

University of Toronto  
 Department of Economics  
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## ECO 342Y TWENTIETH CENTURY ECONOMIC HISTORY

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Prerequisites: ECO200Y/206Y/(ECO230Y, POL 208Y)

This course is designed for third and fourth year specialist students, especially those in economics, commerce, international relations and history. It is a survey of the economic development of Europe and certain overseas areas since roughly 1900 with particular emphasis on the international aspects (trade, migration, investment and monetary arrangements) and their repercussions. Each student is encouraged to shape the course (within limits) to his or her special interests through the judicious selection of an essay topic and topics among the recommended readings (more this under readings).

The course has a final examination covering the work of the whole year, two short (in class) term tests on concepts and readings, and an essay of 3-5,000 words (exclusive of footnotes and bibliography). The tests will be held on 14 November and 6 February. The essays will be due on a staggered basis, determined by random numbers, between mid-November and early March so as to spread the load on libraries and to enable a speedy return of papers. For further details on the essays see pages 9-11 below.

The final grade will be determined as follows:

Final examination	45 per cent
Two term tests @ 12.5 % each	25 per cent
Essay	30 per cent.

**Make-up Tests:**

There will be no make-up tests. If a term test is missed for reasons beyond the student's control and if a written request for special consideration is submitted within one week of the test, explaining the reason for missing the test and attaching appropriate documentation such as a doctor's certificate, the weight of the test missed will be added proportionately to the remaining term work.

**Penalties for Late Submission of the Essay:**

For the Essay the due date given above is final. No extensions will be given, **except on medical grounds**. Late submissions (without an extension) will suffer a deduction of 1 percentage point per day up to a maximum of the marked value of the piece of work. No essay will be accepted after 5 pm on the last day of classes, Friday, 11 April.

**Marking and Appeals:**

Grades in this course will follow the Faculty's guidelines printed on pp. 480-481 of the Calendar.

Disputes over the evaluation of a piece of work should be discussed with the TA first. Before discussing the matter verbally, please submit your case for a change in grade in writing. After reading your case and talking the matter over with you, the TA will reply in writing. If you are still unhappy, you should then come to me and repeat the process. If you are still unhappy you should follow the procedure for pedagogical appeals set out on p 482 of the Calendar. **You must submit your appeal within two weeks of receiving your mark on the disputed piece of work.**

**READINGS and TESTS:**

**All reading material for the course is available in the Trinity College Library and on short-term loan in Robarts. Some of the material is also available in the Victoria College Library.**

**There is a reading package, available for purchase from Scholar House Productions, 100 Harbord Street [telephone 416-977-9641]. It contains a collection of photocopies of journal articles and book chapters.**

**IN-CLASS TESTS:**

**The two in-class tests will be based on material contained in lectures, in the reading package, and assigned chapters in Feinstein, Temin, and Toniolo (see below). The material contained in the reading package is identified on the reading list by [READINGS].**

**FINAL EXAM:**

For the final exam, you will be expected to write two essays, one on a pre-WW II topic, the other on a post-WW II topic. You will have choice and should, therefore, prepare in depth one topic from each of the two sections. As a minimum, you should read all starred items in those sections.

There will also be a few short answer questions based on the material contained in the reading package and assigned chapters from Feinstein, Temin, and Toniolo.

Although there is no textbook for the course, you may wish to purchase **C.H. Feinstein, P. Temin, and G. Toniolo, The European Economy Between the Wars (Oxford, 1997)**. A limited number of new and used copies are available in the U of T Bookstore:

The following abbreviations (with their full titles) are used in the readings:

Abbreviation	Full Title
CEHE	The Cambridge Economic History of Europe, vol. VIII (eds. P. Mathias and S. Pollard)
JEEH	Journal of European Economic History
HER	Economic History Review
JEH	Journal of Economic History
EEH	Explorations in Economic History
EREH	European Review of Economic History

**TOPICS AND READINGS****PRE-WORLD WAR II****I. Globalization Before 1914 and The Classical Gold Standard**

1. Trade Liberalization, Mass Migration, and Capital Movements

\*K. O'Rourke and J Williamson , Globalization and history (1999), Chs. 3-4, 7-8 (pp. 119-166) [READINGS], 11-12.

2. The Classical Gold Standard

\* B. Eichengreen, Golden Fetters: The gold standard and the great depression 1919-39 (1992), Ch. 2 (29-66) [READINGS].

**II. World War I and Its Legacy**

\*Feinstein, Temin, and Toniolo, Ch. 2.

\*Eichengreen, Golden Fetters, Ch.4.

G. Hardach, The First World War 1914-1918 (1977), Chs. 1, 2, 4, 8, 9.

## II. The 1920s : Reparations, Inflation, Slow Growth

### 1. Overview

\*Feinstein, Temin, and Toniolo, Chs. 1, 3-5.

C.P. Kindleberger, The World in Depression, ch. 3.

### 2. Reparations and Inflation

\*N. Ferguson, “Constraints and room for manoeuvre in the German inflation of the early 1920s” EHR, 49 (November 1996), pp. 635-66 [READINGS].

\*Eichengreen, Golden Fetters, Ch. 5.

T. Sargent, “The ends of four big inflations”, in T. Sargent, Rational expectations and inflation (1986).

K. Hardach, The Political Economy of Germany in the Twentieth Century (1980), ch. 3.

### 3. Slow Growth in Britain

\*B. Eichengreen, “The inter-war economy in a European mirror”, in R. Floud and D. McCloskey, eds., The economic history of Britain since 1700 (1994) (pp.291-310) [READINGS]. [This article and the subsequent one cover both the 1920s and the 1930s.]

M. Thomas, “The macro-economics of the inter-war years” in R. Floud and D. McCloskey, eds., The economic history of Britain since 1700, second edition (1994).

B.W.E. Alford, Depression or Recovery: British Economic Growth, 1918-1939 (1972), Chs. 1, 2, 4.

## III. The Inter-War Gold Standard

\*L. Yeager, International monetary relations: theory, history, and policy, second edition (1976), Ch. 16 [READINGS].

\*B. Eichengreen, Golden Fetters, Chs. 6-7.

\*D.E. Moggridge, “The Gold Standard and National Financial Policies, 1919-1939”, CEHE, pp. 250-314.

J. Cohen, “The 1927 Revaluation of the Lira”, EHR, XXV (November 1972), pp. 624-54.

G.C. Schmid, "The Politics of Currency Stabilisation: The French Franc", JEEH, III (Fall 1974), pp. 359-77.

K. Moure, "Undervaluing the franc Poincare", EHR, 49 (February 1996), pp. 137-53.

#### **IV. The Great Depression**

##### 1. Overview

\*C. Feinstein, P. Temin, and G. Toniolo, 6-8.

##### 2. USA

\*M. Friedman and A.J. Schwartz, A Monetary History of the United States, 1867-1960 (1963), ch. 7, esp. sections 2, 3, 4, pp. 332-62 [READINGS]

\*C. Romer, "The nation in depression", Journal of Economic Perspectives, 7 (Spring 1993), pp. 19-39 [READINGS].

P. Temin, Did Monetary Forces Cause the Great Depression? (1976), chs. II-IV.

D. Greasley, J. Madsen, and L. Oxley, "Income uncertainty and consumer spending during the great depression" EEH, 38 (April 2001), pp. 225-251.

##### 3. International

\*P. Temin, Lessons from the Great Depression (1989), Lectures 1 and 2.

\*B. Eichengreen, 'The Origins and Nature of the Great Slump Revisited', EHR, XLV (May 1992), pp. 213-239.

Kindleberger, The World in Depression, chs. 4-8, 14.

#### **V. Recovery**

\*Temin, Lessons from the Great Depression, Lecture 3.

\*B. Eichengreen and J. Sachs, "Exchange rates and economic recovery in the 1930s" JEH, XLV (Dec 1985), pp. 925-946 [READINGS].

\*Feinstein, Temin, and Toniolo, Ch. 9.

Alan Booth, "Britain in the 1930s: a managed economy?", EHR, second series, XL, 4 (1987), pp. 499-522.

Kindleberger, The World in Depression, Chs. 10-13.

C. Romer, "What ended the great depression?" JEH, 52 (December 1992), pp. 757-84.

R.J. Overy, The Nazi Economic Recovery 1932-1938, 2nd ed. (1996).

\_\_\_\_\_ “Hitler's War and the German Economy: A Reinterpretation”, EHR, XXXV (May 1982), pp. 272-91. [This has been reprinted, along with other work of Overy's and a first-rate bibliography in his 1994 book War and Economy in the Third Reich.]

Hardach, The Political Economy of Germany in the Twentieth Century, ch. 4 (part 1).

E. Cary Brown, “Fiscal Policy in the Thirties: A Reappraisal”, American Economic Review, XLVI (December 1956), pp. 857-69.

## **VI. Development Planning in the USSR**

\*S.G. Wheatcroft, R.W. Davies and J.M. Cooper, “Soviet Industrialisation Reconsidered”, EHR, XXXIX (May 1986), pp. 264-94.

\*R. Allen, “Capital accumulation, the soft budget constraint and Soviet industrialization”, EREH, 2, Part 1 (April 1998), pp.1-24 [READINGS].

\*A. Nove, An Economic History of the USSR, 1917-1991 (1992), Chs. 4-8.

R.W. Davies, “Economic and Social Policy in the USSR, 1917-1941”, CEHE, pp. 984-1048.

H. Hunter and J.M. Szyrmer, Faulty Foundations: Soviet Economic Policies, 1928-1940 (1992), Chs. 2, 11 and 14.

## **POST-WORLD WAR II**

### **VII. World War II, Reconstruction, and the International Economy**

\*A.S. Milward, The European rescue of the nation-state, second edition (2000), Ch. 2 [READINGS].

\*C. Maier, “The two post-war eras and the conditions for stability in twentieth century western Europe” in C. Maier, In search of stability (1987) [READINGS].

\*Feinstein, Temin, and Toniolo, Ch. 10.

A. S. Milward, The Reconstruction of Western Europe, 1945-1951 (1984), Ch. XIV.

Bradford De Long and Barry Eichengreen, 'The Marshall Plan: History's Most Successful Structural Adjustment Program', in R. Dornbusch, W. Nödling and R. Layard (eds), Postwar Economic Reconstruction: Lessons for the East Today (1993).

L. Yeager, International monetary relations, Chs. 19, 21-22.

J. Williamson, The failure of world monetary reform, 1971-74 (1977), Ch. 1.

### **VIII. Post-war Economic Growth in Europe**

\*M. Abramovitz, 'Catch-up and Convergence in the Postwar Growth Boom and After', in W.J. Baumol, R.R. Nelson and E.N. Wolff (eds.), Convergence of Productivity: Cross-National Studies and Historical Evidence (1994) [READINGS].

\*N. Crafts and G. Toniolo " Postwar growth: an overview" in N. Crafts and G. Toniolo eds., Economic growth in Europe since 1945 (1996) [READINGS].

\*B. Eichengreen, "Institutions and economic growth: Europe after WW II" in Crafts and Toniolo, eds., Economic growth in Europe , Ch. 2.

A. Boltho (ed.), The European Economy (1982), Chs. 1,3, 21

**OR**

Crafts and Toniolo, eds., selected country chapters.

A. Maddison, Phases of Capitalist Development (1982), Chs. 5 and 6.

A. Maddison, Dynamic Forces in Capitalist Development: A Long-Run Comparative View (1991), Chs. 5-6.

S. Marglin and J. Schor (eds.), The Golden Age of Capitalism: Reinterpreting the Postwar Experience (1990), Ch.2.

M. Abramovitz and P.A. David, 'Convergence and Deferred Catch-up: Productivity leadership and the waning of American Exceptionalism', in R. Landau, T. Taylor and G. Wright, The Mosaic of Economic Growth (1996).

G. Toniolo, "Europe's Golden Age, 1950-1973", EHR, LI (May 1998), pp. 252-267.

### **IX. The International Economy After 1973**

\*J. Williamson, The failure of world monetary reform, 1971-74 (1977), ch. 2 [READINGS].

\*W.M. Corden, Economic Policy, Exchange Rates and the International System (1994), chs. 7-10.

**X. The Rise of Japan**

\*H. Patrick and H. Rosovsky (eds.), Asia's New Giant: How the Japanese Economy Works (1976), Chs. 1, 8, 11.

\*D. Flath, The Japanese Economy (2000), Chs. 4 [READINGS], 8-9.

S. Tsuru, Japan's Capitalism: Creative Defeat and Beyond (1993), esp. Chs. 1-5.

**XI. The East Asian Miracle**

\*World Bank, The East Asian Miracle. Economic Growth and Public Policy (1993), Chs. Overview, 1-3, 5-6.

W.G. Huff, The Economic Growth of Singapore (1994), Part 3

## ESSAYS

Essays should be 3,000 to 5,000 words in length (10 to 15 typed pages or their handwritten equivalent) excluding footnotes and bibliography. Essays should be double-spaced. Make sure you keep a copy of your essay.

The general idea is to choose a topic and define it sufficiently well that you can treat it seriously within the prescribed space. Some general suggestions for topics appear below, but these often need considerable narrowing and refinement.

Students who want to select a topic that does not appear in the list below must first discuss it with me. Once you have selected a topic, you are strongly advised to consult with me and/or the TA about coverage, definition, and your preliminary bibliography. You should not, however, expect us to provide you with a list of things to read: compiling a preliminary bibliography is one of the important elements of essay writing.

Essays must be your own work and give suitable acknowledgement in the footnotes and bibliography of the work and influence of others. For guidance, see the Department's Guide for Term Work and Essays. Presenting the work of others as your own or without due acknowledgement is **plagiarism**. Plagiarism is a serious academic offence- so serious that it can normally only be dealt with by the Dean or a University Tribunal. **Plagiarism is frequently punished by zero for the piece of work in question, a further penalty equal to the value of the piece of work, and an annotation on the student's transcript for a period of years.** Serious cases have also seen suspension or expulsion from the University of Toronto.

### Due Dates:

Essays will be submitted on a staggered basis between early November and early March so as to ease the load on libraries and to ensure a speedier return of marked papers. Submission dates will be decided randomly very early in the Fall Term. Once you have a submission date, you may trade it with someone else in the class so long as both parties to the trade jointly inform me of the results of the trade.

As noted above, essays submitted late will suffer a deduction of 1 percentage point per day up to a maximum of the marked value of the essay. No essay will be accepted after 5 pm on the last day of classes, Friday, 11 April.

## SUGGESTED TOPICS

1. The effects of international migration either before 1914 or after 1945 for any of the following sending or receiving countries: United Kingdom, United States, Germany, France, and Italy.

2. Long-term term foreign investment and its impact on either the sending or the receiving economy before 1914 or after 1945 for any one of the following countries: United States, United Kingdom, Singapore, Japan.
3. The connection between trade, capital flows, and migration in one New World or Old World country in the period before 1914 or after 1945.
4. International debt crises in either the inter-war period or in the 1980s.
5. Foreign direct investment before 1939- the rise of the multinational corporation.
6. The role, if any, played by the pre-1914 gold standard in facilitating trade and capital flows drawing on the experience of one or two of the following countries: United States, Britain, Canada, France.
7. German reparations after 1919: their origins and/or their implications for the German or the world economy.
8. Was the role of Britain pivotal in the smooth functioning of the gold standard before 1914? OR Does the lack of a hegemon in the inter-war period help explain the failure of the system?
9. The causes and consequences of hyperinflation either in the early 1920s or the late 1940s in one or more countries.
10. The role, if any, of the gold standard in the slump of 1929-33.
11. War debts and the economy of one of the following: Italy, Britain, France.
12. The international economy and the 1929 American slump.
13. The problems of international cooperation and coordination in the 1920s: the role of the United States, Britain, or France.
14. Unemployment in the 1930s- real or imaginary?
15. National economic policies and economic recovery in the 1930s; a comparison of two countries or an analysis of a single country.
16. Monetary vs real factors in the slump of 1929-33.
17. Reconstruction planning during World War II: the role of 'the lessons of history'.
18. The problems of reconstruction in Europe after 1945: the American response(s).

19. Describe the nature and purpose of one of the following and evaluate its impact on the economic reconstruction of two European countries: the Marshall Plan; the European Coal and Steel Community; the European Payments Union.
20. Labour-capital cooperation in the Golden Age of economic growth, 1950-71.
21. The peculiar problems of the United Kingdom after 1950.
22. Japanese economic growth after 1950: was it export-led or supply-induced?
23. Compare temporary with systemic causes of the slowdown in economic growth after 1973. What role, if any, did the oil price shock play?
24. Was the collapse of Bretton Woods the consequence of systemic flaws or changed international conditions?
25. Discuss the role, if any, played by one of the following institutions in facilitating economic growth in the post WW II period: GATT, IMF, EU, EMU.
26. Survey the literature on the Soviet Union and the international economy during either the inter-war period or the post-war period.
27. The problems and/or prospects for the reintegration of Europe with the collapse of the Soviet Union.
28. Government policies and economic growth in one of the following countries: Taiwan, South Korea, Singapore, Hong Kong, PRC.