/bordo.pdf>

January 29: No meeting

February 3: International Capital Markets

Kevin O'Rourke and Jeffrey Williamson, "Forging and Breaking Global Capital Markets," in O'Rourke and Williamson, *Globalization and History: The Evolution of a Nineteenth-Century Atlantic Economy* (MIT Press, 1999), chapter 11, pp. 207-224. On reserve at Moffitt.

February 5: The International Monetary Architecture

Barry Eichengreen, *Globalizing Capital* (Princeton University Press, 2008), Chapter 2. On reserve at Moffitt.

February 10: The End of the First Age of Globalization

Charles Feinstein, Peter Temin and Gianni Toniolo, *The European Economy Between the Wars* (Oxford 1997), chapters 2, 3 and 5, pp. 18-53 and 84-102. On reserve at Moffitt.

Niall Ferguson, "Sinking Globalization," *Foreign Affairs* (March/April 2005), pp. 64-77. <http://www.foreignaffairs.org/20051201faessay84711/niall-ferguson/sinking-globalization.html>

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February 12: Onset of the Great Depression

Jeremy Atack and Peter Passell, *A New Economic View of American History* (W.W. Norton, 1994), chapter 21, pp. 583-624. On reserve at Moffitt.

Charles Feinstein, Peter Temin and Gianni Toniolo, *The European Economy Between the Wars* (Oxford 1997), chapter 6, pp. 103-117. On reserve at Moffitt.

February 17: Recovery from the Great Depression

Barry Eichengreen, *Globalizing Capital*, chapter 3. On reserve at Moffitt.

Peter Fearon, "Hoover, Roosevelt and American Economic Policy During the 1930s," in W.R. Garside, *Capitalism in Crisis: International Responses to the Great Depression* (Pinter Publishers, 1993), pp. 114-147. On reserve at Moffitt.

February 19: Unemployment and Depression

John Garraty, *The Great Depression* (Harcourt-Brace, 1986), chapter 5, pp. 100-126. On reserve at Moffitt.

Daniel Benjamin and Lewis Kochin, "Searching for an Explanation for Unemployment in Interwar Britain," *Journal of Political Economy* 87:3 (1979), pp. 441-478,
<http://links.jstor.org/sici?sici=0022-3808%28197906%2987%3A3%3C441%3ASF%3E2.0.CO%3B2-X>

February 24: Reconstructing the World Economy

Peter Howlett, "The Legacy of the Second World War," in Max-Stephan Schulze (ed.), *Western Europe: Economic and Social Change Since 1945* (Longman, 1999), chapter 1, pp. 5-22. On reserve at Moffitt.

Till Geiger, "Reconstruction and the Beginnings of European Integration," in Max-Stephan Schulze (ed.), *Western Europe: Economic and Social Change since 1945* (Longman, 1999), Chapter 3, pp. 23-41. On reserve at Moffitt.

February 26: Europe's Golden Age

N.F.R Crafts, "The Great Boom, 1950-73," in Max-Stephan Schulze (ed.), *Western Europe: Economic and Social Change since 1945*, chapter 4, pp. 42-62. On reserve at Moffitt.

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March 3: The Japanese Miracle

David Flath, *The Japanese Economy* (Oxford University Press, 2000), Chapter 4, pp. 71-93. On reserve at Moffitt.

March 5: The Asian Miracle

James Riedel, "Economic Development in East Asia: Doing What Comes Naturally?" in Helen Hughes (ed.), *Achieving Industrialization in East Asia*, (Cambridge, 1988), pp. 1-38. On reserve at Moffitt.

Dani Rodrik, "Getting Interventions Right: How South Korea and Taiwan Grew Rich," *Economic Policy* 20, (1995) pp. 55-107. <http://papers.nber.org/papers/w4964.pdf>

March 10: Rise and Fall of Bretton Woods

Barry Eichengreen, *Globalizing Capital*, chapter 4. On reserve at Moffitt.

Michael Dooley, David Folkerts-Landau and Peter Garber, "An Essay on the Revived Bretton Woods System," NBER Working Paper no. 9971 (September 2003). <http://papers.nber.org/papers/w9971.pdf>

March 13: European Integration

Larry Neal and Daniel Barbazat, *The Economics of the European Union and the Economies of Europe* (Oxford University Press, 1998), chapter 4, pp. 70-87. On reserve at Moffitt.

Barry Eichengreen, *Globalizing Capital*, chapter 5 and chapter 6, pp. 219-225 only. On reserve at Moffitt.

Paul De Grauwe, *Economics of Monetary Union*, (Oxford, 2000, 4th ed.), chapters 1 and 3, pp. 5-23 and 65-84. On reserve at Moffitt.

March 17: Decline and Fall of the Eastern Bloc

Richard Ericson, "The Classical Soviet-Type Economy: Nature of the System and Implications for Reform," *Journal of Economic Perspectives* 5:4 (Autumn) 1991, pp. 11-27. <http://www.jstor.org/stable/1942862>

March 19: First Mid-Term Exam

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March 31: The Transition from Plan to Market

Johannes Linn, “Ten Years of Transition in Central Europe and the Former Soviet Union: The Good News and the Not-So-Good News,” in Mario Blejer and Marko Skreb (eds.), *Transition: The First Decade* (MIT Press, 2002), pp. 15-44. On reserve at Moffitt.

April 2: German Economic and Monetary Unification

Hans-Werner Sinn, “The Withering East,” in *Can Germany Be Saved?* (MIT Press, 2007), First part of chapter 5, pp. 139-161. On reserve at Moffitt.

Michael Berlemann and Marcel Thum, “Blooming Landscapes in East Germany?” *CESifo Forum* 6 (Winter 2005), pp. 16-22.

<http://www.cesifogroup.de/pls/guestci/download/CESifo%20forum%202005/CESifo%20Forum%204/2005/forum4-05-focus3.pdf>

April 7: Emerging Market Crises of the 1990s

Barry Eichengreen, *Globalizing Capital*, Chapter 6, pp. 185-210. On reserve at Moffitt.

Andrew Berg, “The Asian Crisis: Causes, Policy Responses and Outcomes,” IMF Working Paper no. 99/138 (October 1999).

<http://www.imf.org/external/pubs/cat/longres.cfm?sk=3295.0>

April 9: China

Gregory C. Chow, “How and Why China Succeeded in Her Economic Reform,” *China Economic Review* (1993), pp. 117-128.

<http://ideas.repec.org/a/eee/chieco/v4y1993i2p117-128.html>

Louis Kuijs and Tao Wang, “China’s Pattern of Growth: Moving to Sustainability and Reducing Inequality,” World Bank Policy Research Paper no. 3767 (November 2005).

http://papers.ssrn.com/sol3/papers.cfm?abstract_id=849385

April 14: India

Brad DeLong, “India since Independence: An Analytical Growth Narrative,” unpublished manuscript, UC Berkeley.

http://www.j-bradford-delong.net/Econ_Articles/India/India_Rodrik_DeLong.html.

Dani Rodrik and Arvind Subramanian, “From ‘Hindu Growth’ to Productivity Surge: The Mystery of the Indian Growth Transition,” NBER Working Paper no. 10376 (March 2004). <http://papers.nber.org/papers/w10376.pdf>.

April 16: Second Midterm

April 21: Africa

Paul Collier and Jan Willem Gunning, “Why Has Africa Grown Slowly?” *Journal of Economic Perspectives* (1999), pp. 3-22. [http://www.jstor.org/sici?sici=0895-3309\(199922\)13%3A3%3C%3AWHAGS%3E2.0.CO%3B2-Q](http://www.jstor.org/sici?sici=0895-3309(199922)13%3A3%3C%3AWHAGS%3E2.0.CO%3B2-Q)

Daron Acemoglu, Simon Johnson and James A. Robinson, “The Colonial Origins of Comparative Development,” NBER Working Paper no. 7771 (June 2000). <http://nber15.nber.org/papers/w7771>

April 23: Latin America

Jeromin Zettelmeyer, “Growth and Reforms in Latin America: A Survey of Facts and Arguments,” IMF Working Paper no. WP/06/210 (September 2006). <http://www.imf.org/external/pubs/cat/longres.cfm?sk=19436>

John H. Coatsworth, “Structures, Endowments, and Institutions in the Economic History of Latin America,” *Latin American Research Review* 40 (2005), pp. 126-144. http://muse.jhu.edu/journals/latin_american_research_review/v040/40.3coatsworth.html

April 28: The Arab Economies

Marcus Noland and Howard Pack, *The Arab Economies in a Changing World* (Peterson Institute for International Economics, 2007), chapter 2, pp.19-57 http://www.petersoninstitute.org/publications/chapters_preview/3931/02iie3931.pdf and chapter 7, pp.187-207 http://www.petersoninstitute.org/publications/chapters_preview/3931/07iie3931.pdf

April 30: Problems of the Japanese Economy

Edward J. Lincoln, “Japan’s Financial Problems,” *Brookings Papers on Economic Activity* (1998), pp. 347-385. <http://ideas.repec.org/a/bin/bpeajo/v29y1998i1998-2p347-385.html>

Anil Kashyap, “Sorting Out Japan’s Financial Crisis,” *Federal Reserve Bank of Chicago Economic Perspectives* 2002 (fourth quarter), pp. 42-55. <http://www.chicagofed.org/publications/economicperspectives/2002/4qepart4.pdf>

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May 5: Prospects for Europe

Olivier Blanchard, “The Economic Future of Europe,” *Journal of Economic Perspectives* (2004), pp. 3-26. [http://www.jstor.org/sici?sici=0895-3309\(200423\)18%3A4%3C3%3ATEFOE%3E2.0.CO%3B2-2](http://www.jstor.org/sici?sici=0895-3309(200423)18%3A4%3C3%3ATEFOE%3E2.0.CO%3B2-2)

Alberto Alesina and Francesco Giavazzi, *The Future of Europe: Reform or Decline*, Cambridge, MA: MIT Press (2006), pp. 15-30, 43-56. On reserve at Moffitt.

May 7: Review of the Semester’s Themes